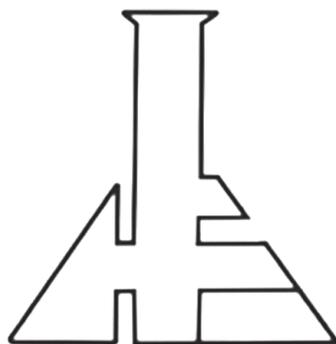


37th
ANNUAL REPORT
2019 - 2020



HINDUSTAN FLUOROCARBONS LIMITED

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BOARD OF DIRECTORS

Shri S B BHIDE (DIN: 05323535)	Chairman (HOCL Nominee) (w.e.f. 08.03.2016)
Shri CHANDER PRAKASH BHATIA (DIN: 08554234)	Managing Director (w.e.f. 01.06.2020)
Shri DHARMENDRA KUMAR MADAN (DIN: 07924171)	Director (Govt. Nominee) (w.e.f. 09.08.2017)
Shri T S GAIKWAD (Retired)	Managing Director w.e.f. 01.01.2008 up to 31.05.2020
Shri MUKESH PAREEK (DIN: 07758639)	HOCL Nominee Independent Director (Tenure ended 20.02.2020)
Smt. LATA ALKER (DIN: 07767534)	HOCL Nominee Independent Director (Tenure ended 20.02.2020)
Shri. RAJKISHORE DAS (DIN) 07774176	Independent Director (w.e.f. 13.02.2017 upto 01.04.2019)
Smt. PUSHPA TRIVEDI (DIN) 01388230	HOCL Nominee Independent Women Director (w.e.f. 28.10.2016 upto 14.06.2019)
Ms. S KRITHIKA	Company Secretary (w.e.f. 12.08.2019)

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
SME Branch, Saifabad, Hyderabad

REGISTRARS & SHARE TRANSFER AGENTS

M/s. KFin Technologies Private Limited

Formerly (Karvy Fintech Private Limited)
Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500 032.

REGISTERED OFFICE

303, Babukhan Estate,
Basheerbagh, Hyderabad – 500 001

WORKS

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

AUDIT COMMITTEE (A.C) OF THE BOARD

SHRI DHARMENDRA KUMAR MADAN	GoI Nominee Director, Member
SHRI MUKESH PAREEK	HOCL Nominee, Independent Director, Member (upto 20.02.2020)
MS. LATA ALKER	HOCL Nominee, Independent Director, Chairman (upto 20.02.2020)
Shri. RAJKISHORE DAS (DIN) 07774176	Independent Director Chairman (w.e.f. 27.02.2017 upto 01.04.2019)
SMT. PUSHPA TRIVEDI (DIN) 01388230	HOCL Nominee, Independent Director, Member (w.e.f. 11.11.2016 upto 14.06.2019)
MS. S. KRITHIKA	Secretary to the Committee (From 12.08.2019)

NOMINATION AND REMUNERATION COMMITTEE:

SHRI S B BHIDE	Chairman, Member (From 08.03.2016)
SHRI DHARMENDRA KUMAR MADAN	GoI Nominee, Director, Member (From 14.08.2017)
MS. LATA ALKER	HOCL Nominee, Independent Director, Chairman (upto 20.02.2020)
SHRI. RAJKISHORE DAS (DIN) 07774176	Independent Director, Member (w.e.f. 27.02.2017 upto 01.04.2019)
SMT. PUSHPA TRIVEDI (DIN) 01388230	HOCL Nominee, Independent Women Director (w.e.f. 10.02.2017 upto 14.06.2019)
SHRI MUKESH PAREEK	HOCL Nominee, Independent Director, Chairman (upto 20.02.2020)
MS. S. KRITHIKA	Secretary & the Committee (from 12.08.2019)

SHARE TRANSFER COMMITTEE

SHRI S B BHIDE	Chairman, Chairman (From 08.03.2016)
SHRI. T S GAIKWAD (Retired)	MD, Member (up to 31.05.2020)
SHRI. C P BHATIA	MD, Member (from 08.11.2019)
MS. S. KRITHIKA	Secretary to the Committee (From 12.08.2019)

STAKEHOLDERS RELATIONSHIP COMMITTEE (constituted on 08.11.2019)

SHRI. S B BHIDE	Chairman, Member
MS. LATA ALKER	HOCL Nominee, Independent Director, Chairman (upto 20.02.2020)
SHRI. C P BHATIA	MD, Member (from 08.11.2019)
SHRI MUKESH PAREEK	HOCL Nominee, Independent Director, Member (upto 20.02.2020)
MS. S. KRITHIKA	Secretary to the Committee (From 12.08.2019)

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

SHRI.DHARMENDRA KUMAR MADAN	Gol Nominee, Director, Member (From 14.08.2017)
MS. LATA ALKER	HOCL Nominee, Independent Director, Chairman (upto 20.02.2020)
SHRI. C P BHATIA	MD, Member (from 08.11.2019)
SHRI. S B BHIDE	Chairman, Member (From 10.02.2017)
SMT. PUSHPA TRIVEDI	Chairman (From 10.02.2017 upto 14.06.2019)
MS. S. KRITHIKA	Secretary to the Committee (From 12.08.2019)



Notice of the 37th Annual General Meeting

Notice is hereby given that the 37th Annual General Meeting of the Members of Hindustan Fluorocarbons Limited will be held on Friday the 25th September, 2020 at 3.00 P.M through Other Audio Visual Means ("OAVM") without physical presence of the shareholders at a common venue, to transact the following businesses:

Ordinary Business:

Item No. 1 –To consider and to adopt the Audited Financial Statements comprising the Balance Sheet as at 31st March, 2020, the Profit & Loss Account for the year ended 31st March, 2020, Cash Flow Statement, Schedules and Notes to Accounts attached thereto, together with the Directors' Report and the Auditors' Report along with the Report of the Comptroller & Auditor General (CAG).

Item No. 2 – To re-appoint Shri. Dharmendra Kumar Madan (DIN: 07924171), as per Gol order, 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 2020-21 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 2020-21.

SPECIAL BUSINESS

Item No. 4 -Appointment of Shri. Chander Prakash Bhatia (DIN: 08554234), as Managing Director of the Company to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the Article No. 77 of Articles of Association of the company, and pursuant to order file No.P-51011/1/2019-Chem.III-CPC (Part), dated 29.05.2020, received from Gol for assignment of additional charge for the post of Managing Director of the company (HFL) and pursuant to the provisions of sec 196, 197, 203, Schedule V and any other applicable provisions of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof), Shri. Chander Prakash Bhatia, (DIN: 08554234) is appointed as the Managing Director of the company with effect from 01.06.2020 the closure of activities of HFL are completed or till the date of his superannuation or till further orders, whichever is earlier"

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

**Sd/-
(S. Krithika)
Company Secretary**

PLACE : HYDERABAD

DATE : 10.08.2020

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

**NOTES:**

1. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 in respect of the above Item Nos. 4 is annexed hereto.
2. In view of the continuing Covid-19 pandemic and restrictions on the movements apart from social distancing, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as "MCA Circulars") and SEBI vide its circular dated 12th May, 2020 permitted holding of the Annual General Meeting of companies through Video Conferencing or Other Audio Visual Means ("VC" or "OAVM"), without requiring the physical presence of the shareholders at a common venue.
3. In compliance with the applicable provisions of the Companies Act, 2013 read with the MCA Circulars and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 37th Annual General Meeting of the Company is being conducted through video Conferencing ("VC") (hereinafter referred to as "AGM" or "e-AGM"). The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the "AGM" or "e-AGM".

For this purpose, necessary arrangements have been made by the Company with CDSL and instructions for the process to be followed for attending and participating in the ensuing AGM through VC / OAVM is forming part of this Notice.
4. Pursuant to the provisions of the Act, a member entitled to attend and Vote at AGM

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

5. As per the provisions under the MCA Circulars, members attending the 37th AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
6. Institutional Shareholders / Corporate Shareholders (i.e. other than Individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., authorising its representative to attend the e-AGM on its behalf and to vote through remote e-voting or during the e-AGM. The said Board Resolution/Authorisation shall be sent to the Scrutinizer through registered e-mail address toahaladarao.associates@gmail.com, with a copy marked to hflshareholders@gmail.com
7. Shareholders may contact the Company's Registrar & Transfer Agent at the following address :M/s. KFin Technologies Private Limited, (KFin) Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad- 500 032. Ph: Tel: 040-67162222, 67161511, Fax: 040-23420814. Members can also correspond with the RTA at their email id: damodar.kedlaya@kfintech.com / premkumar.nair@kfintech.com.

**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 & Share 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 dematerialized at the earliest.
 - III. In accordance with the provision to Regulation 40(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019, transfers of securities of the Company shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in corporate actions.
8. Shareholders are requested to intimate immediately any change in their addresses registered with the Company, their PAN, KYC details to the RTA [as above in note no.7]
 9. The Register of Members and Share Transfer books will remain closed from Friday, September 18, 2020 to Friday, September 25, 2020 (both days inclusive).
 10. The Company has appointed Mr. Raghavendar Rao Depuru, M/s. Ahalada Rao.V & Associates, Practicing Company Secretary, to act as the Scrutinizer, to scrutinize the e-voting process in a fair and transparent manner.
 11. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, shall be available for inspection by the Members through e-mail. The members are requested to send an e-mail to hflshareholders@gmail.com for the same.
 12. In compliance with Section 108 of the Act, read with the corresponding rules, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the Company has provided a facility to its members to exercise their votes electronically through the electronic voting ("e-voting") facility provided by the Central Depository Services Limited (CDSL). Members joining the meeting through VC, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through e-voting at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC but shall not be entitled to cast their vote again. The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the instructions for e-voting section which forms part of this Notice.



13. The e-voting period commences on 22nd September, 2020 (9.00 A.M. IST) and ends on 24th September, 2020 (5.00 P.M. IST). During this period, members holding shares either in physical or dematerialized form, as on cut-off date, i.e. as on 17th September, 2020 may cast their votes electronically. The e-voting module will be disabled by CDSL for voting thereafter. A member will not be allowed to vote again on any resolution on which vote has already been cast. The voting rights of members shall be proportionate to their share of the paid-up equity share capital of the Company as on the cut-off date, i.e. as on 17th September, 2020 (Cut-Off Date).
14. The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.
15. Any person who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at www.cdslindia.com. However, if he / she is already registered with CDSL for remote e-voting then he / she can use his / her existing user ID and password for casting the vote.
16. Further pursuant to Rule 18(1) of the Companies (Management and Administration) Rules, 2014, the Company needs to send the Notice, Annual Report electronically on the e-mail addresses as obtained from the Company/ Depositories/

Registrar and Share Transfer Agent to the members.

In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May, 2020, Notice of the e-AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice calling the AGM and the Annual Report 2019-20 will also be available on the Company's website www.hfl.co.in, websites of the Stock Exchange i.e. BSE at www.bseindia.com and on the website of CDSL at www.evotingindia.com.

If you are holding the shares of the Company in dematerialized form and already registered your email address, you would be receiving the Notices of General Meeting/Postal Ballot, Annual Report and other Shareholders communication by electronic mode.

The Members who hold shares in physical mode and have not registered their e-mail address may request the Company to receive Notices of General Meeting/Postal Ballot, Annual Report and other shareholders communication by electronic mode by registering their valid e-mail address with the Company / Registrar and Share Transfer Agents.

Members are requested to support this Green Initiative by registering/updating their e-mail addresses, with the Depository Participant (in case of Shares held in dematerialised form) or with KFin Technologies Private Ltd., (in case of Shares held in physical form).



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

CDSL E-VOTING SYSTEM – FOR REMOTE E-VOTING AND E-VOTING DURING AGM:

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

- (i) The voting period begins on 22nd September 2020 and ends on 24th September 2020. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 17th September 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on “Shareholders” module.
- (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL’s **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login** -

Myeasi using your login credentials. Once you successfully log-in to CDSL’s **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form and Physical Form

PAN

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

Dividend Bank DetailsOR Date of Birth (DOB)

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

- (ix) After entering these details appropriately, click on “SUBMIT” tab.



- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

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

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company/RTA email id.** i.e. einward.ns@kfintech.com or hfshareholder@gmail.com
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to **Company/RTA email id.** i.e. einward.ns@kfintech.com or hfshareholder@gmail.com

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the EGM/AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

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

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.
 - (i) **Note for Non – Individual Shareholders and Custodians**
 - ◆ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
 - ◆ scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - ◆ After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account (s) for which they wish to vote on.
 - ◆ The list of accounts linked in the login should be mailed to



helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- ♦ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- ♦ Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; hflshareholders@gmail.com (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- ♦ All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43).

Further information on e-voting at AGM:

As per MCA circulars, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/ OAVM

will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

“Voting Results”

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

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

**Sd/-
(S. Krithika)
Company Secretary**

PLACE : HYDERABAD

DATE : 10.08.2020

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



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

The following statement sets out all material facts relating to the special businesses mentioned in the accompanying Notice:

Item No. 4

With reference to order file No.P-51011/1/2019-Chem.III-CPC (Part), dated 29.05.2020, received from Under Secretary, GoI, Ministry of Chemicals & Fertilizers, Department of Chemicals and Petrochemicals, Shri. Chander Prakash Bhatia, Director (Finance) of HOCL is directed to take additional charge as Managing Director of HFL with effect from 01.06.2020 till the closure of activities of HFL are completed or till the date of his superannuation or till further orders, whichever is earlier.

