हिन्दुस्तान ऑर्गेनिक केमिकल्स लिमिटेड

HINDUSTAN ORGANIC CHEMICALS LIMITED

CIN: L99999KL1960GOI082753

62 वीं वार्षिक रिपोर्ट
62nd Annual Report
2022-2023

कोच्चि में फिनोल कॉम्प्लेक्स

Phenol Complex at Kochi

HINDUSTAN ORGANIC CHEMICALS LIMITED [CIN L99999KL1960GOI082753]

AUDITORS
STATUTORY AUDITORS
M/S BALAN & CO.
Chartered Accountants, Kochi

INTERNAL AUDITORS
M/s Isaac & Suresh
Chartered Accountants, Kochi

COST AUDITORS
M/s R.M BANSAL & CO.
Cost Accountants, Trivandrum

Bankers
State Bank of India, Central Bank of India

REGISTRAR AND SHARE TRANSFER AGENTS
M/s. BIGSHARE SERVICES PVT.LTD.
Registered Office: Big share Services Pvt Ltd.
Office No.S-6,6th Floor, Pinnacle Business Park,
Next to Ahura Centre, Mahakali Caves Road,
Andheri (East) Mumbai-400 093
Tel: 022 62638200
Fax: 022 62638299
Email: investor@bigshareonline.com /
vinod.y@bigshareonline.com

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HINDUSTAN ORGANIC CHEMICALS LTD. [CIN L99999KL1960GOI082753]

REGISTERED & CORPORATE OFFICE AND FACTORY
Ambalamugal PO, Kunnathunad,
Ernakulam, Kerala- 682302 India
Tel No. 0484 – 2727342/2720911/12
E-mail id: cs@hoclindia.com, kochi@hoclindia.com
Website: www.hoclindia.com

OTHER LOCATIONS:

MUMBAI
Hindustan Organic Chemicals Limited
Office No. 1003-1004, 10th Floor
NMS Titanium Premises Co-op
Society Ltd, Plot No.74, Sector 15
CBD Belapur, Navi Mumbai-400 0614 MH

New Delhi
Core 6, First Floor,
SCOPE Complex
1st Floor, Lodi Road
New Delhi – 110 003
Tel. No. 011 – 24361610/24364690
Fax: 011 – 24360698

SUBSIDIARY COMPANY
HINDUSTAN FLUOROCARBONS LTD.:
303, 3rd Floor, Babukhan Estate,
Basheerbagh, Hyderabad - 500 001
Telangana State.
Tel. No. 040 – 42022053
E-mail: hflshareholders@gmail.com
Web site: www.hfl.co.in

BOARD OF DIRECTORS

Shri Sajeev B. (DIN: 09344438)	Chairman & Managing Director (w.e.f 06.09.2021)
Shri Yogendra Prasad Shukla (DIN: 09674122)	Director (Finance) (w.e.f 04.07.2022)
Shri Satendra Singh AS&FA (Chem) [DIN: 05195060]	Govt. Nominee Director (w.e.f 21.12.2021 to 14.10.2022)
Shri Kanishk Kant Srivastava (DIN: 09699641)	Govt. Nominee Director (w.e.f 30.03.2022)
Dr. Bharat J. Kanabar (DIN: 09466694)	Non-official Independent Director (w.e.f 24.12.2021)
Shri Pratyush Mandal (DIN: 09461918)	Non-official Independent Director (w.e.f 24.12.2021)
Shri Sanjay Rastogi (DIN: 07722405)	Govt. Nominee Director (w.e.f 13.12.2022)

KEY MANAGERIAL PERSONNEL

Shri Sajeev B	Chairman & Managing Director
Shri Yogendra Prasad Shukla	Director (Finance & CFO)
Shri Subramonian H	Company Secretary

AUDIT COMMITTEE

Dr Bharat J Kanabar
Non-Official Independent Director
Chairman

Shri Pratyush Mandal
Non-Official Independent Director Member

Shri Kanishk Kant Srivastava
Non-Executive, Govt. Nominee Director
Member

Shri Subramonian H
Secretary

NOMINATION & REMUNERATION COMMITTEE

Dr Bharat J Kanabar
Non-Official Independent Director
Chairman

Shri Pratyush Mandal
Non-Official Independent Director
Member

Shri Kanishk Kant Srivastava
Non-Executive, Govt. Nominee Director
Member

Shri Subramonian H
Secretary

STAKEHOLDER RELATIONSHIP COMMITTEE

Shri Pratyush Mandal
Non-Official Independent Director
Chairman

Shri Sajeev B
Executive Director
Member

Dr Bharat J Kanabar
Non-Official Independent Director
Member

Shri Subramonian H
Secretary

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Shri Pratyush Mandal
Non-Official Independent Director
Chairman

Shri Sajeev B
Executive Director
Member

Dr Bharat J Kanabar
Non-Official Independent Director
Member

Shri Subramonian H
Secretary

SHARE TRANSFER COMMITTEE

Shri Sajeev B
Executive Director
Member

Shri Subramonian H
Member & Secretary to the Commiittee

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of my Colleagues on the Board and myself, it gives me great pleasure to extend a warm welcome and sincere gratitude to all the shareholders of the Company. It is my pleasure to present to you the Annual Report for the FY 2022-23 of your company. This 62nd Annual Report of your company, includes the Audited Annual Accounts, Director's Report and Auditor's Report along with the C&AG Non-Review Certificate for the year 2022-23. Further, the 62nd AGM Notice includes the Business items to be considered by the shareholders for approval at the 62nd AGM scheduled to be held on Tuesday, 26th September, 2023.

PERFORMANCE

It gives me immense pleasure to place before you the highlights of your Company's performance during the FY 2022-23. Details of the achievements and initiatives taken by your company are provided in Directors Report.

Speaking in terms of financials, during the year 2022-23, your company has achieved a Gross Income of Rs.642.98 crore registering an increase of 72.33% as against the previous year Gross Income of Rs.465.10 crore.

HOCL has only one functioning unit located at Ambalamugal, Dist Ernakulam in the state of Kerala which is commonly known as Kochi Unit. The Kochi unit is engaged in manufacture of Phenol, Acetone and Hydrogen Peroxide. In Kochi Unit Phenol and Hydrogen Peroxide Plants are operational. Capacity utilization of main products (Phenol and Acetone) of Kochi Unit has improved substantially during the year. The Phenol Plant achieved a capacity utilization of 93% and Hydrogen Peroxide plant achieved a capacity utilization of 99% during the year.

OUTLOOK FOR THE NEXT YEAR

It is expected that expedition of the land sale process will reduce the financial liabilities and thus bring down the finance costs. Your Company will also explore the diversification into value added products to maximum extent possible so as to gain some level of protection against swings in the market prices.

Your Company will continue to be vigilant and will capitalize on the opportunities that arise as a result of swift transformation in the industry landscape.

CORPORATE SOCIAL RESPONSIBILITY

Company since its inception is very much aware about its social responsibilities. For over five decades, as a socially responsible and sensitive corporate, your Company continues to remain committed to social thought and action to serve society through providing basic civic amenities to the neighbouring villages and rendering assistance in different forms.

Your company is not required to carry out any CSR activities on account of losses incurred during the previous years. However, the company has recognized its social obligations and carried out activities benefiting the society during the year under review. The details of the activities undertaken by the company under CSR is given in the Directors Report.

Swachh Bharat Abhiyan is given utmost importance by the company. Your company conducted various activities in connection with Swachhta Pakhwada 2022 and the details are given in the Directors report.

As a part of Azadi ka Amrit Mahotsav, your company conducted various cleaning activities in its premises, stickers were prepared on Azadi ka Amrit Mahotsav and pasted in all official correspondences.

Under the aegis of "Har GharTiranga" distributed Indian National Flag to all employees, local residents, nearby Residents Association etc.

As part of Yoga Day on 21st June 2022, Common Yoga Protocols were widely circulated for the information of all employees through our portal and social media. Employees have participated in the live session of Yoga from 7.00 AM to 7.50 AM along with Live streaming of the Yoga by the Hon'ble Prime Minister.

SAFETY, HEALTH AND ENVIRONMENT

In the areas of Health, Hygiene and Environment, the company has undertaken periodic medical examination, as well as statutory requirements of fitness check-up were carried out during the year 2022 for our employees. Audiometry tests were carried out for those who are exposed with Noise and Autotoxicity tests were carried out for the Benzene handlers apart from other statutory regular check-ups. Periodic awareness session on Hygiene, Healthy living, Covid precautions and guidelines were imparted.

In our commitment to Environment, we have ensured that the level of pollutants from the Factory and nearby surroundings was much below the permissible levels.

As part of protecting the environment, awareness sessions, competitions, Swachh Bharat activities, promoting employees for vegetable cultivation under a "Green Mission", Beautification of the plant premises involving the entire employees of the organization were carried out. On-line Effluent Monitoring and stack monitoring system is implemented to comply with the Central Pollution Control Board regulations. Periodic inspections and safety walk were carried out by the Safety Committee members in addition to the daily patrolling of Fire crew as a continual improvement

Your Company bagged "First Prize in Kerala State Industrial Safety Award 2022" from the Department of Factories and Boilers, Government of Kerala and received "SurakshaPuraskar Award 2022" for the 4th consecutive year from M/s. National Safety Council, Kochi Chapter.

ISO CERTIFICATION

As part of the safety improvements, many positive measures have been undertaken by the organization to ensure safety of the plant and personnel. HOCL is an IMS (Integrated Management System) certified organisation comprising of Quality Management System (ISO-9001), Environment Management System (ISO-14001) and Occupational Health and Safety Management System (ISO 45001). Company is also certified for Energy Management System (ISO-50001). This gives more importance to the safety and health aspects.

INDUSTRIAL RELATIONS

People have been a great strength in your company. The overall Industrial relationship continued to be peaceful and cordial during the year and no strike or lockout took place during the year.

CORPORATE GOVERNANCE

The Company continued to comply with the various requirement of Corporate Governance. The details in this regard form part of the Directors Report.

Company has substantially complied with the Guidelines on Corporate Governance for CPSEs laid down by Department of Public Enterprises and regularly submits reports to the Government. Company also complies with the applicable regulations of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

HINDUSTAN FLUOROCARBONS LIMITED (HFL) – SUBSIDIARY COMPANY

Your company has one subsidiary company namely; Hindustan Fluorocarbons Limited [HFL]. Ministry of Chemicals and Fertilizers, Department of Chemicals & Petrochemicals vide No. P. 51015/06/2019-Ch. III dated 29-01-2020 informed the decision of Cabinet Committee on Economic Affairs [CCEA], directing closure of Hindustan Fluorocarbons Limited and the same was approved by the shareholders of HFL.

Consequent to the decision of the Govt. of India for closure of subsidiary company Hindustan Fluorocarbons Ltd., an amount of Rs.75.87 crore has been released to the Subsidiary Company as interest free loan from Govt. of India to meet the expenses related to VRS/VSS to employees and settling dues to bank and other liabilities. During March 2023, Sale of Plant & Machinery and other movable assets was done through MSTC e-Auction, as per decision taken by CCEA and executed as per DPE guidelines. The sale proceeds were received and the same was deposited in a separate bank account with State Bank of India. The sale of land is subject to receipt of NOC from Telangana Govt.

ACKNOWLEDGEMENT

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

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

Sd/-
Sajeev B
Chairman and Managing Director
DIN: 09344438

HINDUSTAN ORGANIC CHEMICALS LIMITED
[CIN: L99999KL1960GOI082753]
Registered office: Post Bag No. 18, Ambalamugal PO, Ernakulam Dist.
Kerala – 682302, India Tel. No. 0484 – 2727342

NOTICE

Notice is hereby given that 62nd Annual General Meeting (AGM) of the members of Hindustan Organic Chemicals Limited (HOCL) will be held on **Tuesday, 26th September, 2023 at 03:30 PM** [IST] through Video Conference ("VC")/Other Audio- Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the audited standalone & consolidated financial statements comprising the Balance Sheet as on 31st March, 2023, the profit & loss account for the year ended on that date, cash flow statements, schedules, and notes to accounts attached thereto, together with director's report and the auditor's report along with the report of Comptroller and Auditor General of India (CAG).
2. To appoint Shri Kanishk Kant Srivastava, Director, Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers, Government of India who retires at the AGM and being eligible offer himself for re-appointment.
3. To appoint Shri Sanjay Rastogi, Additional Secretary & Financial Advisor, Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers, Government of India who retires at the AGM and being eligible offer himself for re-appointment.
4. To authorize the Board of Directors to fix remuneration to be paid as Statutory Audit fee to the Statutory Auditors as and when appointed by Comptroller & Auditor General of India for the financial year 2023-24 in terms of provisions of section 139(5) read with Section 142 of the Companies Act, 2013 and, to consider and, thought fit, to pass the following resolution, as an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Section 142 of the Companies Act, 2013 the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration to the Statutory Auditors of the Company as appointed by the Comptroller and Auditor General of Indiafor the financial year 2023-24."

SPECIAL BUSINESS:

5. **Approval of remuneration of the Cost Auditor for the financial year 2023-24**

   To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT,** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, the Company hereby ratifies the remuneration payable at Rs.50,000/- plus GST as a total fees for the audit of cost accounts and records of the Company and to issue compliance certificates thereof and to give cost audit report for the year 2023-24 and for assistance in & e-filing of cost audit reports related XBRL e-forms in respect of Kochi unit products of the Company for the financial year ending 31st March, 2024 to M/s. R.M. Bansal & Co. (Firm Registration No. 000022), the Cost Auditors of the Company for the FY 2023-24."

By Order of the Board of Directors

Sd/-
Subramonian H
Company Secretary
[ACS 28380]

Place: Kochi, Kerala
Date: 30.08.2023

Registered Office:
Post Bag: No: 18, Ambalamugal PO,
Ernakulam Dist. Kerala – 682302, India
Te. No. 0484 – 2727342 E-mail: cs@hoclindia.com
CIN: L99999KL1960GOI082753

Notes:

1. The Ministry of Corporate Affairs ("MCA") vide its General circular No.10/2022 dated December 28, 2022 read with various other circulars (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC/ OAVM, without the physical presence of members at a common venue till 30th September, 2023. Hence, in compliance with the provisions of the Companies Act, 2013 ("ACT"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, various MCA Circulars and SEBI Circulars, the 62nd AGM is being held through VC/OAVM. For this purpose, necessary arrangements have been made by the Company in association with NSDL and instructions for the process to be followed for attending, participating and voting in the AGM through VC/OAVM is forming part of this notice. The proceedings of the AGM will be deemed to be conducted at the registered office of the Company.
2. Pursuant to the provisions of the Companies Act, 2013, a member entitled to attend and vote at the 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. However, the 62nd AGM of the Company is being held pursuant to MCA/SEBI 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 62nd AGM of the Company and hence proxy form, attendance slips are not annexed to this notice.
3. Participations of members through VC/OAVM will be reckoned for the purpose of quorum for the AGM as per Section 103 of Companies Act, 2013.
4. Institutional Shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) authorizing its representative to attend the AGM through VC/ OAVM on its behalf and to vote through remote E-voting. The said resolution/Authorization shall be sent to the Scrutinizer through e-mail to bhavya@legalcrew.co.in and to the Company at cs@hoclindia.com.
5. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of special business are appended to this notice.
6. Pursuant to section 139 (5) of the Companies Act, 2013, the auditors of the Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (CAG). In pursuance of Section 142 of the Companies Act, 2013 the remuneration to the auditors shall be fixed by the Company in the AGM or in such manner as the Company in general meeting may determine. The statutory auditors of the Company for the year 2023-24 is yet to be appointed by the CAG. Accordingly, the members may authorize the Board to fix an appropriate remuneration to the statutory auditors for the FY 2023-24.
7. Shareholders are requested to intimate immediately as and when there is any change in their addresses registered with the Company, their PAN, KYC details to the RTAs. For submitting KYC related information, Members may access relevant KYC forms at https://www.hoclindia.com/form-download.
8. SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March, 2023 mandated submission of PAN, KYC and nomination details by the members holding shares in physical form by 1st October, 2023. For submitting this information members may access KYC forms at https://www.hoclindia.com/form-download.
9. The Register of Members and Share Transfer Books of the Company will be remain closed from **Wednesday, 20th September, 2023 to Tuesday, 26th September, 2023 (both days inclusive).**
10. 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 will be available electronically for inspection by the members during the AGM. All documents referred to in the notice, if any, will be available electronically for the inspection without any fee by the members from the date of circulation of this notice up to the date of 62nd AGM i.e. 26th September, 2023. Members desiring inspection of such documents can send their request in writing to the company at cs@hoclindia.com.
11. In compliance with Section 108 of the Act, read with the corresponding rules and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODRR") the Company has provided a facility to its members to exercise their votes electronically through the ("e-voting") facility provided by the NSDL. Members who have cast their votes by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the instructions for e-voting section which forms part of this notice. Board of Directors have appointed ASKBN & Company, Practicing Company Secretaries, as the scrutinizer to scrutinize the e-voting in a fair and transparent manner.
12. The remote e-voting commences on **Saturday, the 23rd September, 2023 from 09:00 AM onwards (IST) and ends on Monday, the 25th September, 2023 at 05:00 PM(IST).** During the period, members holding shares either in physical or dematerialized form as on cut-off date (record date) i.e **as on 19th September, 2023** may cast their votes electronically. The e-voting module will be disabled by the NSDL 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 the members shall be proportionate to their shares of the paid – up equity share capital of the company as on the cut – off date i.e.19th September, 2023.
13. The facility for the voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on resolutions through remote e-voting and are not otherwise barred from doing so, shall be eligible to vote through the e-voting system during the AGM.

14. The cut-off date for sending 62nd AGM notice & Annual Report is on **25th August, 2023**. 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 login ID and password by sending a request at vinod.y@bigshareonline.com. However, if he/ she is already registered with NSDL for remote e-voting then he/ she can use his / her existing user ID and password for casting vote.
15. In compliance with MCA/SEBI circulars, the 62nd Annual Report FY 2022-23, the notice of 62nd AGM and instructions for e-voting are being sent only through electronic vote to those members whose email addresses are registered with the Company/ depository participant(s) as on the cut-off date i.e. 25th August, 2023. Physical copy of the AGM notice along with Annual Report FY 2022-23 shall be sent to those members who request for the same.
16. We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective depository participants and members holding shares in physical mode are requested to update their email addresses with the Company's RTA M/s. Big share Services Pvt. Ltd. at investor@bigshareonline.com or vinod.y@bigshareonline.com to receive the copies of the Annual Report FY 2022-23 and other communications from the Company in electronic mode.
17. Members may also note that the notice of 62nd AGM and the Annual Report FY 2022-23 will also be available on the Company's website https://www.hoclindia.com/agm, website of stock exchange i.e. BSE Limited at www.bseindia.com and on the website of the NSDL.
18. In compliance with Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, securities of listed companies can be transferred only in dematerialized form with effect from 01st April, 2019 except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with the physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's RTA viz. M/s. Big share Services Pvt. Ltd. for any assistance in this regard.
19. SEBI has mandated the submission of PAN by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit their Pan to their depository participants. Members holding shares in physical form are required to submit their PAN details to the RTA i.e. M/s. Big share Services Pvt. Ltd.
20. Since the AGM will be held through VC/ OAVM, proxy form, attendance slip and route map are not annexed to this notice.
21. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, e-mail id, mobile number at cs@hoclindia.com on or before Monday, 18th September, 2023. The same will be replied by the company suitably through e-mail.
22. Shareholders who would like to register themselves as Speaker may do so by sending their request in advance at **least 14 days prior to AGM** mentioning their name, demat account number/folio number, e-mail ID, mobile number at cs@hoclindia.com.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE ASUNDER:-

The remote e-voting period begins on **Saturday, 23rd September, 2023 at 09:00 AM and ends on Monday, 25th September, 2023 at 05:00 PM**. The remote e-votingmodule shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. **19th September, 2023**, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being **19th September, 2023**.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "**Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp
	3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on App Store Google Play
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.

Type of shareholders	Login Method
	3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.inor call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.comor contact at toll free no. 1800 22 55 33

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.
   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:
   a) Click on "**Forgot User Details/Password**?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) **Physical User Reset Password**?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to bhavya@legalcrew.co.in with a copy marked to evoting@nsdl.co.in.Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 and 022 - 2499 7000or send a request to Ms. Megha Malviya at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide 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 cs@hoclindia.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16-digit DPID + CLID or 16-digit beneficiary ID), 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 cs@hoclindia.com. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A**) i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.
3. Alternatively, shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above forremote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM throughVC/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 tovote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connectedwith the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGHVC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM" placed under **"Join meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members 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/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at cs@hoclindia.com on or before Monday, 18th September, 2023. The same will be replied by the company suitably through e-mail.
6. Shareholders who would like to register themselves as Speaker may do so by sending their request in advance at **least 14 days prior to AGM** mentioning their name, demat account number/folio number, e-mail ID, mobile number at cs@hoclindia.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF COMPANIES ACT, 2013

Item No 5 – Approval of remuneration of the Cost Auditor for the financial year 2023-24

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

The Board of Directors, on the recommendation of the Audit committee has approved re-appointment of M/s R.M Bansal & Co., Cost Accountants (Firm Registration No. 000022) as Cost Auditors of the Company to conduct the cost audit of cost records maintained by the company for the FY 2023-24 at a total fees of Rs. 50,000/- plus GST and to issue compliance certificate thereof and to give cost audit report for the FY 2023-24 and for assisting in preparation & e-filing of Cost Audit Reports related XBRL e-forms in respect of Kochi unit products for the FY 2023-24.

M/s R.M. Bansal & Co. have furnished certificates regarding their eligibility for appointment as cost auditors of the Company. In accordance with the provisions of Section 148 of Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors shall be ratified by the shareholders of the Company by way of Ordinary Resolution. Accordingly, consent of members is sought for the said purpose.

The Board of Directors recommends passing of the ordinary resolution set forth in Item No. 5 of the notice for approval by the members.

None of the Directors or Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolution expect to the extent of shareholding, in the Company, if any.

By Order of the Board of Directors

Sd/-
Subramonian H
Company Secretary
[ACS 28380]

Place: Kochi, Kerala
Date: 30.08.2023

Registered Office:
Post Bag: No: 18, Ambalamugal PO,
Ernakulam Dist, Kerala – 682302, India.
Te. No. 0484 – 2727342 E-mail: cs@hoclindia.com
CIN: L99999KL1960GOI082753

ADDITIONAL INFORMATION OF DIRECTORS SEEKING RE-APPOINTMENT AT THE 62nd ANNUAL GENERAL MEETING AS REQUIRED UNDER REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AND SECRETARIAL STANDARDS 2 IN THE ORDER OF THE ITEMS MENTIONED IN THE NOTICE

Brief profile of Shri Kanish Kant Srivastava

DIN	09699641
Date of Birth	14.11.1980
Date of appointment	30.03.2022
Relationship with Directors/KMP	None
Shareholding in the company	None
Remuneration proposed to be paid	None
Expertise in specific functional area	He is holding Master Degree in Statistics. He is a native of New Delhi. He is Possessing experience in Government Services. Presently he is Director (Chemicals), in Dept. of Chemicals & Petrochemicals.
List of directorships in other Listed Companies	Nil
Membership of the committee of other listed companies	Nil
Details of Listed entities from which Director has resigned in the past three years	Nil
Terms of appointment	Ministry of Chemicals & Fertilizers, Government of India vide Order No. P-51011/6/2011-Chemical-III/CPC dated 30th March, 2022 appointed Shri Kanish Kant Srivastava, Director, Department of Chemicals & Petrochemicals as Government Nominee Director on the Board of Hindustan Organic Chemicals Limited (HOCL) w.e.f 30.03.2022 for a period of three (3) years or till further orders, whichever is earlier.