BIO – DATA

1. Name	Shri. Chander Prakash Bhatia
2. Father's Name	Shri. Paras Ram Bhatia
3. Address	E-210, Sector-15, Noida, Gautam Bhuddha Nagar, UP - 201301
4. Email ID	dir.fin@hoclindia.com
5. Date of Birth	06.07.1961
6. Educational Qualifications	B.Com (Hons.), Fellow member of Institute of Chartered Accountants of India (ICAI) - FCA.
7. Experience	Having 35 years of post-qualification experience in various financial and executive roles Internal Audit, Corporate Accounts, Taxation, Treasury Functions, Cash & Establishment function and sanction, appraisal, documentation and disbursement of loan proposal etc., He worked for 21 years across various positions in KRIBHCO and 13 years in REC (Rural Electrification Corporation Limited)
8. Name of the listed companies in which the person also holds the directorship and the membership of committee of the Board	Hindustan Organic Chemicals Limited (HOCL)
9. Shareholdings	Nil

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or otherwise interested in this resolution

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

Sd/-
S Krithika
Company Secretary

Place: Hyderabad

Date: 10-08-2020

Registered Office:

303, Babukhan Estate,
Basheerbagh, Hyderabad - 500001

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

Particulars	Shri. Dharmendra Kumar Madan
Age	50 years
Date of Appointment	09-0-2017
Qualifications	B.E. in Electrical, Electronics & Communication; P.G. Diploma in Finance management
Expertise in Specific Functional Areas	More than 22 Years worked for Ordnance Factory Board under Department of Defence Production, Ministry of Defence, Govt.of India, having annual turnover of around 15000 Crores. Worked at different capacity at management level in ord- nance factories located at Medak (A.P), Kanpur (U.P) & Jabalpur (M.P). Worked in the domain of Production .Planning & Materials Planning, Investment Planning, Project Management, and Maintenance Management various Manufacturing Units.
Directorship Held in other Companies	HIL (India) Limited
Shareholding in the Company	Nil

(For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above director, please refer to the corporate governance report which is a part of this 37th Annual Report.)

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

Sd/-
S Krithika
Company Secretary

Place: Hyderabad

Date: 10-08-2020

Registered Office:

303, Babukhan Estate,
Basheerbagh, Hyderabad - 500001



CHAIRMAN'S SPEECH



Dear Shareholders,

extend my hearty welcome to you to this 37th 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, 2020 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, during the year under review, has incurred a net loss of Rs. 412 lacs as against Rs. 478.07 lacs for the previous year. During the year, the sales turnover (net) was Rs. 3132.46 lacs as against Rs. 3886.03 lacs in the previous year.

CFM-22 sale quantity was 961 MT as against 1056 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 74% capacity utilization as against 94% in the previous financial year.

2. DECISION FOR CLOSURE OF HFL

HFL Board at its meeting held on 30.07.2019, after considering all options, concluded that sustainable operations of HFL are not feasible and recommended for closure of the unit subject to approval of the Administrative Ministry. The Board of HOCL, parent company of HFL, at its meeting on 09.08.2019 has given 'in principle' approval for closure of HFL subject to approval of Administrative Ministry.

3. CCEA APPROVAL

The company had received letter from Ministry of Chemicals And Fertilizers, Department of Chemicals and Petrochemicals vide File. No. 9-5101506/2019-Ch.III dated 29.01.2020 informing the decision of Cabinet Committee on Economic Affairs (CCEA) directing closure and shutting of operations of HFL.

4. SALE / DISPOSAL OF HFL FREEHOLD LAND

As per DPE guidelines for time bound closure of sick/loss making CPSE and disposal of movable and immovable assets, DPE/5(1)/2014-Fin.(Part-1) dated 14.06.2018 guideline



4.2 states that 'the CPSE shall carry out the processes of disposal of movable assets including plant & machinery in a transparent manner under the supervision of Administrative Ministry's Guideline 4.3.2 on Disposal of Freehold land, states that the company has to appoint Land Management Agencies (LMA) for disposal of land as per the guidelines of Ministry of Housing and Urban Affairs (MoH&UA).

The sale of land is subject to receipt of NOC from TSICC/TS Govt.

5. PLANT AND MACHINERY AND OTHER MOVABLE ASSETS

Sale of Plant & Machinery and other movable assets would be done through MSTC e-Auction, as per decision taken by CCEA on 22-Jan-2020 and will be executed as per DPE guidelines. HFL has one plant/unit located at Rudraram, District Sangareddy in Telangana.

6. RECEIPT OF GOI INTEREST FREE LOAN

HFL had received interest free loan of Rs.73.70 crore from Gol 26-May-2020. As per Gol order HFL has to utilize funds for payment of liabilities viz. VRS/VSS to existing employees, Clearing liabilities of Ex- employees, Statutory dues and secured / unsecured creditors, etc. related to shutting down of plant / unit of HFL as per CCEA decision dated 22.01.2020.

The VRS sums paid to employees towards VRS/VSS and arrears to retired employees etc. are made after audit by an Independent auditor, Internal Auditor and Statutory Auditor. Further, as directed VRS payments are made as per DPE guidelines and same are also verified by DCPC, MoC&F.

7. 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 to maintain safe operations during the year.

Management is maintaining all the required environmental norms and quality systems as per ISO 9001:2015.

8. INDUSTRIAL RELATIONS

Employee relations continued to be cordial throughout the year. Company continued to follow Govt. policy for 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 within the frame work of policies and guidelines set by the Government in a transparent manner. It is the endeavor of the Company to build trust between shareholders, employees & 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 their continued support.

Sd/-
(S B BHIDE)
Chairman



DIRECTORS' REPORT

Your Board of Directors takes pleasure in presenting their 37th Annual Report on the performance of the Company, together with the Audited Annual Accounts for the year ended 31st March, 2020 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, 2020 is summarized below: (Rs. in lacs)

Particulars	2019-20	2018-19
Revenue from operations	3695.77	4585.51
Other Income	4.31	240.79
Less: GST	(563.31)	(699.48)
Total Revenue	3136.77	4126.82
Total Expenditure	3500.01	3956.62
Profit/ (Loss) Before Tax	(363.24)	170.20
Other comprehensive income/(Loss)	(48.76)	(648.27)
Total comprehensive income/(Loss)	(412.00)	(478.07)

2. RESERVES [Section 134(3)(i)]

Company has not transferred any amount to reserves due to continuous losses.

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

In view of the losses at the end of the Financial Year 2019-20, the Board of Directors did not recommend any dividend on the equity shares for the year ended 31st March, 2020.

4. OPERATIONS AND OVERALL PERFORMANCE

During the year under review, your company has incurred a net loss of Rs. 412 lacs as against Rs. 478.07 lacs of the previous year. During the year, the sales turnover (net) was Rs. 3886.03 lacs as against Rs. 3685.36 lacs in the previous year.

CFM-22 sale quantity was 961 MT as against 1056 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 74% capacity utilization as against 94% in the previous financial year.

5. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY:

i. DECISION FOR CLOSURE OF HFL

HFL Board at its meeting held on 30.07.2019, after considering all options, concluded that sustainable operations of HFL is not feasible and recommended for closure of the unit subject to approval of the administrative Ministry. The Board of HOCL, parent company of HFL, at its meeting on 09.08.2019 has also given 'in principle' approval for closure of HFL subject to approval of Administrative Ministry.

ii. CCEA APPROVAL

The company had received letter from Ministry of Chemicals And Fertilizers, Department of Chemicals and Petro chemicals vide File. No. 9-5101506/2019-Ch.III dated 29.01.2020 informing the decision of Cabinet Committee on Economic Affairs (CCEA) for closure and shutting of operations of HFL.

iii. SALE/DISPOSAL OF HFL FREEHOLD LAND

As per DPE guidelines for time bound closure of sick/loss making CPSE and disposal of



movable and immovable assets, DPE/5(1)/2014-Fin.(Part-1) dated 14.06.2018 guideline 4.2 states that 'the CPSE shall carry out the process of disposal of movable assets including plant & machinery in a transparent manner under the supervision of Administrative Ministry's Guideline 4.3.2 on disposal of freehold land, states that the company has to appoint Land Management Agency (LMA) for disposal of land as per the guidelines of Ministry of Housing and Urban Affairs (MoH&UA). The sale of land is subject to receipt of NOC from TSICC/TS Govt.

iv. PLANT AND MACHINERY AND OTHER MOVABLE ASSETS

Sale of Plant & Machinery and other movable assets would be done through MSTC as per decision taken by CCEA on 29.01.2020 and will be executed as per DPE guidelines. HFL has only one plant/unit located at Rudraram, District Sangareddy in Telangana.

v. RECEIPT OF GOI INTEREST FREE LOAN

HFL had received for interest free loan of Rs.73.70 crore from Gol on 26.05.2020. As per Gol order HFL to utilize funds for payment of liabilities viz. VRS/VSS to existing employees, Clearing liabilities of Ex-employees, Statutory dues and secured / unsecured creditors, etc. related to shutting down of plant / unit of HFL as per CCEA decision dated 22.01.2020.

The VRS sums paid to employees towards VRS/VSS and arrears to retired employees etc. after the same are audited by an Independent Auditor, Internal Auditor and Statutory Auditors. Further, VRS payments as per DPE guidelines have also been verified by DCPC, MoC&F.

vi. PROCESS OF OBTAINING MLF FUNDING FROM MOEFCC FOR THE PLANT CLOSURE

In case of closure of HCFC-22 plant, Multilateral Fund (MLF) is providing the financial assistance for this process through World Bank. Administrative Ministry will write to MoEFCC and in turn they will write to World

Bank which is the Implementing Agency for India. The basis for MLF funding is around 1 to 1.50 US Dollar per Kg on the production capacity of the plant.

6. IMPACT OF COVID-19

The pandemic Covid-19 has significantly and adversely affected the business sentiments and economy in general. Company has evaluated the impact of COVID - 19 on the functioning of the company till the year end which is insignificant considering the overall operations of the company for the year and the decision of the Government to close the company.

7. POSTAL BALLOT

HFL has conducted two postal ballot process during the year 2019-20. 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)(c) and 180(1) (a) of the Companies Act 2013 seeking approval of shareholders for the following resolutions: (i) increase the borrowing powers of the company and creation of charge / providing of security and (ii) to approve the shutting down of the plant/unit and closure of the company(iii) to sell or otherwise dispose of the whole or substantially the whole of the undertaking of the company as contained in the postal ballot notice dated November 08, 2019 and February 10, 2020.

Based on the scrutinizer Report dated 31st December, 2019 and 28th July, 2020 submitted by Mr. Raghavendar Rao Depuru, M/s. Ahalada Rao.V & Associates, the Special Resolutions 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.

8. SHARES

The Authorized Share Capital of the company is Rs. 21,00,00,000 and the paid up capital of the company is Rs.19,59,91,000. The company's shares are listed in BSE (Scrip ID: 524013). 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.

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 4 times during the financial year on:24thMay, 2019, 30thJuly, 2019, 08th November, 2019, 10th February, 2020. 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 constituted. During the year, the following additions / deletions were made:

1. Shri. Chander Prakash Bhatia, HOCL Nominee Director was appointed as Managing Director (Additional Charge) of the Company w.e.f 01.06.2020.
2. Shri. T S Gaikwad, Managing Director of the company, superannuated on 31.05.2020
3. Shri. Mukesh Pareek HOCL Nominee Independent Director tenure ended on 20.02.2020 (w.e.f.13.2.2019 up to 20.02.2020)
4. Ms. Lata Alker, HOCL Nominee Independent Women Director tenure ended on 20.02.2020 (w.e.f 09.08.2019 up to 20.02.2020)
5. Smt. Pushpa Trivedi, HOCL Nominee Independent women director tenure ended on 14.06.2019 (w.e.f. 28.10.2016 upto 14.06.2019).
6. Shri. Rajkishore Das, Independent director resigned on 01.04.2019 (w.e.f. 13.02.2017 upto 01.04.2019).

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.

Due to the end of term of Independent Directors on 20.02.2020, HFL has requested to GoI and HOCL (Parent company) for appointment of Independent Directors on the Board of HFL.

Pursuant to the provisions of Section 203 of the Companies Act, 2013 the Key Managerial Personnel of the Company as on March 31, 2020 are: 1. Shri. Srinivas Raju Dalapathirao, Chief Financial Officer; 2. Ms. S Krithika, Company Secretary.

**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 directions of the DC&PC; by parent company (HOCL) and the prescribed DPE Guidelines are also 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 and Stakeholders Relationship Committee. For details of Composition and meeting of Committee, refer to Corporate Governance Report, which is a part of this report.

19. INDEPENDENT DIRECTORS DECLARATION

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

– **disclosure on re-appointment of independent directors: not applicable**

20. 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 II, Form Aand B** to this Report.

**21. RESEARCH & DEVELOPMENT:**

As the company is in the process of closure of operations, R&D operations were not carried out during the period.

22. INDUSTRIAL RELATIONS

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

23. 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-I** and is attached to this Report.

24. 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.

25. 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 are attached in **Annexure – VI**.