Brief profile of Shri Sanjay Rastogi

DIN	07722405
Date of Birth	24.01.1967
Date of appointment	13.12.2022
Relationship with Directors/KMP	None
Shareholding in the company	None
Remuneration proposed to be paid	None
Expertise in specific functional area	Shri Sanjay Rastogi is an IAS 1991 batch of Odisha cadre. He is B.Tech electrical Engineering and M.Tech in Electronics Communication, IIT - Delhi. He is currently working as Additional Secretary & Financial Adviser in Ministry of Chemicals & Fertilizers, Govt. of India.
List of directorships in other Listed Companies	One (1) [M/s. Rashtriya Chemicals & Fertilizers Limited]
Membership of the committee of other listed companies	Nil
Details of Listed entities from which Director has resigned in the past three years	Nil
Terms of appointment	Ministry of Chemicals & Fertilizers, Government of India vide Office Memorandum No. P-51015/12/2014-CHEM.III-CPC dated 13th December, 2022 had conveyed appointment of Shri Sanjay Rastogi Additional Secretary & Financial Advisor (AS&FA), Ministry of Chemicals & Fertilizers as Government Nominee Director in the Board of Hindustan Organic Chemicals Limited (HOCL).

DIRECTORS REPORT

The Board of Directors presents herewith the 62nd Annual Report of your Company along with the Audited Statement of Accounts for the financial year 2022-23.

1. FINANCIAL RESULTS

The financial results for the year ended 31.03.2023 with the comparative figures of company's operations for the previous year is as under:

(Rs. in Lakhs)

Particulars	2022-23	2021-22
Revenue from operations	63,143.56	43,367.39
Other Income	1,154.60	3,142.73
Total	**64,298.16**	**46,510.12**
Expenditure	69,320.57	49,128.94
Profit/ (loss) before exceptional item & Tax	**(5,022.41)**	**(2,618.82)**
Less: Exceptional items	-	-
Profit /(Loss) before Tax	**(5,022.41)**	**(2,618.82)**
Less: Provision of Tax	-	-
Profit/(Loss) after Tax	**(5,022.41)**	**(2,618.82)**
Other Comprehensive Income for the year, net of tax	**782.78**	**1,602.93**
Total Comprehensive Income for the year	**(4,239.63)**	**(1,015.89)**

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

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

3. MEMORANDUM OF UNDERSTANDING WITH GOVERNMENT OF INDIA

Company has been entering into a Memorandum of Understanding (MOU) with the Ministry of Chemicals & Fertilizers, Government of India, setting the performance parameters and targets every year. Company secured "Good" rating for the year 2022-23.

4. CONSOLIDATED FINANCIAL STATEMENT

In accordance with the provisions of the Companies Act, 2013 ("the Act") and IND AS 110 – Consolidated Financial Statement, the audited consolidated financial statement for the period ending 31.03.2023 is provided in the Annual Report.

5. DIVIDEND

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

6. CHANGE IN NATURE OF BUSINESS IF ANY

Consequent to the decision of the Govt. of India for closure of Subsidiary Company Hindustan Fluorocarbons Ltd., an amount of Rs.75.87 crore has been released to the subsidiary company as interest free loan from Govt. of India to meet the expenses related to VRS/VSS to employees and settling dues to Bank and other liabilities.

7. SHARES

The Authorized Share Capital of the company is Rs.3700000000 and the paid-up capital of the company is Rs.3371731000. The company's shares are listed in BSE (Scrip ID:500449). During the period under review, the company has not: (i) bought back any of its securities (ii) issued any sweat equity shares (iii) issued any bonus shares (iv) provided any stock option scheme to employees.

8. FINANCIAL HIGHLIGHTS

During the year 2022-23, the company has achieved a Gross Income of Rs.642.98 crore registering an increase of 6.42 % as against the Previous Year Gross Income of Rs.465.10 Crore.

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

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

26th May, 2022, 4th August, 2022, 9th November, 2022 and 31st January, 2023.

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

Audit Committee meeting

26th May, 2022, 4th August, 2022, 9th November, 2022 and 31st January, 2023.

Stakeholders Relationship Committee Meeting

9th November, 2022

Nomination & Remuneration Committee meeting

29th March, 2023

Other details are furnished in the Corporate Governance Report provided as **Annexure I** to this Report.

10. EXTRACT OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 of the Companies Act 2013, read with Rule 12 of the Companies(Management and Administration) Rules, 2014 an extract of the Annual Return as at March 31, 2023 is available at www.hoclindia.com/annual-return

11. SUBSIDIARY COMPANY

Your company has one (1) subsidiary company namely; Hindustan Fluorocarbons Limited [HFL]. Ministry of Chemicals and Fertilizers, Department of Chemicals & Petrochemicals vide No. P. 51015/06/2019-Ch. III dated 29th January, 2020 informed the decision of Cabinet Committee on Economic Affairs, directing closure of HFL, which was approved by the shareholders on 30th March, 2020. Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of subsidiary company in FormAOC-1 is attached as **Annexure II** to the Board's Report.

12. RELATED PARTY TRANSACTIONS

All the Related Party Transactions that were entered into during the financial year were on arm's length basis and were in ordinary course of business. There were no materially significant transactions with Related Parties during the financial year 2022-2023 which were in conflict with the interest of the Company. Suitable disclosures as required under IND AS-24 have been made in Note No.38 of the Notes to the Standalone Financial Statements.

Particulars of contract/arrangements/transactions made with related parties, pursuant to Section 188(1) of the Companies Act, 2013 in the prescribed form AOC-2 is appended as **Annexure III** which forms part of this report.

13. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The details in this regard forms part of Corporate Governance Report as **Annexure IV** to the Board's Report.

14. CORPORATE GOVERNANCE

Due to non-availability of One (1) Independent Women Director for the substantial period of FY 2022-23, there has been non-compliance to that extent with various requirements of Corporate Governance under the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and various Rules/ Regulations made there under. The details in this regard forms part of Corporate Governance report to the Annual Report. The requisite certificate from the practicing company secretaries confirming with the conditions of Corporate Governance is attached to the report on Corporate Governance.

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

Department of Public Enterprises [DPE], Government of India, has laid down certain parameters for the purpose of grading the CPSEs on the basis of their compliance with guidelines on Corporate Governance and this report needs to be submitted to the Ministry of Chemicals & Fertilizers, Government of India on Quarterly basis. Company has been complying with the Guidelines on Corporate Governance for CPSEs laid down by DPE and regularly submits reports to the Ministry of Chemicals & fertilizers, Government of India. Applicable grade of 4th Quater/year ended 31.03.2023 is "Excellent".The requisite certificate from the practicing company secretaries confirming with the conditions of DPE Corporate Governance guidelines is attached to the report on Corporate Governance.