26. 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
- 27. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**
The Company do not have any Subsidiary, Joint venture or Associate Company.
- 28. 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
- 29. 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.
- 30. 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.
- 31. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS U/S 143 OTHER THAN THOSE REPORTABLE TO CENTRAL GOVERNEMENT:**
During the year, no frauds were reported by the auditors and the same is not applicable to the company.
- 32. 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 2019-20 but as a social obligation, Company has spent an amount of Rs.42,000/- towards two teachers to provide their services in schools near to our factory.
- 33. RISK MANAGEMENT**
The company has put in place Risk Management process which includes risk identification, risk assessment, risk evaluation, categorization and risk treatment plan for mitigation of risks and escalation / reporting of risks to Board.
- 34. 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 improvements in the existing systems and procedures through periodic checks and to encourage preventive vigilance. The instructions of the Central Vigilance Commission received from time to time have been implemented to strengthen the vigilance machinery in the company.
- 35. MATERIAL ORDERS OF JUDICIAL BODIES / REGULATORS**
During the year under review, Hon'ble High Court vide interim order dated 03.12.2019 directed HFL to deposit 50% of award in a court case against the company, which comes to around Rs.6.5 Crores. HFL has contesting the same with appropriate judicial proceedings.
- 36. AUDITORS:**
The Statutory Audit of your Company was conducted by M/s. Sarath & Associates, Chartered Accountants, who were appointed as Statutory Auditors for the Financial year 2019-20 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, 2020 is at **Annexure – VIII**

**37. 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 2019-20 have been annexed to the Annual Report for the period 2019-20 and forms part of the Annual Report.

38. SECRETARIAL AUDIT

Board has appointed M/s. Ahalada Rao.V & Associates, Company Secretaries as a Secretarial Auditor of the company for the financial year 2019-20. 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 VII** is attached to this report. There were no adverse comments, qualifications or reservations or adverse remarks in the Secretarial Audit Report.

39. COMPLIANCE WITH SECRETARIAL STANDARDS

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

40. 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 case relating to the sexual harassment of women at work place.

41. 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.

42. FIRE & SAFETY PERFORMANCE

The Company pays special attention to ensure safety of the factory and workers employed therein. The Company accords the same 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 2019-20.

A Mock Drill is a practice which trains an individual about the course of action to be taken in case of real emergency occurs. This is one of the most effective technique to train, aware & alert people in a process plant location. A surprise Mock Drill was conducted at site to analyze the capacities of Plant, Equipment operating & employees' skills towards Emergency Preparedness & Response. We have conducted Emergency Mock drill in the year 2019-20 in presence of External Authority i.e. Director of Factories Telangana & higher management of HFL in compliance with ISO 9001:2015.

43. 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.

44. ISO CERTIFICATION

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

45. 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.

46. LEGAL COMPLAINCE

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.

47. 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.

48. 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. 86.64% of the Share Capital of the Company has been dematerialized, as on 31st March, 2020.

49. 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.

50. CODE OF CONDUCT

The Company has adopted "Code of Conduct and Ethics" for the Directors and Senior Executives of the Company as per DPE guidelines and as per HOCL (Parent Company). The object is to conduct the Company's business ethically and with

responsibility, integrity, fairness, transparency and honesty.

51. VRS –2020 SCHEME

The VRS-2020 scheme is implemented in the company vide Part-I Order No.01/2020, Dated: 19.02.2020, accordingly the employees were relieved on 30-May-2020 (30), 30-Jun-2020 (25) and 20Jul-2020 (9) totaling to 64 employees were relieved on VRS-2020 scheme and two (2) of the employees got superannuated on 31.7.2020 and 31.8.2020 respectively totaling to 66. Total amount of Rs. 43.11 Crores was spent towards VRS/VSS. Amounts are paid to employees' towards VRS/VSS and arrears to retired employees etc. after the same are audited by One Independent auditor, Internal Auditor and Statutory Auditors. Further, as directed checking of VRS payments as per DPE guidelines have also been verified by DCPC, MoC&F on random basis.

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.

**For and on behalf of the Board of Directors
of Hindustan Fluorocarbons Limited**

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

**Place: Hyderabad
Date: 10-08-2020**



ANNEXURE-I

FORM NO MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on **31.03.2020**

*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. KFin Technologies Private Limited 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	1.70 %
2	CFM-22	20111	95.90 %

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 (01.04.2019)				No. of Shares held at the end of the year (31.03.2020)				% change during the year
	Demat	Physical	Total	%of Total Shares	Demat	Physical	Total	%of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0.00%	0	0	0	0.00%	0.00
b) Central Government	11060000	0	11060000	56.40%	11060000	0	11060000	56.43%	0.00
c) State Government	0	0	0	0.00%	0	0	0	0.00%	0.00
c) Bodies Corporate	0	0	0	0.00%	0	0	0	0.00%	0.00
d) Bank/FI	870000	0	870000	4.44%	870000	0	870000	4.44%	0.00
e) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00
SUB TOTAL: (A) (1)	11930000	0	11930000	60.87%	11930000	0	11930000	60.87%	0.00
(2) Foreign									
a) NRI-Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00
b) Other Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00
c) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00
d) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00
SUB TOTAL: (A) (2)	0	0	0	0.00%	0	0	0	0.00%	0.00
Total Shareholding of Promoter(A)=(A)(1)+(A)(2)	11930000	0	11930000	60.87%	11930000	0	11930000	60.87%	0.00
(B) PUBLIC SHARE HOLDING									
(1) Institutions			0	0.00%	0	0	0	0.00%	0.00
a) Mutual Funds	0	0	1200	0.01%	0	1200	1200	0.01%	0.00
b) Banks/FI	0	1200	0	0.00%	0	0	0	0.00%	0.00
c) Central govt.	0	0	0	0.00%	0	0	0	0.00%	0.00
d) State Govt.	0	0	0	0.00%	0	0	0	0.00%	0.00
e) Venture Capital Fund	0	0	0	0.00%	0	0	0	0.00%	0.00
f) Insurance Companies	258463	0	258463	1.30%	227121	0	227121	1.16%	-0.12
g) FIIS	0	0	0	0.00%	0	0	0	0.00%	0.00
h) Foreign Venture Capital Fund	0	0	0	0.00%	0	0	0	0.00%	0.00
i) Others((specify)	0	0	0	0.00%	0	0	0	0.00%	0.00
SUB TOTAL (B)(1):	258463	1200	259663	1.30%	227121	1200	228321	1.16%	0.00
(2) Non-Institutions									
a) Bodies corporate i) Indian	469816	76200	546016	2.80%	357742	75200	432942	2.21%	-0.01
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00
b) Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00
i) Individual shareholders holding nominal share capital up to Rs.2 lacs	1482050	2508125	3990175	20.36%	1562957	2435875	3998832	20.40%	0.04
ii) Individuals Share holders holding nominal share capital in excess of Rs.2 lacs	2114065	0	2114065	10.80%	2219016	0	2219016	11.32%	0.52
c) Others (specify)									
Non Resident of Indians	212503	107400	319903	1.60%	212600	105900	318500	1.63%	0.03
Overseas Corporate Bodies	0	0	0	0.00%	0	0	0	0.00%	0.00
Foreign Nationals	100	0	100	0.00%	100	0	100	0.00%	0.00
Clearing Members	1848	0	1848	0.00%	777	0	777	0.00%	0.00
Trusts	500	0	500	0.00%	500	0	500	0.00%	0.00
HUF	436830	0	436830	2.22%	470112	0	470112	2.40%	0.20
SUB TOTAL (B)(2):	4717712	2691725	7409437	37.80%	4823804	2616975	7440779	37.96%	0.00
Total Public (B) = (B) (1) + (B) (2)	4976175	2692925	7669100	39.10%	5050925	2618175	7669100	39.13%	0.00
(C) Shares held by custodian for GDRs. & ADRs	0	0	0	0.00%	0	0	0	0.00%	0.00
GRAND TOTAL (A+B+C)	16588225	1210875	19599100	100.00%	16980925	2618175	19599100	100.00%	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
iv. Shareholding pattern of the top ten shareholders (other than directors, promoters & holders of GDRS & ADRS)

Sl. No.	Name of the Share Holder	Share holding at the end of the year		Date	Increase/ Decrease in share holding	Reason	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	DILIPKUMAR LAKHI	578216	2.95	30/03/2019	0	N.A	578216	2.95
				31/03/2020	0	N.A	578216	2.95
2	NEETA UDAYANKUMAR KOTHARI	0	0.00	30/03/2019			0	0.00
				02/08/2019	408997	Transfer	408997	2.09
				31/03/2020			408997	2.09
3	NEETA U KOTHARI	325497	1.66	30/03/2019			325497	1.66
				02/08/2019	-325497	Transfer	0	0.00
				31/03/2020			0	0.00
4	MANISH LAKHI	307673	1.57	30/03/2019			307673	1.57
				31/03/2020			307673	1.57
5	UDAYANKUMAR N KOTHARI	259504	1.32	30/03/2019			259504	1.32
				31/03/2020			259504	1.32
6	UDAYANKUMAR N KOTHARI	258278	1.32	30/03/2019			258278	1.32
				31/03/2020			258278	1.32
7	BHUBNESH COMMERCIAL PRIVATE LIMITED	255464	1.30	30/03/2019			255464	1.30
				31/03/2020			255464	1.30
8	AMITKUMAR INDRAKUMAR BAGRI	200000	1.02	30/03/2019			200000	1.02
				31/03/2020			200000	1.02
9	LIFE INSURANCE CORPORATION OF INDIA	158500	0.81	30/03/2019			158500	0.81
				21/06/2019	-150	Transfer	158350	0.81
				06/03/2020	-4096	Transfer	154254	0.79
				31/03/2020			154254	0.79



Sl. No.	Name of the Share Holder	Share holding at the end of the year		Date	Increase/Decrease in share holding	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
10	KETAN KIRIT SHAH	0	0.00	30/03/2019			0	0.00
				22/11/2019	137500	Transfer	137500	0.70
				31/03/2020			137500	0.70
11	BANTWAL SUBRAYA BALIGA	133300	0.68	30/03/2019			133300	0.68
				31/03/2020			133300	0.68
12	KETAN KIRIT SHAH	125968	0.64	30/03/2019			125968	0.64
				10/05/2019	4266	Transfer	130234	0.66
				17/05/2019	569	Transfer	130803	0.67
				24/05/2019	2330	Transfer	133133	0.68
				31/05/2019	5095	Transfer	138228	0.71
				07/06/2019	1602	Transfer	139830	0.71
				22/11/2019	-137500	Transfer	2330	0.01
				31/03/2020			0	0.00

v. Shareholding of Directors & KMP Managerial Personnel: 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	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
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	902.51	787.54	0.00	1690.05
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	4,099.59	2,367.54	0.00	6,467.13


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	Total Amount
1	Gross salary	Sri. T S Gaikwad	
	(a) Salary as per provision contained in section 17(1) of the Income Tax 1961	29.58	29.58
	(b) Value of perquisites a/s 17(2) of the Income tax Act.1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act.1961	-	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
5	As % of profit	-	-
6	Others (specify)	-	-
	Total (A)	29.58	29.58
	Ceiling as per the Act	Not applicable	

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

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount (Rs) (Rs/Lac)
		Shri. Mukesh Pareek	Mrs. Lata Alker	Smt. Pushpa Trivedi	
1	Independent Directors				
	Fee for attending board committee meetings	0.50	0.35	0.10	0.95
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	0.50	0.35	0.10	0.95
2	Other Non-Executive Directors	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total Managerial Remuneration				30.53
	Overall Ceiling as per the Act				Not Applicable


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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Shri DNVS Raju CFO	Smt. S Krithika CS	
1	Gross Salary (a) Salary as per Provision contained in section 17(1) of the Income Tax Act.1961 (b) Value of perquisites U/s 17(2) of the Income Tax Act.1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act.1961	15.89	8.37	24.26
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify	- -	- -	- -
5	Others (including retirement benefits)	-	-	-
	Total	-	-	24.26

VII Penalties/Punishment/Compounding of Offences

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

**Annexure-II****ENERGY CONSERVATION MEASURES TAKEN:**

The following Energy conservation measures were taken in the financial year 2019-20:

Stringent measures are taken for continuous monitoring of energy consuming equipment as required for production from time to time.

FUTURE PLANS:

As HFL has received CCEA approval for shutting of plant, Future plan for energy conservation for the financial year 2020-21 is not applicable.

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	15,36,370 KWH	2871400 KWH
Total Amount	Rs. 1,60,74,630.82	Rs. 24273819.25
Rate/Unit	Rs.10.46	Rs.8.45
b) Own Generation		
i) Through Diesel Generator		
Units Generated	28350 KWH	33390 KWH
Units per Liter of Diesel Oil	2.23 KWH	2.86 KWH
Cost per unit	Rs.31.69	Rs.20.03
ii) Through Steam Turbine Generator Units	Nil	Nil
2. Fuel (Quantity)		
i) HSD	12.70 KL	11.68
j) Briquette	585.46 MT	883 MT
Total Amount	Rs. 3101857.95	Rs. 4632212.47
Average rate per MT	Rs.5298.16	Rs.5245.99
Technology Absorption	Nil	Nil
Foreign Exchange earnings	Rs.0.00	Rs.0.00
Foreign Exchange outgo	Rs.2.71 lakhs	Rs.6.08 lakhs

**FORM B**

1. **SPECIFIC AREAS IN WHICH R&D WORK CARRIED OUT BY THE COMPANY:** Not Applicable
2. **BENEFIT DERIVED AS A RESULT OF THE ABOVE R&D:** Not Applicable
3. **FUTURE PLAN:** Not Applicable

Annexure-III**Consolidated report as on 31-03-2020 (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-IV****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, 2020.