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

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

17. KEY MANAGERIAL PERSONNEL:

The following are Key Managerial Personnel of the Company:

a) Shri Sajeev B - Chairman & Managing Director[DIN: 09344438]

b) Shri Yogendra Prasad Shukla-CFO & Director (Finance)[DIN: 09674122]

c) Shri Subramonian H - Company Secretary & Compliance Officer[ACS: 28380]

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

i. As per Govt. of India, Ministry of Chemicals & Fertilizers, Department of Chemicals & Petrochemicals Order No.P-51011/2/2020-CHEM.III-CPC dated 22-06-2022., Shri Yogendra Prasad Shukla was appointed as Director (Finance) of HOCL for a period of five years w.e.f date of his assumption of charge of the post or till date of his superannuation or until further orders whichever is the earliest.Accordingly, Director (Finance) assumed charge with effect from 4th July, 2022.

ii. As per Govt. of India, Ministry of Chemicals & Fertilizers, Department of Chemicals & Petrochemicals OM.No.P-51015/12/2014-CHEM.III-CPC dated 14-10-2022, Shri Sanjay Pandey, Joint Secretary and Financial Advisor, Ministry of Social Justice and

Empowerment, Additional Charge JS&FA, Ministry of Chemicals & Fertilizers was appointed as Government Nominee Director of HOCL in place of Shri Satendra Singhwho has been appointed as Additional Secretary, Cabinet Secretariat.

iii. As per Govt. of India, Ministry of Chemicals & Fertilizers, Department of Chemicals & Petrochemicals OM No..P-51015/12/2014-CHEM.III-CPC dated 13-12-2022., Shri Sanjay Rastogi was nominated as Government Nominee of HOCL in place of Shri Sanjay Pandey.

19. PARTICULARS OF EMPLOYEES

Information regarding particulars of employees drawing remuneration in excess of the limit specified under Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable as none of the employees of the Company has drawn remuneration in excess of the stipulated limit, during the year under review.

20. COMPOSITION OF AUDIT COMMITTEE (AC) AND NON-ACCEPTANCE OF ANY RECOMMENDATIONS OF AC (only for publicand listed companies).

During the FY 2022-23, all the recommendations of the Audit Committee were accepted by Board of Directors.

As on 31st March, 2023 Audit Committee has 3 members in compliance with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details of Composition, meetings of Audit Committee/Sub-Committee are provided in Corporate Governance Report in Annexure IV to this Report.

21. COMMITTEES OF THE BOARD

The Company's Board has the following Committees:

i. Audit Committee
ii. Nomination and Remuneration Committee
iii. Stakeholder Relationship Committee
iv. Corporate Social Responsibility Committee (CSR)

22. SECRETARIAL STANDARDS

The Company complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

23. DIRECTOR'S RESPONSIBILITY STATEMENT

The financial statements are prepared in accordance with the Indian Accounting Standards (IND AS), the provisions of Companies Act, 2013 and guidelines issued by SEBI. The IND AS are prescribed under Section 133 of Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendments, rules issued thereafter.

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

i. That in the preparation of the annual accounts for the year ended 31st March, 2023; the applicable accounting standards had been followed along with proper explanation relating to material departures.

ii. That such accounting policies as mentioned in the Notes on Accounts had been applied consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at the financial year ended 31st March, 2023 and the profit or loss of the Company for that period.

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

iv. That the annual accounts for the year ended 31st March, 2023 had been prepared on a going concern basis.

v. Directors have laid down internal financial controls to be followed by the company and such internal financial controls are adequate and are operating effectively and

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

24. INDEPENDENT DIRECTORS DECLARATION –

The Company has received necessary declaration from each of the Independent Directors that he meets the criteria of independence laid down under section 149 (6) of the Companies Act, 2013 and listing regulations.

25. DISCLOSURE ON REAPPOINTMENT OF INDEPENDENT DIRECTORS

No reappointment of Independent Directors was made during the year under review. (FY 2022-2023).

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

As per notification dated 5th June, 2015 issued by Ministry of Corporate Affairs, provision of section 134(3) (e) of the Companies Act, 2013 regarding disclosure of its policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matter provided under sub- section (3) of section 178 of the Companies Act, 2013 are not applicable to a Government company. Company being a CPSE, appointments of all the Directors on the Board of the Company are made by the Govt. of India/President of India and under the supervision,control and directions of the Department of Chemicals & Petrochemicals and the prescribed DPE Guidelines are being followed. The Terms and Conditions of appointment of Independent Directors and other directors, are as per the Government Orders are disclosed on the Company's website.

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

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

28. AUDITORS

a) Statutory Auditors

M/s. Balan & Co, Chartered Accountants, was appointed as Statutory Auditors of your Company for Corporate Office and Kochi Unit for FY 2022-2023 by C&AG.

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

The Auditors in their report for the year have not reported any instances of fraud committed by the officers/employees of the company.

b) Cost Auditors

The Board of Directors had appointed R.M Bansal & Co., Cost Accountants, Kanpur having branch office at Tc 49/620(2) safnamMrwa 61-A, Malliyidom, Thiruvanathapuram - 695009 as Cost Auditors of your Company for FY 2022-2023. In the 61st AGM held on 29th September, 2023 the members have ratified the remuneration payable to the Cost Auditors.

c) Internal Auditors

M/s. Isaac & Suresh, Chartered Accountants were re-appointed as Internal Auditor of your Company for Corporate office and Kochi unit for FY 2022-2023.

d) CAG Auditors

Supplementary Audit is conducted by Principal Director of Audit (Shipping), Mumbai. CAG vide letter dated 8th August, 2023 issued Non-Review Report for Standalone and Consolidated financial statements for the year ended 30th March, 2023.

e) Secretarial Auditors

The Board of Directors had appointed D. S. Momaya & Co., Practising Company Secretaries to conduct Secretarial Audit for the FY 2022-2023. The Secretarial Audit Report for the Financial Year ended 31st March, 2023 is annexed to this Report as and complied with Section 204 of Companies Act and Regulation 24A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Company has also obtained Annual Secretarial Compliance Report form the PCS D. S. Momaya& Co. for the year 2022-23 under Regulation 24A of Listing Regulation. The observations in the Secretarial Audit report and the management response thereof are given below;

Sl No.	Observation	Management Response
1.	The Board of Directors of the Company was not duly constituted for the FY 2022-23, due to vacancy of One (1) Independent Women Director on Company's Board.	HOCL is a CPSE (Central PSU/PSE) under the administrative control of the Ministry of Chemicals & Fertilizers (MoC&F), Dept. of Chemicals and Petro Chemicals (DCPC), Government of India. Hence, the MoC&F is the administrative ministry and as per Company's Articles of Association (AOA), the powers to appoint the Board of Directors of HOCL company vest with the GOI/ Administrative Ministry. Presently, there is vacancy of one (1) Independent Women Director in HOCL. In order to fill the vacancy, Company vide letter dated 16th June, 2022 and 13th September, 2022 and e-mail dated 10th January, 2023 and again on 15th June, 2023 requested the Administrative Ministry to appoint one (1) Women Independent Director on HOCL Board. Company is awaiting necessary orders from the ministry in this regard.

Sl No.	Observation	Management Response
2.	The Company, during the period under review, has maintained Structured Digital Database (herein after referred to as "SDD" or the "Database") but as required under Regulation 3(5) & 3(6) of PIT Regulations, 2015 with respect to the time stamping, audit trails and non-tampering of the data could not be established.	In HOCL, financial results are identified as UPSI. Accordingly, the department concerned is informed about the compliance requirement as per SEBI (Prohibition of Insider Trading) Regulations, 2015. In compliance of Reg 3(5), Company is maintaining SDD and have recorded necessary details stipulated in the Reg 3(5) and the digital signature of Company secretary is affixed to record time stamp and to avoid any non – tampering of data. Once the UPSI is shared, recorded in the database and finalized, digital signature is affixed by the Company Secretary which contains the system generated date and time. After completion of entry is made in the SDD and DSC is affixed, data cannot be tampered. Digital signature serves the purpose of both Time Stamping and Audit Trail to prevent any unauthorized modifications. Accordingly, a mechanism is in place to ensure records in the database is not editable after affixing the DSC in database.The access to such database is strictly with the Company Secretary and very limited access to such database is permitted. Further, SEBI PIT Regulations is silent about the procedure on how such database has to be maintained and it is the discretion of the Company for handling and maintenance of such database. Accordingly, no software is maintained by the company for recording SDD.