INDUSTRY STRUCTURE & FUTURE OUTLOOK:

HFL manufactures HCFC 22 which is used as Refrigerant gas and the same is used for conversion to PTFE. Due to uneconomical plant capacity, old technology conversion of HCFC 22 to PTFE is not financially viable. Therefore, HFL has represented the same before its administrative ministry and the company is under the process of closure as directed by CCEA.

KEY OPPORTUNITIES: Company is under the process of closure as directed by CCEA.

KEY THREATS INCLUDE: Not Applicable

SEGMENT WISE PERFORMANCE: The company is primarily having one segment i.e., PTFE

Production (MT)	Year ended 31/03/2020	Year ended 31/03/2019
PTFE	3	36

OUTLOOK & INITIATIVE FOR CURRENT YEAR

Company is in the process of closure as directed by CCEA

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.

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.

**For and on behalf of the Board of Directors of
Hindustan Fluorocarbons Limited**

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

Place: Hyderabad

Date: 10-08-2020

**Annexure V****CORPORATE GOVERNANCE REPORT AS ON 31.03.2020****1. A brief statement on listed entity's philosophy 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.

I. 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 twelve. The Directors shall not be required to hold any qualification shares.

Our company (HFL) being a subsidiary of HOCL (CPSE) as per company's Articles of Association, the power to appoint directors on the Board of the company vests with Gol/ HOCL (parent company).

As on 31-03-2020, the Board of HFL consisted of 4 members with 1 Executive Director, 2 Non Executive HOCL Nominee directors including Chairman of the Board, 1 Non Executive Gol Nominee Director and all the directors are acknowledged as leading professionals in their respective fields.

As on 31-03-2020, the Board of HFL consisted of 4 members viz. Shri. S B Bhide, Chairman [Non-Executive Director (HOCL Nominee)]; Shri. T S Gaikwad, Managing Director [Superannuated on 31.05.2020]; Shri. Dharmendra Kumar Madan [GolNominee]; Shri. Chander Prakash Bhatia [Non-Executive Director (HOCL Nominee)]

During the year 2020-21 vide Gol order dated 29.05.2020 Shri. Chander Prakash Bhatia, HOCL Nominee Director was appointed as Managing Director (Additional Charge) of the Company w.e.f 01.06.2020.



During the year 2019-20, tenure of the 2 HOCL nominee Independent Directors (ID) of the company, Shri. Mukesh Pareek and Ms. Lata Alker ended on 20.02.2020. Since appointment of Directors on the Board of HFL are made by Gol/HOCL (parent company), HFL is taking up the same timely / immediately with our administrative ministry & HOCL. Due to the present COVID-19 pandemic there is delay in the process of appointment of Independent Directors on the Board of HFL

Number of other Board Committees in which a Director is a member or chairperson as on 31.03.2020:

Title (Mr./Mrs.)	Name of the Director Category (Chairperson / Executive / Non Executive / Independent / Nominee)	No. of Other Director Ships in listed entity including HFL	No. of Membership in Audit/ Stakeholders committees including HFL	No. of post of Chairmanship in Audit/ Stakeholders committees including HFL
Mr.	S B Bhide Chairman, Non-Executive (HOCL Nominee)	2	2	0
Mr.	T S Gaikwad * Managing Director, Executive	1	0	0
Mr.	C P Bhatia **Non-Executive, (HOCL Nominee)	2	2	0
Mr.	Dharmendra Kumar Madan Govt Nominee, Non-Executive	1	1	0
Mr.	Mukesh Pareek ***Independent Director (HOCL Nominee)	2	4	2
Mrs.	Lata Alker ***Independent Director (HOCL Nominee)	2	4	2
Smt.	Pushpa Trivedi, Independent Director (HOCL Nominee)	2	3	2

*Shri. T S Gaikwad, Managing Director of the company, superannuated on 31.05.2020

** Shri. Chander Prakash Bhatia, HOCL Nominee Director was appointed as Managing Director (Additional Charge) of the Company w.e.f 01.06.2020.

*** Term of office of 2 Independent Directors expired on 20.02.2020 and term of office of Smt. Pushpa Trivedi, ID (HOCL Nominee) ended on 14.06.2019.

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.


I. Board Skills Matrix: as on 31-03-2020

S.No.	Name	Designation	Core skills, expertise and competencies available with the Board
1	S B Bhide	Chairman, NED (HOCL Nominee)	Overall 35 years of experience in HOCL, Manufacturing of Organic Chemical and Intermediates
2	C P Bhatia	MD, ED	Having 34 years of post-qualification experience and also having experience in various financial and executive roles e.g. HOD Internal Audit, Corporate Accounts, Taxation, Treasury Functions, Cash & Establishment function and sanction, appraisal, documentation and disbursement of loan proposal ect., He worked for 21 years across various positions in KRIBHCO and 13 years in REC (Rural Electrification Corporation Limited)
3	Dharmendra Kumar Madan		Govt Nominee, NED More than 22 Years worked for Ordnance Factory Board under Department of Defence Production, Ministry of Defence, Govt. Of India, having annual turnover of around 15000 Crores

III. Changes in the Board of Directors:

1. Shri. Chander Prakash Bhatia, HOCL Nominee Director was appointed as Managing Director (Additional Charge) of the Company w.e.f 01.06.2020.
2. Shri. T S Gaikwad, Managing Director of the company, superannuated on 31.05.2020
3. Shri. Mukesh Pareek, HOCL Nominee Independent Director, term of office expired on 20.02.2020 (w.e.f.13.2.2019 up to 20.02.2020)
4. Ms. Lata Alker, HOCL Nominee Independent Women Director term of office expired on 20.02.2020 (w.e.f 09.08.2019 up to 20.02.2020)
5. Smt. Pushpa Trivedi, HOCL Nominee Independent Women Director term of office expired on 14.06.2019 (w.e.f. 28.10.2016 upto 14.06.2019).
6. Sri Rajkishore Das, Independent Director resigned on 01.04.2019 (w.e.f. 13.02.2017 upto 01.04.2019).

a) Profile of Director
1. Shri. Chander Prakash Bhatia, MD HFL

- ◆ **Qualification:** B.com (Hons.), Fellow member of ICAI (Institute of Chartered Accountants of India FCA)
- ◆ **Business/Occupation:** Service
- ◆ **Experience:** Having 34 years of post-qualification experience and also having experience in various financial and executive roles e.g. Internal Audit, Corporate Accounts, Taxation, Treasury Functions, Cash & Establishment function and sanction, appraisal, documentation and disbursement of loan proposal etc., He worked for 21 years in various positions in KRIBHCO and 13 years in REC Ltd. (Rural Electrification Corporation Limited)



b) 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.

c) Role of Independent Directors:

The independent directors including the nominee directors play an important role in the discussion & decision making 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.

IV. 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 24th May, 2019, 30th July, 2019, 08th November, 2019, 10th February, 2020.

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

SI.No	Directors	Board Meetings Held	Board Meetings Attended	Attendance at the Last AGM
1	Shri. S B Bhide, Chairman	04	04	Yes
2	Shri. T S Gaikwad, Managing Director (up to 31.05.2020)	04	04	Yes
3	Shri. C P Bhatia, HOCL Nominee Director (w.e.f. 09.08.2019)**	04	02	No
4	Shri. Dharmendra Kumar Madan	04	03	No
5	Shri. Mukesh Pareek (13.02.2019 - 20.02.2020)	04	04	Yes
6	Ms. Lata Alker (09.08.2019 - 20.02.2020)	04	02	Yes
7	Smt. Pushpa Trivedi (28.10.2016 - 14.06.2019)	04	01	No

** Shri. Chander Prakash Bhatia, HOCL Nominee Director was appointed as Managing Director (Additional Charge) of the Company w.e.f 01.06.2020



V. Meeting of Independent Directors:

As required under Companies Act, 2013 and Listing Regulations, a meeting of the Independent Directors was held on 10th February, 2020. The Independent Directors evaluated the performance of the Non-Independent Directors, wherein the evaluation of performance of the Non-Independent Directors, including the Chairman and also of the Board as a whole was made.

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 Committee (c) CSR & SD Committee (d) Nomination and Remuneration Committee (e) Stakeholders Relationship Committee.

The details of the Audit Committee, Share Transfer Committee, CSR & SD Committee and Nomination & Remuneration Committee, Stakeholders Relationship Committee are as follows:

I. Audit Committee:

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, 2020 comprised of one GOI Nominee Non-Executive Director and 2 HOCL Nominee Independent Directors. The Committee met 4 times during the year 2019-20 i.e., 24th May, 2019, 30th July, 2019, 08th November, 2019, 10th February, 2020.

The Audit Committee was reconstituted at the Board Meeting held on 08.11.2019 comprising of Ms. Lata Alker, HOCL Nominee Independent Director as Chairman of the Committee. Shri.Dharmendra Kumar Madan, Govt Nominee Director as a Member of the Committee, Shri.Mukesh Pareek, HOCL Nominee Independent Director as Member of the Committee.

iii. The attendance of the members at the meetings of the financial year 2019-20 was as follows:

Name of the Member	Status	No. of Meetings held	No. of Meetings attended
1. Ms. Lata Alker (from 09.08.2019-up to 20.02.2020)	Chairman	04	02
2. Shri Mukesh Pareek (from 13.02.2019 up to 20.02.2020)	Member	04	04
3. Smt.Pushpa Trivedi, Member (from 11.11.2016 upto 14.06.2019)	Member	04	01



II. Share Transfer Committee:

As required under the Companies Act, 2013, the company has a Share Transfer Committee which was re-constituted at the Board Meeting held on 08.11.2019 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 (from 01.01.2008 up to 31.05.2020) and Shri. C P Bhatia, as 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 Company shares can be done 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 did not meet during the year under review.

Summarized information on complaints received and resolved during 1st April, 2019 to 31st March, 2020:

SI.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.

III. CSR & SD Committee: (Not Applicable)

i. Terms of Reference:

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

ii. Composition:

The Committee was Re-constituted at the Board Meeting held on 08.11.2019 comprising of Ms. Lata Alker, HOCL Nominee Independent Director of the Company as a Chairman of the Committee (from 09.08.2019-up to 20.02.2020); Shri.Dharmendra Kumar Madan, Govt Nominee Director, as Member; Shri. C P Bhatia, HOCL Nominee Director as Member and Shri.S B Bhide, Chairman of the Company as Members of the Committee.

iii. The Committee met once on 10.02.2020 during the year 2019-20

**IV. Risk Management Committee: Not Applicable****V. Nomination And Remuneration Committee:****i. 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

ii. Composition:

The Committee was re-constituted at the Board Meeting held on 08.11.2019 comprising of Shri. Mukesh Pareek, Independent Director of the Company as a Chairman (from 13.02.2019 up to 20.02.2020); Shri. S B Bhide, Chairman of the Company as a member, Shri. Dharmendra Kumar Madan, Govt Nominee Director of the Company as member, Ms. Lata Alker, HOCL Nominee Independent Director of the Company as Members of the Committee (from 09.08.2019-up to 20.02.2020).

- iii. The Committee met once on 10.02.2020 during the year 2019-20

VI. Stakeholders Relationship Committee**i. Terms of Reference:**

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

ii. Composition:

The Committee was constituted at the Board Meeting held on 08.11.2019 comprising of:

1. Shri. Mukesh Pareek, HOCL Nominee Independent Director as Chairman (from 13.02.2019 up to 20.02.2020);
2. Shri. Chander Prakash Bhatia, HOCL Nominee Director as a Member
3. Shri. S B Bhide, Chairman as Member
4. Ms. Lata Alker, Independent Women Director as a Member, (from 09.08.2019-up to 20.02.2020).

**VII. Details of Remuneration Paid to the Directors for the year 2019-2020: Amount (lakhs)**

Name	Salary Including benefits Amount	Sitting fees to NEID	Total
Shri. T S Gaikwad, MD (retired)	29.58	-	29.58
Shri. Mukesh Pareek, HOCL NEID	-	0.50	0.50
Smt. Lata Alker, HOCL NEID	-	0.35	0.35
Smt. Pushpa Trivedi, HOCL, NEID	-	0.10	0.10
Shri. C P Bhatia, MD	-	-	-
Shri. S B Bhide, NE Chairman	-	-	-
Shri. D K Madan	-	-	-

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 by either side on three months' notice or on payment of three months' salary in lieu thereof.

The company has not issued 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 2019-20 are as follows:

S.No.	Name of the Director	Sitting fees Amount(Rs.)
1.	Ms. Lata Alker	35,000
2.	Shri Mukesh Pareek	50,000
3.	Smt. Pushpa Trivedi	10,000

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

1. Performance evaluation criteria for Independent Directors:

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

2. Annual General Meetings

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

Particulars	FY-2016-2017	FY-2017-2018	FY-2018-2019
Date	25.09.2017	24.09.2018	24.09.2019
Time	3.00 P.M.	3.00 P.M.	3.00 P.M.
Venue	Press club, Deshodharaka Bhavan, Basheerbagh, Hyderabad-500 001	Press club, Deshodharaka Bhavan, Basheerbagh, Hyderabad-500 001	Press club, Deshodharaka Bhavan, Basheerbagh, Hyderabad-500 001

No special resolutions were passed in 35th and 36th AGM.