30. Details of vigilance cases for the Financial Year 2022-23

Opening balance as on 01.04.2022	Vigilance cases received during 01.04.2022 to 31.03.2023	Disposed off	Balance
NIL	0	0	NIL

31. Status of pending CAG Paras and Management Replies

Name of the Audit Para	Brief of the para	Reporting status
Para No.2.1 of C&AG Report No.13 of 2014	Irregularities in the transfer of autonomous management of HOCL school to Mahatma Education Society and unauthorized favors to Mahatma Education Society for expanding its activities and also failed to recover lease rent of Rs.6.54 crore.	HOCL has entered into an agreement on 16.10.2006 to lease the infrastructure facilities to Mahatma Education Society(MES) for managing the school for a period of 30 years. The management of MES in order to start professional courses has constructed new buildings and facilities in the premises in contravention of the terms of agreement. The Company has sent a notice for termination as per the terms of the agreement with MES. MES has filed a petition challenging the termination notice in the Dist. Magistrates Court Alibag. MES has filed petition in the Bombay High Court for appointment of Arbitrator in the dispute between HOCL and MES. The District Court has granted stay pending the final disposal of the Arbitration petition of MES. Company has filed a petition to vacate the stay granted by the District Court in the Bombay High Court. At present, the petitions are pending before the Hon'ble Bombay High court to be heard.

32. SAFETY, HEALTH AND ENVIRONMENT

In the areas of Health, Hygiene and Environment, the company has undertaken periodic medical examination, as well as statutory requirements of fitness check-up were carried out during the year 2022 forour employees. Audiometry tests were carried out for those who are exposed with Noise and Autotoxicity tests were carried out for the Benzene handlers apart from other statutory regular check-ups.

Periodic awareness session on Hygiene, Healthy living, Covid precautions and guidelines were imparted.

In our commitment to Environment, we have ensured that the level of pollutants from the Factory and nearby surroundings was much below the permissible levels.

As part of protecting the environment, awareness sessions, competitions, Swachh Bharat activities, promoting employees for vegetable cultivation under a "Green Mission", Beautification of the plant premises involving the entire employees of the organization were carried out. On-line Effluent Monitoring and stack monitoring system is implemented to comply withthe Central Pollution Control Board regulations. Periodic inspections and safety walk were carried out by the Safety Committee members in addition to the daily patrolling of Fire crew as a continual improvement

HOCL is an IMS (Integrated Management System) certified organisation comprising of Quality Management System (ISO-9001), Environment Management System (ISO-14001) and Occupational Health and Safety Management System (ISO 45001). Company is also certified for Energy Management System (ISO-50001).

The Company has implemented severalnew measures to improve the safety culture in addition to the normal systems and procedures.

1. HSE suggestion scheme

   A new initiative which aims to encourage the employees to put forward their creative and potential ideas that could lead to considerable improvements in Safety, Reduction in wastages, Health of employees, protecting the flora and fauna or the natural resources through operational controls and Best practices. Also, to acquire inputs on HSE where others wise we wouldn't receive.

2. Pre-Start-up Safety Review (PSSR)

   PSSRs are built to avoid workplace incidents and resultant equipment damage or employee harm. It is a safety checklist covering check points related to electrical, mechanical, instrumentation, fire & safety, production and utility departments. PSSR is carried out for the following types of start-ups

   a. New equipment
   b. Modified existing equipment
   c. Process changes
   d. Major turnaround (28 days and above)

3. Portable Appliance Testing (PAT)

   PAT is the process of checking electrical appliances for safety through a series of visual inspections and electronic tests. This is the best way of ensuring that appliances are safe to operate.

   Our Quality Control Department introduced PAT system on electrical equipment before taking it in a stream of analysis. Electrical Department or Shift In charge (QC) will carry out Portable Appliance Test and marked ''TESTED OK'' with date on the equipment

4. Behavioural Based Safety (BBS)

   Psychology is the study of human behaviour, and individual behaviour is a recognised impediment to upholding high standards of health and safety. Many people know what they are doing is incorrect, but they still choose to do it anyway. Other people make mistakes unintentionally, and those people can be instructed in behavioural safety. In order to prevent and control human behaviour and prevent accidents, behaviour-based safety program has gained importance.

   The company has its own online work permit system integrating 6 separate work permits viz, Hot work, Cold work, Confined space entry, Work at height, Excavation and Radiography. HOCL has developed benchmark in Accident /incident investigation through a 29-point accident investigation checklist. The company has implemented Near Miss reporting system whereby employees can report any unsafe acts/conditions and corrective actions shall be taken after a review to prevent accidents.

   Refresher training sessions on Fire and safety were imparted to the employees. Additional safety training for truck drivers were given for creating a safety culture in driving.

   Awareness programs related to Fire & Safety were conducted for nearby public in association with the Department of Factories and Boilers, Govt of Kerala. Fire Safety awareness and practical training imparted to nearby school students to inculcate a safety culture in the young minds.Also, provided Fire Extinguishers for the School building.

   Various competitions were organized for creating more awareness on safety among employees, observed National Safety day,National fire service week, Road safety week etc.

   Awareness sessions on Healthy food habits were conducted and the campus has been declared as "Eat Right Campus" by FSSAI. A Bio gas plant is commissioned in the canteen for treating food waste as part of Cleanliness Mission and Swachhta action by Govt. of India. Many initiatives have been taken in reducing food waste, Cooking Oil, safe disposal of used cooking oil through authorised agencies.

   HOCL bagged "First Prize in Kerala State Industrial Safety Award 2022" from the Department of Factories and Boilers, Government of Kerala and received "SurakshaPuraskar Award 2022" for the 4th consecutive year from M/s. National Safety Council, Kochi Chapter. Our employees have participated in the State level competitions conducted by M/s. National Safety Council,Kerala Chapter held in connection with National Safety day and won prizes.The company has achieved 797392 safe man hours for the year 2022 with no lost time accidents in the organization.

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

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

Representation of SC, ST and Women in employment position as on 31.03.2023

Category	Total	SC	ST	WOMEN
A	76	8	5	6
B	22	5	3	-
C	75	13	2	8
D	10	1	-	-
Total	**183**	**27**	**10**	**14**

34. IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY.

During the year under report, the company continued its efforts to promote Hindi as Official Language in its day to day official activities. 09 Hindi workshops were conducted during the year including a special session on Annual Programme 2022-23 on Official language for HOD's and Senior Officers of Corporate office and Kochi. Hindi week and Hindi Fortnight were organized at Corporate office and Kochi units on 14th – 21st September and 14th- 29th September respectively. Our officers attended second All India Rajbhasha Seminar organized by Dept of OL, Ministry of Home Affairs at Surat, Gujrat on 14 & 15 September 2022. During Hindi Week/Fortnight celebrations, various competitions were also organized and large number of employees participated. Our company received Third prize for best implementation of OL Policy from Hon' Minister of Chemicals and Fertilizers. HOCL, Kochi Unit also bagged First prize for the best implementation of OL policy by Town official language Implementation Committee (TOLIC). Our Corporate and Kochi Unit were inspected by the First sub-committee of the Parliamentary Committee on Official Language at Mumbai and Kochi on 11.07.2022 & 15.10.2022 respectively. Our both offices were actively participated in various programmes conducted by TOLIC (PSU). One Day OL seminar for exclusively Hindi Staff of TOLIC's (Central Govt and PSU) of Kochi was conducted on 15 November 2022 in our office premises. Our officers were attended various OL seminars organized by FACT, HPCL, Cochin Shipyard, Kochi TOLIC (PSU) and Kochi TOLIC (Bank) attended Regional Joint Conference on Official Language conducted by Dept of OL at Thiruvananthapuram. Hindi Quiz competition organized in our office during Joint Hindi celebration of Kochi TOLIC(PSU). To make awareness among students the importance of Hindi, celebrated World Hindi Day on 10th January 2023 at Govt Girls HSS, Tripunitura, Ernakulam. An e-magazine "Pahachan" was published by the company during the period. All documents under section 3(3) of OL Act 1963 were issued both in Hindi and English. The Website of the company is available both in Hindi and English. Various promotional scheme including incentives for better implementation of Official Language has been adopted by our organization.