**7. Postal Ballot**

- I. Whether any special resolution passed last year /during the year through postal ballot – (2018-19 and 2019-20): Yes. During the previous year (2018-19), 1 Resolution u/s 180(1) (a) (To consider and to approve the proposal for sale of 66 Acres 13 Gunthas) was passed through Postal Ballot and during the year 2018-19.
 - A. Details of Resolutions passed (2018-19):
 - i. To consider and to approve the proposal for sale of 66 Acres 13 Gunthas
 - B. Details of voting pattern :-

Both Postal Ballot Voting & E-Voting was kept open for a period of 30 days as per Postal Ballot Regulation 22 of LODRRs.
 - C. Person who conducted the postal ballot exercise: - Company.
 - D. Whether any special resolution is proposed to be conducted through postal ballot: - No
 - E. Procedure for postal ballot:-

In pursuance of Section 130 of the Companies Act, 2013 and Rule 22 in Postal Ballot Procedure of the Rules framed under Companies Act, 2013 [i.e. Rule 22 of the Company (Management and Administration) Rules, 2014]. The results of the postal ballot and scrutinizer report are available at the website of the Company i.e. www.hfl.co.in
- II. During the year 2019-20, 3 Special Resolutions were passed u/s 180(1) (a) through the process of postal ballot.
 - A. Details of Resolutions passed (2019-20):
 - (i) Increase the borrowing powers of the company and creation of charge / providing of security and
 - (ii) To approve the shutting down of the plant/unit and closure of the company
 - (iii) To sell or otherwise dispose of the whole or substantially the whole of the undertaking of the company
 - B. Details of voting pattern :-

Both Postal Ballot Voting & E-Voting was kept open for a period of 30 days as per Postal Ballot Regulation 22 of LODRRs.
 - C. Person who conducted the postal ballot exercise: - Company.
 - D. Whether any special resolution is proposed to be conducted through postal ballot: - No
 - E. Procedure for postal ballot:-

In pursuance of Section 130 of the Companies Act, 2013 and Rule 22 in Postal Ballot Procedure of the Rules framed under Companies Act, 2013 [i.e. Rule 22 of the Company (Management and Administration) Rules, 2014]. The results of the postal ballot and scrutinizer report are available at the website of the Company i.e. www.hfl.co.in

**8. Disclosures:**

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

9. Means of Communication:

- ◆ Quarterly results: These Quarterly, half-yearly reviewed and annual audited financial results of the Company are also submitted to the Stock Exchanges immediately after they are approved by the Board.
- ◆ Newspapers wherein results normally published: The results are published in a Regional Language (Telugu) News Papers (Andhra Prabha) and English National Daily (Financial Express) as per the requirements under the Listing Regulations with the Stock Exchanges.
- ◆ Website, where displayed: The quarterly, half-yearly reviewed and annual audited financial results are regularly posted by the Company on its website: www.hfl.co.in
- ◆ Whether it also displays official news releases; — No
- ◆ Presentations made to institutional investors or to the analysts. – No
- ◆ Management Discussion and Analysis Report forms part of this Annual Report.
- ◆ Whenever a Director is appointed or re-appointed, Stock Exchanges are intimated through Fax/Speed Post/Courier Service. - Yes, through on line filing of the e-filing portal of the Exchange – BSE.

10. General Shareholder Information:**I. Compliance Officer:**

Mrs. S Krithika, 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-1
Annual General Meeting	25-Sep-2020
Tentative Financial Calendar	1 st Un-audited Quarter Results on or before 14 th August, 2020 2 nd Un-audited Quarter Results on or before 14 th November, 2020 3 rd Un-audited Quarter Results on or before 14 th February, 2020 4 th Un-audited Quarter Results on or before 15 th May, 2021 or Annual Audited Results on or before 30 th May, 2021.
Date of book closure	For the purpose of Annual General Meeting(18 th September, 2020 to 25 th September, 2020)
Dividend payment date (tentative)	N.A
Listing on Stock Exchanges	Bombay Stock Exchange (BSE) Scrip Code: 524013
Registrar & Transfer Agents	M/s KFin Technologies Private Limited Selenium, Plot 31 & 32, Gachibowli Financial District, Nanakramguda, Hyderabad-500 032

II. 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
April -19	15.95	16.55	12.75	13.35
May-19	12.70	15.09	11.52	14.83
June-19	14.90	14.90	9.70	10.50
July-19	9.99	13.00	9.63	11.69
August-19	11.11	14.05	8.40	12.10
September-19	11.00	13.00	9.73	10.28
October-19	11.14	11.79	8.00	9.99
November-19	10.00	10.32	8.15	8.93
December-19	9.00	9.50	7.95	8.43
January-20	8.01	9.33	5.19	5.19
February-20	4.94	4.94	3.23	3.46
March-20	3.50	3.50	2.83	2.93



III. Distribution of Shareholding

Distribution of Shareholding as on 31/03/2020 (TOTAL)

Sl.No	Category (Shares)	No.of Holders	% To Holders	No.of Shares	% To Equity
1	1 - 500	13555	91.95	2308104	11.78
2	501 - 1000	706	4.79	603182	3.08
3	1001 - 2000	249	1.69	381012	1.94
4	2001 - 3000	75	0.51	191757	0.98
5	3001 - 4000	28	0.19	101049	0.52
6	4001 - 5000	32	0.22	151390	0.77
7	5001 - 10000	49	0.33	352301	1.80
8	10001 - 99999999	47	0.32	15510305	79.14
	TOTAL: 14741	100.00	19599100	100.00	

IV. Dematerialisation of Shares & Liquidity:

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

86.64% of the Share Capital of the Company has been Dematerialize the shares, the Company has been Dematerialized as on 31st March, 2019- total accounts Dematerialized is 2874 involving 16980925 shares (which constitutes 86.64% of the share capital).

V. Share Holding Pattern as on 31st March, 2020 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	6217848	31.73
2	Indian Corp.Bodies/Trustees/Partnership	903831	4.61
3	Independent Directors & Relatives	0	0
4	Present employees	2200	0.01
5	Banks/Financial Institutions	1200	0.01
6	Insurance companies	227121	1.16
7	Any other (Foreign Nationals)	100	0
	SUB-TOTAL	7350100	37.51
B	BASED OVERSEAS		
1	Non-Resident Indians (Non-Rep)	311900	1.59
2	Non-Resident Indians (Rep)	6600	0.03
	SUB-TOTAL	318500	1.62
	GRAND TOTAL	19599100	100

**11. Listing Fees:**

Listing fees for the year 2019-20 have been paid in full to BSE Ltd.

12. Share Transfer System:

Pursuant to Regulation 40(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the securities can be transferred only in dematerialized form w.e.f. 01st April, 2019 (except in case of Transmission or Transposition of Securities).

13. Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity: - Nil/None.**14. Commodity price risk or foreign exchange risk and hedging activities: - Nil/None****15. Plant location: - Rudraram PO, Kandi Mandal, Sangareddy District, Telangana****16. Other disclosures:**

- There was no materially significant related party transaction with its Directors/or the Management or Subsidiary or relatives that may have potential conflict with the interests of Company at large ;
- Details of non-compliance by the listed entity, penalties, and strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years; - None, as suitable explanations were submitted from time to time to the Exchange (BSE). *The company has received letter from BSE dated 15th October, 2019 regarding Late Submission of Annual Report for the year ended March 2019 under Reg. 34 of SEBI LODR along with a penalty of Rs. 16,520/-. The company had submitted clarification/explanation letter, the company on 07.01.2019 received e-mail communication from BSE informing that the penalty has been withdrawn.*
- **Prevention of Insider Trading**

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

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

**17. Shareholder Rights**

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

18. Modified Opinion(s) in Audit Report: Company has complied with the same and have reported un-modified opinion on the Annual Audited Financial Statements for the year 2019-20.

19. Separate posts of chairperson and chief executive officer:

The company has a non-executive chairman (Shri. S B Bhide) and Managing Director (Shri. C P Bhatia)

20. Reporting of internal auditor:

The internal auditor reports directly to the audit committee and the Company has made adequate disclosures required under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.

21. Details of unclaimed Shares: Nil

22. Secretarial Audit Report: The Board has appointed M/s Ahalada Rao & Associates, Company Secretaries to conduct Secretarial Audit for the FY 2019-2020. The Secretarial Audit Report for the Financial Year ended March 31, 2020 is annexed to this Report as Annexure and complied with Section 204 of Companies Act and Regulation 24A of SEBI LODRRs, the replies to observations from Auditor forms part as Annexure to the Directors Report. The Company also obtained Annual Secretarial Compliance Report form M/s. Ahalada Rao & Associates, Company Secretaries for the year 2019-20.

23. Compliance of DPE Guidelines on Corporate Governance for the CPSEs: Company (HFL) being a CPSU is required to comply the Department of Public Enterprise (DPE) set out guidelines on Corporate Governance. And in this respect the Quarterly Reports (SER-Self Evaluation Report) are being submitted to the DCPC, Administrative Ministry and Annual SARs are also submitted to the DPE.

For Hindustan Fluorocarbons Limited

**Sd/-
(S Krithika)
Company Secretary**

Place: Hyderabad

Date: 10-08-2020

**COMPLIANCE OFFICER'S RESPONSIBILITY STATEMENT:**

The Compliance Officer (Mrs. S Krithika) confirms as on 31st March, 2020 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.
- ♦ Has not given loans or 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.

**S KRITHIKA
COMPANY SECRETARY &
COMPLIANCE OFFICER**

PLACE: HYDERABAD

DATE : 10.08.2020

**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, 2020 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 2019-20 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 2019-20;
 - ii. Significant changes in accounting policies during the year 2019-20 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/-
(C P BHATIA)
(MANAGING DIRECTOR)

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

Place: Hyderabad

Date: 15-06-2020

**Annexure -VI****CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To,
The Members
Hindustan Fluorocarbons Limited
Hyderabad

We have examined the compliance of conditions of Corporate Governance by Hindustan Fluorocarbons Limited, Hyderabad, for the year ended 31st March, 2020, as stipulated in Regulation 15(2) of the Listing Regulations of Securities Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 for the period 1st April, 2019 to 31st March, 2020.

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

In our opinion and to the best of our information and according to the explanations given to us, subject to the fact that subject to the following:

- ♦ As on 31st March 2020, Composition of Board of Directors was not in compliance with Regulation 17 as the term of office of both the Independent Directors including Women director.
- ♦ The composition of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship committee were inadequate as on 31st March 2020.

We certify that the Company, has in all material respects, complied with the conditions of Corporate Governance wherever possible, as stipulated Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Paragraphs C, D and E of Schedule V to the SEBI Listing Regulations for the year ended 31st March 2020 as well the Guidelines issued by the DPE subject Guidelines.

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

For Ahalada Rao. V & Associates
Company Secretaries

Place: Hyderabad
Date: 10.08.2020

Raghavendar Rao.D
Partner
CP No. 13407
UDIN: A035788B000602961

**Form No. MR-3****SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31- 03- 2020**

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

To,
The Members,
Hindustan Fluorocarbons Limited
CIN: L25206TG1983PLC004037
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, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Hindustan Fluorocarbons Limited ("the Company") for the financial year ended on 31st March, 2020, according to the provisions of:



- i. The Companies Act, 2013 (the Act) and the rules made 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 and Takeover 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)**

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

- i) Secretarial Standards issued by Institute of Company Secretaries of India in accordance with Section 118 of the Companies Act, 2013



- ii) The Securities Exchange Board of India (Listing obligations & Disclosure Requirements) Regulations, 2015 for the period 1st April, 2019 to 31st March, 2020

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

1. As on 31st March 2020, Composition of Board of Directors was not in compliance with Regulation 17 as the term of office of both the Independent Directors including Women director have been completed on 20.02.2020. The company has informed that they are following up with their respective administrative Ministry and parent company HOCL on the same.
2. The constitution of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship committee were inadequate as on 31.03.2020 due to the completion of the term of both the Independent Directors on 20.02.2020.
3. 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.
4. 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.
5. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. The Company has proper Board processes.

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

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

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

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



- e) Notice of Board meetings and Committee meetings of Directors;
- f) The meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- g) The 36th Annual General Meeting of the Company held on 24th September 2019;
- 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) Board's 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. A total of eleven cases are in pending stage for the financial year 2019-20 filed against the company by the ex-employees of the company, HFL Ex-Employees welfare Association, HFL Workers Trade union, The Casual Workers Union before Hon'ble High Court of Telangana, Labour Court, Central Government Industrial Tribunal – Hyderabad respectively.



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 judgment, but the same has been pending for the financial year ended 31.03.2020.
3. During the Financial year under review the Company is trailing a case against M/s. Rockwell Industries Private Ltd, Hyderabad in the Hon'ble City Civil Court, Hyderabad and Hon'ble High Court, Telangana with 2 Judge Bench for Judgment.
4. The Company is pleading a case against M/s. Shanthi boiler & Pressure vessels Private Limited in the Hon'ble Civil Court and the status of the case is pending for the financial year 2019-20.
5. The Company has received letter from Ministry of Chemicals and Fertilizers, Department of Chemicals & Petrochemicals dated vide file no. 9-51015/06/2019-Ch.III dated 29/01/2020 informing the decision of Cabinet Committee on Economic Affairs (CCEA) directing Closure of Operations of Hindustan Fluorocarbons Limited:

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

Place: Hyderabad

Date: 08.08.2020

**Raghavendar Rao.D
Partner
M. No: 35788, CP No. 13407
UDIN: A035788B000563414**



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: 08.08.2020

**Raghavendar Rao.D
Partner
M. No: 35788, CP No. 13407**

**Management replies to the remarks made in the Secretarial Audit Report for the year 2019-20:**

1	As on 31 st March 2020, Composition of Board of Directors was not in compliance with Regulation 17 as the term of office of both the Independent Directors including Women director have been completed on 20.02.2020.	HFL is following up with our administrative Ministry and parent company HOCL on the same.
2	The constitution of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship committee were inadequate as on 31.03.2020 due to the completion of the term of both the Independent Directors on 20.02.2020	After appointment of required Independent Directors, the committees of the Board will be reconstituted as required under Companies Act, 2013 and SEBI, LODRR, 2015.

For Hindustan Fluorocarbons Limited**S Krithika
Company Secretary****Place: Hyderabad****Date: 10-08-2020**

**Annexure -VIII****Independent Auditors' 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, 2020, 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, and read with our comments below under the para 'Material Uncertainty relating to Going Concern' and para 'Report on Other Legal and Regulatory Requirements', 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, 2020, the Loss for the year ended on that date including other Comprehensive Income, change in Equity and its Cash Flow 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.

Material Uncertainty related to Going Concern

4. Attention is drawn to Note No. 37 to the Notes to Accounts, wherein there is disclosure regarding the decision of the Cabinet Committee on Economic Affairs to close the operations of the Company



which has been communicated to them through letter dated 29th Jan, 2020 from Ministry of Chemicals & Fertilizers, Department of Chemicals & Petrochemicals, Govt. of India vide File No.51015/06/2019 together with timelines for implementation of the said directions, the process of which is being initiated by the Board. Accordingly, there is an existence of a material uncertainty which had impacted the Going Concern.

Emphasis of Matter

5. We draw attention to Note No.38 to the Notes to Accounts wherein the Management had initiated process on getting valuations of various assets to be disposed off in order to determine various elements specified for compliance in accordance with Ind-AS 105 'Non Current Assets held for Sale and Discontinued Operations' and accordingly the effects on financial statements of the compliance in progress have not been determined. Our opinion is not modified in this regard.
6. We draw attention to Note No.39 to the Notes to Accounts as regards Management's evaluation of COVID-19 impact on the future performance of the Company in the light of decision to close the operations of the Company as per the decision of the Govt. Our opinion is not modified in this regard.

Key Audit Matters

7. 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 that there are separate no key audit matters to communicate in our report.

Information other than the Financial Statements and Auditor's Report thereon

8. The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report such as Director's Report and Chairman's statement etc., but does not include the standalone financial statements and our auditor's report thereon. Those said reports are expected to be made available to us after the date of this Auditors' Report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the said reports if we conclude that there is a material mis-statement therein, we are required to communicate the matter to those charged with governance.

Management Responsibilities for the Ind AS Financial Statements

9. 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.

10. 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.
11. 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

12. 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.
13. 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.
14. 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.
 15. 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.
 16. 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.
 17. 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

18. 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, Statement of changes in Equity and Cash Flow Statement 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, while drawing attention to amounts not determinable under Ind-AS 105 'Non Current Assets held for Sale and Discontinued Operations' which has been highlighted under 'Emphasis of Matter' segment for the reasons mentioned therein and our comments in Other Matters paragraph.
- e) On the basis of the written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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:
- i. The Company had disclosed the impact of pending litigations as on 31st March, 2020 on its financial position in its Ind AS financial statements;
 - ii. 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;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- h) **Other Matters**
Attention is drawn to Note No.40 to the Notes on Accounts wherein the Company could not complete corrective measures in implementing the directions issued u/s 143(6)(b) of the Companies Act during the year under review for the reasons mentioned therein. There is no specific financial impact on its loss or Assets/Liabilities during the current financial year 2019-20 on this account. However, since 2017-18 onwards, Property, Plant & Equipment continues to be overstated and the negative balance of 'Other Equity' continues to be understated by Rs.29.96 crore, as commented upon u/s 143(6)(b).
- i) As required under section 143(5) of the Companies Act, we report that:
- i. As per the information, explanations and records produced for our verification, 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;



- ii. 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;
 - iii. 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.
19. 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 Registration No: 005120S**

**Place : Hyderabad
Date : 15.06.2020**

**CA S Srinivas
Partner
Membership No. 202471
UDIN : 20202471AAAABJ1504**

**“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, 2020 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, 2020, 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 Registration No: 005120S

Place : Hyderabad
Date : 15.06.2020

CA S Srinivas
Partner
Membership No. 202471UDIN
No.20202471AAAABJ1504

**“Annexure B” to the Independent Auditors Report**

(referred to in paragraph 19 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, 2020)

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, 2020

- (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 had not paid Govt. plan Loan of Rs.15.80 Crores (5 instalments) 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, the managerial remuneration which has been paid or provided during the current year is in accordance with the requisite approvals as per the provisions of Sec 197 of the Act.
- (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 Registration No: 005120S

Place : Hyderabad
Date : 15.06.2020

CA S Srinivas
Partner
Membership No. 202471UDIN
No.20202471AAAABJ1504

BALANCE SHEET AS AT 31st MARCH 2020

(Rs. in lakhs)

	Note	As at March 31, 2020	As at March 31, 2019
I ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	4,713.85	4,846.64
(b) Capital work-in-progress		-	-
(c) Other Intangible assets	3.1	169.44	182.18
(d) Financial Assets			
(i) Other Financial assets	4	105.37	99.24
Total Non - Current Assets		4,988.66	5,128.06
2 Current assets			
(a) Inventories	5	416.22	558.20
(b) Financial Assets			
(i) Trade receivables	6	455.62	508.93
(ii) Cash and cash equivalents	7.1	0.35	0.45
(iii) Bank balances other than (ii) above	7.2	3.06	1.72
(iv) Others Financial Assets	8	92.07	178.88
(c) Other current assets	9	60.04	98.45
Total Current Assets		1,027.36	1,346.63
TOTAL ASSETS (1+2)		6,016.02	6,474.69
II EQUITY AND LIABILITIES			
EQUITY			
1 Equity			
(a) Equity Share capital	10	1,961.46	1,961.46
(b) Other Equity	11	(6,693.34)	(6,281.34)
Total equity		(4731.88)	(4,319.88)
LIABILITIES			
2 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12	-	-
(b) Provisions	13	867.12	973.66
Total Non - Current Liabilities		867.12	973.66
3 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	505.25	408.80
(ii) Trade payables	15	171.34	393.17
(iii) Other financial liabilities (other than those specified in (b) below)	16	6,504.09	6,453.19
(b) Provisions	17	522.68	369.19
(c) Other current liabilities	18	2,177.42	2,196.56
Total Current Liabilities		9,880.78	9,820.91
TOTAL EQUITY AND LIABILITIES (1+2+3)		6,016.02	6,474.69
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/-

S SRINIVAS**PARTNER**

M No. 202471

Sd/-

C P BHATIA**MANAGING DIRECTOR**

DIN No. 08554234

Sd/-

S B BHIDE**CHAIRMAN**

DIN No. 05323535

Sd/-

DNV SRINIVASA RAJU
CHIEF FINANCIAL OFFICER

Sd/-

S. KRITHIKA
COMPANY SECRETARY

Place: Hyderabad

Date: 15-06-2020


STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2020

(Rs. in lakhs)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
REVENUE			
Revenue from operations	19	3,695.77	4,585.51
Less: GST		(563.31)	(699.48)
Other income	20	4.31	240.79
Total Revenue		3,136.77	4,826.30
EXPENSES			
Cost of materials consumed	21	1,303.02	1,581.93
Changes in inventories of work-in-process	22	120.72	(44.02)
Employee benefits expense	23	1,210.45	1,270.45
Finance costs	24	199.99	314.14
Depreciation and amortisation expense	3 & 3.1	148.31	149.32
Other expenses	25	517.52	684.80
Total Expenses		3,500.01	4,656.10
Profit before tax		(363.24)	170.20
Tax expense		-	-
Profit for the year		(363.24)	170.20
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit liabilities / (asset)		(54.47)	(297.46)
Financial Instruments through OCI at amortised cost		5.71	(350.81)
Other comprehensive income / (loss) for the year		(48.76)	(648.27)
Total Comprehensive Income for the Year		(412.00)	(478.07)
Earnings per equity share of face value of Rs. 10 each			
Basic and Diluted		(2.10)	(2.44)
General Information and Significant Accounting Policies	1&2		

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

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

 For **Sarath & Associates**
Chartered Accountants

(FRN 005120S)

Sd/-

S SRINIVAS
PARTNER

M No. 202471

Sd/-

C P BHATIA
MANAGING DIRECTOR

DIN No. 08554234

Sd/-

DNV SRINIVASA RAJU
CHIEF FINANCIAL OFFICER

Sd/-

S B BHIDE
CHAIRMAN

DIN No. 05323535

Sd/-

S. KRITHIKA
COMPANY SECRETARY

Place: Hyderabad

Date: 15-06-2020


CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020 (Rs. in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Total Comprehensive Income	(412.00)	(478.07)
Adjustments for:		
Depreciation & Amortization	148.31	149.32
Interest Income	(4.16)	(5.32)
Interest Expense	199.09	310.44
Effect of measurement of Financial Instruments at amortised cost	(5.71)	350.81
Operating Cash Flows before Working Capital changes (A)	(74.47)	327.18
Adjustments for:		
(Increase)/Decrease in Inventories	141.98	(19.22)
(Increase)/Decrease in Trade receivables	53.31	(138.67)
(Increase)/Decrease in Other Financial Assets	85.47	(172.35)
(Increase)/Decrease in Other Current Assets	38.41	(37.82)
(Increase)/Decrease in Other Non Current Assets	(6.13)	(5.71)
Increase/(Decrease) in Trade Payables	(221.83)	16.97
Increase/(Decrease) in Other Financial Liabilities		
Increase/(Decrease) in Other Current Liabilities & Provisions	27.81	(58.59)
Cash Generated from Operations (Working Capital Changes) (B)	119.02	(415.39)
Net Cash flow from Operating activities (1) (A+B)	44.55	(88.21)
CASH FLOW FROM INVESTING ACTIVITIES :		
Changes in Fixed Assets	(2.79)	(8.48)
Interest Income	4.16	5.32
Net Cash flow from / (used in) Investing activities	1.37	(3.16)
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/Decrease in Secured Loans (Net of Repayments)	-	-
Increase/Decrease in Unsecured Loans (Net of Repayments)	147.35	752.55
Effect of measurement of Financial Instruments at amortised cost	5.71	(350.81)
Interest Paid	(199.09)	(310.44)
Net cash used in financing activities	(46.03)	91.30
Net Increase Decrease in Cash and Cash Equivalents	(0.11)	(0.07)
Cash & cash equivalents at the beginning of the period	0.45	0.52
Cash & cash equivalents at the end of the period	0.34	0.45

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/-

S SRINIVAS

PARTNER

M No. 202471

Sd/-

C P BHATIA
MANAGING DIRECTOR

DIN No. 08554234

Sd/-

DNV SRINIVASA RAJU
CHIEF FINANCIAL OFFICER

Sd/-

S B BHIDE
CHAIRMAN

DIN No. 05323535

Sd/-

S. KRITHIKA
COMPANY SECRETARY

Place: Hyderabad

Date: 15-06-2020



Statement of Changes in Equity

A. Equity share capital		
Particulars	Number of Shares	Amount (INR in Lakhs)
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
Add: Equity Shares Allotted during the year	-	-
Balance as at March 31, 2020	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, 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)
Profit/(Loss) for the year	(363.24)	(48.76)	-	-
Balance as at March 31, 2020	(8,337.94)	(1,351.17)	2,995.77	(6,693.34)

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/-

**S SRINIVAS
PARTNER**

M No. 202471

Place: Hyderabad

Date: 15-06-2020

Sd/-

**C P BHATIA
MANAGING DIRECTOR**

DIN No. 08554234

Sd/-

**DNV SRINIVASA RAJU
CHIEF FINANCIAL OFFICER**

Sd/-

**S B BHIDE
CHAIRMAN**

DIN No. 05323535

Sd/-

**S. KRITHIKA
COMPANY SECRETARY**



**Notes to the Standalone Ind AS financial statements
for the year ended 31st March , 2020**

3. Property, Plant & Equipment

a) Carrying Value

(Rs. in Lakhs)

	As at March 31 2020	As at March 31 2019
Land	3,054.83	3,054.83
Buildings	142.04	148.10
Plant and Machinery	1,506.66	1,631.00
Furniture & Fixtures	9.51	11.47
Computers	0.81	1.24
Total	4,713.85	4,846.64

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 and balance is vacant land. HOCL is secured part of land to the extent of 84.31 acres and part of land i.e. 15.11 acres is secured by SBI.