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

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

RTI applications-Summary

The number of RTI applications received and disposed off during the year 2022-23 is given below:

Total number of RTI applications received during the year 2022-23	48
Applications rejected during the year 2022-23, if any	0
Information submitted during the year 2022-23	45
Pending to reply as on 31.03.2023	3*

* *Reply to RTI application has been submitted subsequently.*

36. MICRO & SMALL ENTERPRISES

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

HOCL always takes efforts to fulfill the requirements. Our 95% of the purchases by value are petroleum products (LPG, Benzene, Furnace Oil, Hydrogen which are our raw materials.) supplied by M/S. BPCL through pipeline transfer. These items are not manufactured by MSME's and not available in GeM portal.

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

SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 with regard to disclosure of Business Responsibility Report is not applicable to your company. However, Hindustan Organic Chemicals Limited has adopted and realizes the benefits of Management Principles into daily activities to achieve the goals of the organization. These Management Principles will provide a foundation to continually improve upon the Organization's performance.

The organization believes the following principles to align with the business processes.

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

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

The understanding and consistency with achieving customer specific requirements;

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

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

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

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

Company since its inception is very much aware about its social responsibility. For over five decades, as a socially responsible and sensitive corporate, your Company continues to remain committed to social thought and action to serve society through providing basic civic amenities to the neighbouring villages, rendering assistance in different forms.

As the average of three immediately preceding financial year is net loss, your Company is not required to carry out any CSR activities during the year under review. However, Company has recognized its social obligations and extended the following during the year 2022-23.

- Continued drinking water supply to nearby local residents.

- Commissioned a Biogas plant in our canteen to treat bio-waste generated in our premises.

- Extended vocational training facilities to the students of Engineering/Science/Management colleges for imparting practical knowledge.
- Advanced training imparted to students who have completed their graduation in various disciplines to equip them to take up jobs in industries.
- Factory visits are permitted for the students undergoing courses relevant to Chemical/ petrochemical industry to provide them a First-hand knowledge of the industry
- Engaged professional students of CS/CMA who have completed intermediate level as trainees for imparting practical knowledge.
- Installed 3 Nos. of Napkin Incinerators at Factory and Township

<u>Other activities.</u>

SWACHH BHARAT ABHIYAN

Conducted various activities in connection with the SwachhtaPakhwada 2022. Cleanliness drives were conducted outside the Company also. A Cleanliness drive was conducted by HOCL employees at a nearby Government School (Govt. UP School, Puttumanoor). "A Safety awareness class for the students and parents" were also conducted and donated DCP Fire Extinguishers to the School.

Circulars issued to avoid single use plastic items and declared as "Plastic free zone".

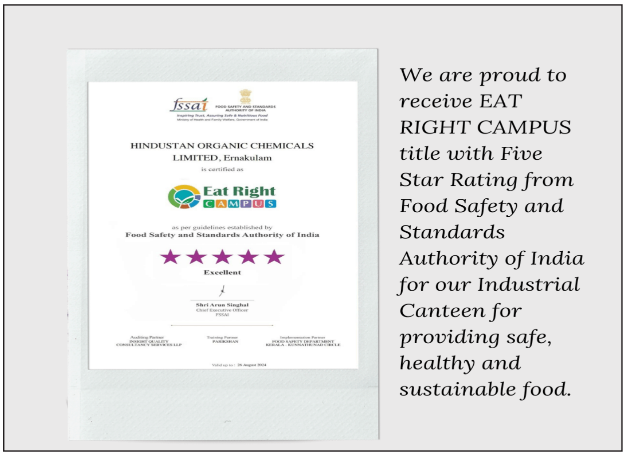
Swachhta activities were conducted by different departments from 01.09.2022 onwards. Segregation and weeding out of old records, enlisting and keeping the same is still going on.

Awareness session conducted by the Company Medical Officer on Better Hygiene to the House keeping staff, Security personnel etc.

Various Competitions (in English/ Hindi/ Malayalam) were organized for the employees, apprentices/trainees &High School and College going students.

Swachhta cleaning activities done at Township with participation of wards, residents, employees and contract workers.

The Food Safety and Standards Authority of India (FSSAI) has selected HOCL as EatRight Campus as part of the Eat Right initiative by the Government of India.



AZADI KA AMRIT MAHOTSAV

As part of Azadi Ka Amrit Mahotsav conducted various cleaning activities in our premises, Stickers prepared on Azadi Ka Amrit Mahotsav and pasted in all official correspondences. Celebrations are organized/planned with various activities till August 2023.

Visited the residence and Honoured one the legendary freedom fighters – Padmashree V P AppukkuttaPothuval, Indian Independence Activist and Gandhian Social Activist from Kerala.

Under the aegis of "Har GharTiranga" distributed Indian National Flag to all employees, local residents, nearby Residents Association etc.

Independence Day arranged a plant visit and an interactive session with the CMDfor the HOC family members.

INTERNATIONAL YOGA DAY

Yoga Day was celebrated on 21st June 2022, Common Yoga protocols were widely circulated for the information of all employees through our portal and social media.Employees have participated in the live session of Yoga from 7.00 AM to 7.50 AM along with Live streaming of the Yoga by the Hon'ble Prime Minister.

39. INDUSTRIAL RELATIONS:

The overall Industrial Relation situation continues to be peaceful and cordial during the year 2022-23. There was no strike or lockout during the year.

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

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

Consequent to the decision of the Govt. of India for closure of Subsidiary Company Hindustan Fluorocarbons Ltd., an amount of Rs.75.87 crore has been released as loan from Govt. of India to meet the expenses related to VRS/VSS to employees and settling dues to Bank and other liabilities.

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

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their audit report for the Financial Year 2022-23.

The Secretarial Auditors of the company have submitted their Secretarial Audit Report for the year 2022-23. Reply to observations of Secretarial auditors is given in the director's report.

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

Nil

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

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

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

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

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

A. The steps taken and impact on conservation of energy:

Major Energy Conservation Activities / Projects Implemented in 2022-23

- Replacement of conventional lights with LED lights: Electrical energy saving Rs.6.78 lakhs/year
- Replacement of Old AC with New 5star rating ACs: Electrical energy saving Rs.0.11 lakhs/year
- Replacement of conventional fan with Energy Effcient BLDC fans: Electrical energy saving Rs.0.33 lakhs/year
- Replacement of conventional motor with energy efficient IE3 motor: Electrical energy savings Rs.0.43 lakhs/year

- Contract demand reduction of Township: annual saving of Rs.1.31Lakhs/year

  Company is availing open access power trading, resulting in a saving of Rs.59 lakhs on power cost for the year 2022-23.

B. Technology Absorption

The specific consumption of raw material has been reduced resulting in a saving of Rs 1330 Lakhs on Raw Material cost through an in-house technology for the year 2022 - 2023

i. the efforts made towards technology absorption: Nil

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

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

(a) the details of technology imported;

(b) the year of import;

(c) whether the technology been fully absorbed;

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

iv. the expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: NIL

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

Key Threats include:

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

Some risks and concerns:

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

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

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

Consequent to the decision of the Govt. of India for closure of Subsidiary Company Hindustan Fluorocarbons Ltd., an amount of Rs.75.87 crore has been released as loan from Govt. of India to meet the expenses related to VRS/VSS to employees and settling dues to Bank and other liabilities.

47. DEPOSITS: NIL

During the period under review, the Company has not invited or accepted any deposits from the directors, shareholders and public

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

Nil

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

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition &Redressal) Act, 2013 ('Act') and rules made there under, the Company has adopted a Sexual Harassment Policy for women to ensure healthy working environment without fear of prejudice, gender bias and sexual harassment. The policy has been widely disseminated. A Complaint Committee is in existence as per the Act. The Board states that there were no cases or complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Annual Report for the year 2022 The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013-:

No. of complaints received: Nil

No. of complaints disposed of: Nil

No. of cases pending for more than 90 days: Nil

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

Hindustan Organic Chemicals Limited, being a Government Company, a Vigilance Department is already existing in pursuance of CVC Guidelines headed by Chief Vigilance Officer (CVO),HOCLTheVigilance Mechanism is being handled by the Vigilance Department and the Company has already adopted a Vigilance Manual in pursuance of CVC Guidelines. Vigilance Manual(latest) is available on Company's Website.