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, 2019 (b)	3,054.83	306.32	7,401.94	89.28	43.17	10,895.54
Additions	-	-	1.95	0.84	-	2.79
Disposals	-	-	-	-	-	-
Balance as at 31 March, 2020 (b)	3,054.83	306.32	7,403.89	90.12	43.17	10,898.33

c) Accumulated depreciation

(Rs. in Lakhs)

Description of Assets	Land	Buildings	Plant and Machinery	Furniture & Fixtures	Computers	Total
Balance as at 31 March, 2019 (c)	-	158.22	5,770.94	77.81	41.93	6,048.90
Depreciation / amortisation expense for the year	-	6.06	126.29	2.80	0.43	135.58
Eliminated on disposal of assets	-	-	-	-	-	-
Balance as at 31 March, 2020 (c)	-	164.28	5,897.23	80.61	42.36	6,184.48
Net Block (b - c)	3,054.83	142.04	1,506.66	9.51	0.81	4,713.85



3.1 - Intangible Assets

(Rs. in Lakhs)

Carrying Value		As at March 31	As at March 31
Particulars		2020	2019
Software and Technical know-how		169.44	182.18
Particulars	Software	M-PTFE	Total
I. Deemed Cost as Fair Value			
Balance as at 31 March, 2019	14.60	219.25	233.85
Additions	-	-	-
Disposals	-	-	-
Balance as at 31 March, 2020	14.60	219.25	233.85
II. Accumulated depreciation and impairment			
Balance as at 31 March, 2019	8.21	43.46	51.67
Depreciation / amortisation expense for the year	1.81	10.93	12.74
Eliminated on disposal of assets	-	-	-
Balance as at 31 March, 2020	10.02	54.39	64.41
Net Block / Carrying Value	4.58	164.86	169.44

(Rs. in Lakhs)

Particulars	As at March 31	As at March 31
	2020	2019
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	105.37	99.24
Total Other Financial Assets	105.37	99.24

(Rs. in Lakhs)

Particulars	As at March 31	As at March 31
	2020	2019
5. Inventories		
a) Raw materials	66.84	71.90
b) Work-in-progress	78.16	161.98
c) Finished Goods	12.50	49.40
d) Stores and spares	258.72	274.92
Total	416.22	558.20



(Rs. in Lakhs)

Particulars	As at March 31 2020	As at March 31 2019
(A) The closing stock-in-process includes the following products:		
CFM – 22 Product	35.20	86.43
TFE	0	3.89
POLY-SUSPENSION	44.44	58.63
POLY-EMULSION	3.13	13.02
	82.77	161.97
(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.74 (2019: Rs. 122) and there is no difference to charge off during the year.		
6. Trade Receivable		
Trade Receivables considered good - Secured	-	-
Trade Receivables considered good - Unsecured	326.46	379.77
Trade Receivables which have significant increase in Credit Risk	129.16	129.16
Trade Receivables - credit impaired	-	-
Total	455.62	508.93
(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(2019: 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	0.19	0.29
in liquid deposits	-	-
	0.35	0.45
7.2) Other Bank Balances		
in earmarked accounts		
Deposits accounts (Refer note (A))	3.06	1.72
	3.06	1.72
Total	3.41	2.17
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	3.70	4.79
Advance to Employees	88.37	174.09
Total	92.07	178.88
9. Other Current Assets		
Prepaid expenses	42.27	46.17
Amounts withheld with Govt and other Departments	12.21	41.90
Advances to Suppliers		
-Considered Good	5.56	10.38
-Considered doubtful	0.91	0.91
-Provision for expected credit loss	(0.91)	(0.91)
Total	60.04	98.45



10. Share capital (Rs. in Lakhs)				
	As at March 31, 2020		As at March 31, 2019	
	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 2020	As at March 31 2019
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		(7,974.70)	(8,144.90)
Add: Profit for the year		(363.24)	170.20
Closing balance		(8,337.94)	(7,974.70)
C Other Comprehensive Income			
Opening Balance of Other Comprehensive Income		(1,302.41)	(654.14)
Remeasurements of the defined benefit liabilities / (asset)		(54.47)	(297.46)
Financial Instruments through OCI at amortised cost		5.71	(350.81)
Income tax relating to items that will not be reclassified to profit or loss		(1,351.17)	(1,302.41)
Total		(6,693.34)	(6,281.34)

12. Long-Term Borrowings

(Rs. in Lakhs)

Particulars		As at March 31 2020	As at March 31 2019
Secured			
Term loans - State Bank of India		-	-
Unsecured			
Government Plan Loan		-	-
Total		-	-

* 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 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 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.902.51 lakhs under Interest accrued and due.
- (E). The company had outstanding plan loan of Rs.360 Lakhs availed for manufacture of MPTFE and Rs. 1320 Lakhs availed for refurbishment of the Plant @ 11.5% p.a. and both the loans repayable in 5 annual installments commencing from F.Y. 2015-16. The Company had repaid Rs.1.00 Crore with interest of Rs.24.92 lac during the month of March, 2017 and accordingly principal and interest outstandings were adjusted. The instalment due for F.Y. 2015-16,2016-17, 2017-18, 2018-19 and 2019-20 amounting to Rs.1,580.00 lacs shown in Note-16 under the head 'Other Financial Liabilities' being Govt. Plan Loan current maturities of long term debt. Company had received letter no.P.51015/06/2019-Ch.III(Vol.II) dated 29.01.2020 on closure of HFL in which interest on Rs.15.80 crore will be freed up to 31.03.2019. Hence interest has not been charged for the year 2019-20.

(Rs. in Lakhs)

Particulars	As at March 31 2020	As at March 31 2019
13. Provisions		
Provision for employee benefits-		
Provision for gratuity	618.10	694.17
Provision for compensated absences	249.02	279.49
Total	867.12	973.66

(Rs. in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
14. Short-term borrowings		
Cash credit facilities from		
Banks		
- Secured	505.25	408.80
Total	505.25	408.80

- 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 2020	As at March 31 2019
15. Trade Payable		
Dues to Micro and SSI units	4.59	8.88
Others	16.75	384.29
Total Trade Receivables	171.34	393.17



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

(Rs. in Lakhs)

Particulars	As at March 31 2020	As at March 31 2019
Principal amount remaining unpaid and interest due thereon	4.59	8.88
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 2020	As at March 31 2019
16. Other Financial Liabilities		
Current Maturities of Long Term Debt	4,777.08	4,777.08
Interest accrued and due		
- on borrowings	1,690.05	1,632.79
Other Payables	36.96	43.32
Total	6,504.09	6,453.19
17. Provisions		
Provision for employee benefits		
Provision for gratuity	327.66	228.72
Provision for compensated absences	188.96	134.47
P F company contribution	5.53	5.44
LTA and Other Provisions	0.53	0.56
Total	522.68	369.19
18. Other Current Liabilities		
Creditors for Capital Goods	-	-
Employee Salaries and Arrears Payables	1,857.26	1,868.55
Customer Advances	3.68	1.59
Statutory Liabilities		
- GST and Other Taxes	33.84	102.44
Others	282.64	223.98
Total	2,177.42	2,196.56



(Rs. in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
19. Revenue from operations		
(i) Sale of products		
Polytetrafluoroethylene	62.76	359.51
Application Development Customer Support	51.13	67.36
CFM - 22	3544.07	4,127.47
Tetrafluoroethylene	0.95	0.00
Hydrogenchloride	36.86	31.17
	3695.77	4,585.51
(ii) Other operating revenues:		
Job work conv. and material handling charges	0.00	0.00
	3,695.77	4,585.51
Less: GST	(563.31)	(699.48)
Total	3,132.46	4,585.51
20. Other income		
Interest income from Banks	4.16	5.32
Miscellaneous income	0.15	8.72
Prior period income	-	226.75
Total	4.31	240.79
21. Cost of Raw Material and Packing Material consumed:		
Opening balance	71.90	94.44
Add: Purchases during the year	1,297.96	1,604.47
Less: Closing balance	66.84	71.90
Total	1,303.02	1,581.93
(A) Details of raw material and packing material consumed: (100% Indigenous)		
AHF	797.71	923.26
CHLOROFORM	490.48	624.00
FC-26	-	7.78
OTHERS	16.03	23.90
PACKING MATERIAL	1.80	2.99
	1,303.02	1,581.93
(B) Details of closing Inventory :		
AHF	8.35	27.59
CHLOROFORM	26.27	3.86
FC-26	-	-
OTHERS	30.76	38.18
PACKING MATERIAL	1.46	2.27
	66.84	71.90



(Rs. in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
22. Changes in inventories of work-in-process		
Opening balance:		
Stock-in-process	161.98	113.98
Finished products	49.40	53.38
	211.38	167.36
Closing balance:		
Stock-in-process	78.16	161.98
Finished products	12.50	49.40
	90.66	211.38
Add: Increase/(Decrease) in Excise duty/ GST on Finished products	0.00	0.00
Total	120.72	(44.02)
23. Employee benefits expense		
Salaries, wages and Bonus	1,060.52	1,029.21
Contribution to Provident and other fund	120.28	211.63
Staff welfare expenses	29.65	29.61
Total	1,210.45	1,270.45

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	2019-20	2018-19
I. Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit obligation at beginning of the year	927.01	684.38
Current service cost	29.92	31.05
Interest cost	61.16	48.65
Actuarial(gain)/loss	54.47	297.46
Benefits paid	-	-
Defined Benefit obligation at the year end	950.17	927.01


(Rs. in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
II. Reconciliation of opening and closing balances of fair value of Plan assets		
Fair value of plan asset at the beginning of year	4.12	3.60
Expected return on plan assets	-	0.26
Actuarial gain/(loss)	-	-
Employer contribution	150.31	152.46
Benefits paid	-	-
Fair value of plan asset at the year end	4.40	4.12
Actual return on plan assets	-	-
III. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	(4.40)	(4.12)
Present value of obligation	950.17	927.01
Amount recognised in Balance Sheet	945.77	922.89
IV. Expenses recognised during the year		
Current service cost	29.92	31.05
Interest cost	61.16	48.65
Expected return on plan assets	-	-
Actuarial gain/(loss)	54.47	297.46
Net Cost	145.55	376.90
V. Actuarial assumptions		
Mortality Table (LIC)	(ultimate) 2012-14	(ultimate) 2012-14
Discount Rate (per annum)	5.78%	7.18
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	2019-20	2018-19
I. Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit obligation at beginning of the year	413.96	429.47
Current service cost	30.75	50.44
Interest cost	29.72	34.36
Actuarial(gain)/loss	(36.45)	(100.31)
Benefits paid	-	-
Defined Benefit obligation at the year end	437.98	413.96


(Rs. in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
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	0.00
Present value of obligation	437.98	413.96
Amount recognised in Balance Sheet	437.98	413.96
	875.96	827.92
IV. Expenses recognised during the year		
Current service cost	30.75	50.44
Interest cost	29.72	34.36
Expected return on plan assets	0.00	0.00
Actuarial gain/(loss)	(-36.45)	(100.31)
Net Cost	24.02	(15.51)
V. Actuarial assumptions		
Mortality Table (LIC)	(ultimate) 2012-14	(ultimate) 2012-14
Discount Rate (per annum)	5.78	7.18
Attrition Rate	10.00	10.00
Salary Rise	4.00	4.00
24. Finance costs		
Interest on:		
- Borrowings	125.20	306.84
- Others	73.89	3.60
- Bank Charges	0.90	3.70
Total	199.99	314.14


(Rs. in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
25. Other expenses		
Consumption of stores and Spares	86.50	37.13
Power & Fuel	203.37	299.63
Water Charges	-	139.49
Rent	8.44	8.47
Rates & Taxes	21.75	10.09
Travelling and Transport charges	42.44	45.71
Insurance	51.46	34.62
Printing and Stationery	5.91	5.60
Communication Expenses	10.92	6.95
Repairs and Maintenance		
To Building	-	0.62
To Machinery	2.82	20.76
To Other Assets	6.03	5.08
Office Maintenance	13.65	14.07
Payments to auditors :		
Statutory audit and Limited review fee	1.65	1.61
Professional charges	38.40	31.04
Security and Job Work	18.42	15.61
Freight	0.51	1.14
Corporate Social Responsibility	0.72	4.17
Miscellaneous Expenditure	4.53	3.01
Prior Period Items	-	-
Total	517.52	684.80

26. Contingencies and Commitments
(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
i) Contingent Liabilities		
a) Bank Guarantee given to Pollution control board with SBI	14.50	10.00
b) ESI	13.46	13.46
c) Damages on Delayed Payment of Provident Fund with Interest	94.89	94.89
	122.85	118.35
ii) Commitments		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
	122.85	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 Govt.



Litigations at Various Authorities

(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	M/s HFL had won the case in single judge of AP High Court, Hyderabad. Aggrieved by the Single Judge Order, M/s Refex Refrigerant Ltd had approached Double Judge Bench. Now the case is pending at High Court.
Before Board for Industrial and Financial reconstruction (BIFR) Bench-II New Delhi (BIFR Bench was dissolved on 01-12-2016)	Damages on delayed payments of Provident Fund with interest thereon from 2000 to 2011	94.89	Application filed on 14.05.2014, due to pendency of cases, matter could not reached. Due to Statutory provisions under the Act, the Government of India has not constituted to heard the pending cases with BIFR. <i>During the FY 2018-19, PF dues are regularly paid to the PF Trust.</i>
Hon'ble Consumer Forum, Hyderabad	CT/PT Energy charges of Electricity Charged twice to the company	33.03	Consumer forum has given a favourable direction on the pending sum of Rs.27.84 Lac from APSEB/ TSSPDCL vide their letter no. Chair Person/CGRF-I/TSSPDCL/F.ADM/ D No.10/2018 dated 06-Apr-2018. 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.


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 losses 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. Aggrieved by this order, HFL filed a case in High Court of Telangana. HFL has filed IA in the main case and the court passed interim order for payment of 50% of the Rockwell Industries claim amount.</p> <p>Aggrieved by this order, HFL has filed an appeal before Hon'ble Supreme Court of India and the</p>



Litigations at Various Authorities

(Rs. In Lakhs)

Authority	Nature of Litigations	Quantum	Remarks
			<p>court passed order saying that “we see no reason to interfere with the impugned interim order dated: 03.12.2019 passed by the High Court for the State of Telangana at Hyderabad. The Special Leave Petition is, accordingly, dismissed”. Hence, the main case before the High Court of Telangana is still pending.</p> <p>During the above process, the Rockwell Industries has filed a Petition before Hon’ble XXIV Addl. Chief Judge, City Civil Court seeking bank guarantee. Court passed order in favour of Rockwell Industries. Aggrieved by this order, HFL has approached High Court and filed a case and court granted the Stay. This case is pending.</p>
CGIT, Hyderabad	Non regular employees	Rs.200 Lakhs approx.	<p>The non-regular employees filed a case during 2010 in Labour Court for regularization of their services and later the case was shifted to the Central Government Industrial Tribunal (CGIT) during 2014. The company is contesting this case with CGIT through Legal Counsel and a petition was filed against the order of CGIT in 2020. This matter is still pending</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	2019-20	2018-19
Import of Capital Goods	-	-
Import of Materials/Spares	2.71	6.08

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	2019-20	2018-19
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 & S Krithika, Company Secretary	Key Management Personnel

b) Transactions of Related Parties

(Rs. in Lakhs)

S.No.	Particulars	Holding Company		KMP	
		2019-20	2018-19	2019-20	2018-19
1	Interest Expense	63.62	63.62		
2	Remuneration Paid to				
	T S Gaikwad			29.58	26.36
	D N V Srinivasa Raju			15.89	14.49
	Rajani K			2.25	9.88
	S Krithika			6.12	-

c) Balances with Related Parties

(Rs. in Lakhs)

S.No.	Particulars	2019-20	2018-19
1	Loan Payable to HOCL (Principal + Interest)	4099.59	4,042.33
2	Interest Payable to HOCL	902.51	845.25
3	Remuneration Payables		
	T S Gaikwad	5.64	8.68
	D N V Srinivasa Raju	3.70	3.40
	Rajani K	8.81	3.70
	Arrears Payable / (Receivable)		
	T S Gaikwad	5.79	5.79
	D N V Srinivasa Raju	-	-
	Rajani K	(8.79)	(9.42)



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, 2020	For the Year Ended March 31, 2019
Net profit after tax available to equity shareholders (Rs. lakhs)	(412.00)	(478.07)
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.)	(2.10)	(2.44)

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, 2020	As at March 31, 2019
Equity	1,961.46	1,961.46
Short Term Borrowings & Current Portion of Long Term Debt	5,282.33	5,185.88
Long Term Debt	0.00	0.00
Cash and Cash Equivalents	(3.41)	(2.17)
Net Debt	5,278.72	5,183.71
Total Capital/funds deployed (Equity + Net .Debt)	7,240.38	7,145.17

b) **Categories of financial instruments**

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial Assets		
Measured at Fair Value through Profit or Loss (FVTPL)	-	-
Measured at amortized cost		
Cash and Bank Balances	3.41	2.17
Other financial assets at amortized cost	547.69	687.81
Measured at Cost	-	-
Financial Liabilities		
Measured at amortized cost	7,180.68	7,255.16

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, 2020 and March 31, 2019 respectively.

f) Liquidity risk management

The Company has access to financing facilities of which INR 9.75 Lakhs (31.03.2019: INR 106.20 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, 2020:

(Rs. in Lakhs)

Particulars	Carrying Amount	Upto 1 Year	1-3 Years	More than 3 years	Total Contracted Cash Flows
Accounts Payable and Acceptances	171.34	171.34	-	-	-
Borrowings and interest thereon*	7,009.34	7,009.34	-	-	-
Total	7,180.68	7,180.68	-	-	-

The table below provides details of financial assets as at March 31, 2020:

Particulars	Carrying Amount (Rs. in Lakhs)
Trade Receivable	455.62
Other financial assets	92.07
Total	547.69



- ii) 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:

(Rs. in Lakhs)

Particulars	Carrying Amount
Trade Receivable	508.93
Other financial assets	178.88
Total	687.81

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, 2020	As at March 31, 2019		
Borrowings	(2,744.06)	(2,744.06)	Level 2	Refer Note Below
Deposits	84.78	84.78	Level 2	Refer Note Below
Total	2,659.28	2,659.28		

*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 was 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. Later during FY 2018-19 there was decision of repayment of HOCL loan by 2019-20; however, this 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.

Earlier, 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 TSII/TS Government, the company was to approach MSTC for 2nd E-bidding as directed by the Ministry vide their letter dated 07-Jun-2019. That also could not be done. In the meantime, as per the directions of the Ministry to close the unit together with payment of VRS to employees, payments to Suppliers and other dues including various loans, disposal of assets, the Company had initiated this process.

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 has to be carried out after completing other closure process such as VRS payments, receipt of fresh loan from Govt for settling the employees/ statutory dues/supplier payments etc. Accordingly, as of 31st March, 2020, this was not categorized as Non Current (or disposal group)

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, 2020		As at March 31, 2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at Amortized cost					
♦ Trade Receivables	Level 2	455.62	455.62	508.93	508.93
♦ Other Financial Assets	Level 2	92.07	92.07	178.88	178.88
♦ Cash and cash equivalents	Level 2	0.35	0.35	0.45	0.45
♦ Bank balances other than above	Level 2	3.06	3.06	1.72	1.72
Total		551.10	551.10	689.98	689.98

Financial Liabilities
(Rs. in Lakhs)

	Fair Value Hierarchy	As at March 31, 2020		As at March 31, 2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Liabilities at Amortized cost					
♦ Borrowings	Level 2	505.25	505.25	408.80	408.80
♦ Other Financial Liabilities	Level 2	6,504.09	6,504.09	6,453.19	6,453.19
♦ Trade Payables	Level 2	171.34	171.34	393.17	393.17
Total		7,180.68	7,180.68	7,255.16	7,255.16



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-2019	6,818.67
Increase in Working capital limits including interest	96.45
Ind As adjustment	5.17
Interest for the reporting period	63.32
Closing balance as on 31-March-2020	6,983.61

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. As per the letter dated 29.01.2020 from the Ministry of Chemicals and Fertilizers, Department of Chemicals & Petrochemicals, under which the Company functions, Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 22nd Jan, 2020 had approved.
- Shutting down the operations of the plant/unit of HFL & closure of the Company
 - Separating the employees (regular and non-regular/adhoc) rendered surplus due to closure of plant through VRS/VSS, after payment of all their outstanding salary/wages and statutory dues, except for skeletal staff required to implement the full and final closure of the company. Employees not opting for VRS/VSS will be retrenched as per the provisions of Industrial Disputes Act, 1947.
 - Grant of interest free loan of Rs.77.20 crore by Govt. of India to HFL to be utilized exclusively for closure related expenditure including (a) implementation of VRS/VSS for HFL employees, their dues, statutory dues, payment to suppliers/contractors/utilities dues and repayment of SBI working capital loan (b) salary/wages and administrative expenses of HFL's skeletal staff to be temporarily retained for completing the closure of HFL for two years.
 - Above interest free loan of Rs.77.20 crore will be repaid by HFL to Govt. of India from the sale proceeds of land and other assets of the company, as and when disposed off and after settling all the liabilities related to closure of the company.



- e) after settlement of all liabilities related to closure of HFL and repayment of interest free loan of Rs.77.20 crores, surplus proceeds from disposal of land and other assets, if any, will be used for repayment of HFL's outstanding Govt of India (Rs.15.80 crore) and interest thereon, with freezing of interest upto 31.3.2019. Full or part of the principal loan amount (Rs.15.80 crore) and interest thereon upto 31.3.2019 remaining unpaid due to insufficient sale proceeds is to be written off/waived
- f) for facilitating disposal of HFL's land, M/s NBCC (India) Ltd be appointed as Land Management Agency (LMA) to manage and assist in the land disposal subject to outcome of the decision of Telangana Govt/TSIIC on purchasing land of HFL.
- g) Disposal of plant/machinery and movable assets will be done by HFL through e-auction by MSTC Ltd.

In pursuance of the said decision, HFL had received an amount of Rs.73.70 Crores on 26.05.2020 (subsequent to the year end) as per the above CCEA Order.

- 38.** As per the letter issued by the Ministry, the Board had initiated the process mentioned above, which includes several components/steps to be taken, which got delayed due to Covid-19 pandemic. Management had initiated the process on getting valuations of various assets to be disposed off in order to determine various elements specified for compliance in accordance with Ind-AS 105 'Non Current Assets held for sale and discontinued operations' Due to above reason, the Company is yet to determine the financial impact due to compliance in progress.
- 39.** Considering the overall operations of the Company during the year under review and the decision of the Govt to close the operations, there is no significant impact on the functioning of the Company due to Covid-19 pandemic
- 40.** MoEFCC was communicated vide their letter No. DO No.42/1/2015/PMU-OC dated 01-Jul-2020 and wherein it was informed that the Ministry had requested MoEFCC to expedite the securing the Multi Lateral Fund (MLF). As per the existing procedure for securing MLF funding for preparation of project proposal is approved in the first instance for which verification by local consultant is scheduled during August, 2020 and same would be followed by technical audit of the facility commissioned by MLF Secretariat, which is scheduled during March, 2021. For this purpose, CFM-22 plant and plant and machinery to be in running condition till the completion of technical audit. As the original timelines of CCEA given during January, 2020 for closure will expire by July, 2020, a revised timelines request was put up by the Ministry with CCEA as requested by HFL vide request letter dated 03-Aug-2020 from MD, HFL.
- 41.** The Company received (26th May, 2020) interest free loan of Rs.73.70 Crore from the Government. The company paid Rs. 13.26 crore towards VRS compensation for the 30 employees on 30th May, 2020 and further VRS compensation of 34 (25+9) employees were paid an amount of Rs. 14.15 Crores with cut-off date of 30th June, 2020 and 20th July, 2020 respectively.
- 42.** The Company had, during the Financial Year 2017-18 adopted the carrying value of all the assets as deemed cost of Property, Plant and Equipment on the date of transition to Ind AS, except for the



Freehold land, where fair value was considered as deemed cost. C&AG during their supplementary audit u/s 143(6)(a) of the Companies Act, 2013 had observed that as per para D7AA of Ind AS-101 on 'First time adoption of Indian Accounting Standards', where there is no change in its functional currency on the date of transition to Ind AS, a first-time adopter to Ind AS may elect to continue with the carrying value of 'all' of its Property, Plant and Equipment as at the date of transition measured as per the previous GAAP and use that as its deemed cost at the date of transition. Thus, the option of applying the carrying value on selective basis to some of the items of Property, Plant and Equipment and using fair value for others is not available under the provisions of Ind-AS 101. They further observed that the Company had selectively applied fair valuation to Freehold only, which resulted in overstatement of Property, Plant and Equipment and understatement of negative balance of Other Equity by Rs.29.96 Crores. This was issued as Comment u/s 143(6)(b) during the year 2017-18 as well as in 2018-19 since no corrective action was taken by the Company during that year.

The Company had initiated the process of taking corrective action in the Current Year. Since Circle Rate of land was taken as basis for earlier revaluation as on Ind-AS transition date, which is same during the current year also if done in accordance with Ind AS 16, there would be no new financial impact on the financials. However, the Company's plan to complete these corrective measures during the year 2019-20 got delayed due to Covid 19 pandemic coupled with decision of Cabinet Committee on Economic Affairs (CCEA) described in detail above, to shut down the operations of the plant & closure of the Company. The Company is in the process of completing the corrective measures as well as implementing the said closure decision as per the timelines.

- 43.** 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, 2020

1. General Information

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

2. Significant Accounting Policies

a) Statement of Compliance

These financial statements have been prepared in accordance with 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.

The Cabinet Committee on Economic Affairs (CCEA) Govt. of India at its meeting held on 22.01.2020 had approved shutting down of operations of the plant/unit of HFL and closure of the Company. Ministry of Chemicals and Fertilizers, Department of Chemicals & Petrochemicals, under which the Company functions had given a detailed roadmap in this regard. The Board had initiated the said process this regard including application of Ind-AS 105 'Non Current Assets held for Sale and Discontinued Operations',

which got delayed due to Covid-19 pandemic. Refer Note 37.

Considering the above factors, Management has concluded that the Company will not continue as a going concern in the future.

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 is net of GST.

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. Stock in process (intermediate product) 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) 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 AS.

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.

Ind-AS 116 – Leases

The new Ind-AS 116 ‘Lease’ had replaced Ind AS 17 ‘Leases’. Here, Ind AS 116 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Under Ind AS 116, lessees have to recognize a lease liability reflecting future lease payments and a ‘right of use asset’ for almost all lease contracts. The Company does not expect any impact from this amendment on its financial statements.

**REPORT OF THE C&AG SUPPLEMENTARY AUDIT 2019-20****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, 2020.**

The preparation of financial statement of Hindustan Fluorocarbons Limited for the year ended on 31 March, 2020 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 15th June, 2020.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Hindustan Fluorocarbons Limited for the year ended 31 March 2020 Under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 143(6)(b) of the Act.

**For and Behalf of the
Comptroller and Auditor General of India**

**Sd/-
M S SUBRAHMANYAM
Director General of Commercial Audit &
Hyderabad**

Place: Hyderabad

Date: 10th September, 2020