51. INTEGRITY PACT

Adoption of Integrity Pact alreadyimplemented in HOCL through two (2) no(s) of Independent External Monitor(s)to maintain, foster most ethical and corruption free business environment.

The Integrity Pact Policy adopted by the Company is applicable in respect of all tenders with estimated value above Rupees Fifty Lakh (excluding export). Your Company has also conducted structured meetings of the Independent External Monitor with Chairman & Managing Director and other Executives. Integrity Pact Policy has been uploaded on the web site of the Company.

52. WHISTLE BLOWER POLICY

As per the Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per section 177(9) of the Companies Act, 2013, every listed companies shall formulate a vigil mechanism/ Whistle Blower Policy for directors and employees to report genuine concerns. Your Company has adopted a Whistle Blower Policy to provide appropriate avenues to all permanent employees to make protected disclosure as per the whistle blower policy. The Policy provides for adequate Safeguards against victimization of employees who avail the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company have been denied access to the Chairman of the Audit Committee and that no complaints were received during the year in this regard. The Whistle Blower Policy is placed in the website of the company.

53. GENERAL

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

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

54. ACKNOWLEDGEMENT

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

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

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

Sd/-

Sajeev B.

Chairman and Managing Director

Date: 08.08.2023

Place: Kochi, Kerala

Annexure I

CORPORATE GOVERNANCE REPORT AS PER SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015 FOR THE FY 2022-23.

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

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

1. **A brief statement on listed entity's philosophy on code of governance:**

As per the Code of Governance propounded by the Government, Corporate Governance involves a set of relationships between a Company's Management, its Board, its shareholders, and other stakeholders. Corporate Governance provides a principled process and structure through which the objectives of the Company, the means of attaining the objectives and systems of monitoring performance are set. Corporate Governance is a set of accepted principles by management of the inalienable rights of the shareholders as a true owner of the corporation and of their own rule as trustees on behalf of the shareholders. It is about commitment to values, ethical business conduct, and transparency and makes a distinction between personal and corporate funds in the management of a Company.

Hindustan Organic Chemicals Limited (HOCL) trusts on the conduct of its business activities and enhance the value of all those who are associated with the Company viz. shareholders, customers, suppliers, creditors, Government of India, Ministry of Chemicals and Fertilizers, Department of Public Enterprises, Various State Governments, other Governmental agencies / departments and the society at large. Essentially, it involves practicing good Corporate Governance and HOCL believes in transparency, accountability, and attaining maximum level of enrichment of the enterprise. HOCL also price the global recognition by ensuring the integrity, value addition to its domestic as also the international customers in its product commitments.

2. **Board of directors:**

a. Composition and category of directors:

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

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

As on 31-03-2023 the Board of HOCL consisted of Six (6) Directors with two (2) Executive Director (i.e. Chairman & Managing Director & Director (Finance), two (2) Government Nominee Directors & two (2) Non-Official Independent Directors. All the Directors are acknowledged as leading professionals in their respective fields.

HOCL is a Govt. of India Undertaking (a Central Public Sector Undertaking i.e CPSU) under the administrative control of Department of Chemicals & Petrochemicals (DCPC), Ministry of Chemicals & Fertilizers, Government of India.

Accordingly, as per Company's Articles of Association, the power to appoint all the Directors on the Board of the Company vests with the Govt. of India. As on 31-03-2023, there are two (2) Independent Directors on the HOCL Board viz. Dr. Bharat J Kanabar & Shri Pratyush Mandal and Govt. Order is awaited for appointment of 1 Women Independent Director on HOCL Board.

Composition of the Board:-

As on 31-03-2023 the Board of Directors of the company consists of Six (6) Directors viz. Shri Sajeev B, Chairman & Managing Director, Shri Yogendra Prasad Shukla, Director (Finance), Shri Sanjay Rastogi, AS&FA, Govt. Nominee Director, Shri Kanishk Kant Srivastava, Govt. Nominee Director, Dr. Bharat J Kanabar, Non-official Independent Director & Shri Pratyush Mandal, Non-official Independent Director.

Presently, there are two (2) Independent Directors on the Board of the Company as against the minimum requirement of three (3) nos. of Independent Directors on the Company's Board. Accordingly, there is a vacancy of One Women Independent Director on the Board of HOCL

The matter regarding vacancy of One Women Independent Director on the HOCL Board was discussed in the Board Meeting and Company had requested the DCPC/ Administrative to appoint of One woman Independent Director on HOCL Board. The appointment of one (1) Women Independent Director on our Company's Board is awaited.

Changes in the Board of Directors/KMP during the year 2022-23 :

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

i. As per Govt. of India, Ministry of Chemicals & Fertilizers, Department of Chemicals & Petrochemicals Order No.P-51011/2/2020-CHEM.III-CPC dated 22-06-2022., Shri Yogendra Prasad Shukla was appointed as Director (Finance) of HOCL for a period of five years w.e.f date of his assumption of charge of the post or till date of his superannuation or until further orders whichever is the earliest.

ii. As per Govt. of India, Ministry of Chemicals & Fertilizers, Department of Chemicals & Petrochemicals OM.No.P-51015/12/2014-CHEM.III-CPC dated 14-10-2022, Shri Sanjay Pandey, Joint Secretary and Financial Advisor, Ministry of Social Justice and Empowerment, Additional Charge JS&FA, Ministry of Chemicals & Fertilizers was appointed as Government Nominee Director of HOCL in place of Shri Satendra Singh.

iii. As per Govt. of India, Ministry of Chemicals & Fertilizers, Department of Chemicals & Petrochemicals OM No..P-51015/12/2014-CHEM.III-CPC dated 13-12-2022., Shri Sanjay Rastogi was nominated as Government Nominee of HOCL in place of Shri Sanjay Pandey.

b. Attendance of each director at the meeting of the board of directors and the last Annual General Meeting;

Directors	No. of Board meetings attended	Attendance at the last AGM
Mr. Sajeev B.	4	YES
Mr. Satendra Singh (Till 14-10-2022)	1	NO
Mr. Kanisk Kant Srivastava	4	YES
Dr. Bharat J. Kanabar	4	NO
Mr. Pratyush Mandal	4	YES
Mr. Yogendra Prasad Shukla (w.e.f 04-07-2022)	3	YES
Mr. Sanjay Rastogi (w.e.f 13-12-2022)	1	NA

c. Number of other Board of Directors or Committees in which a Director is a Member or Chairperson as on 31-03-2023:

Title (Mr./ Mrs)	Name of the Director Category (Chairperson/ Executive/Non Executive/ independent/ Nominee)	No of Directorship in listed entities including this listed entity	Number of memberships in Audit/Stakeholder Committee(s) including this listed entity (Refer Regulation 26(1)(B) of SEBI LODRR
Mr.	Sajeev B. Chairman & Managing Director	2	1
Mr.	Yogendra Prasad Shukla Director (Finance)	2	0
Mr.	Sanjay Rastogi Govt. Nominee Director	2	0
Mr.	Kanishk Kant Srivastava Govt. Nominee Director	1	0
Dr.	Bharat J. Kanabar Non-official Independent Director	2	4
Mr.	Pratyush Mandal Non-official Independent Director	1	2

Name of the Director (As on 31-03-2023)	Names of the Listed Entities where the person is a Director and the category of Directorship other than this listed entity
Mr. Sajeev B.	Hindustan Fluorocarbons Limited- Managing Director (Additional Charge)
Mr. Yogendra Prasad Shukla	Hindustan Fluorocarbons Limited- Nominee Director
Mr. Sanjay Rastogi	Rashtriya Chemicals and Fertilizers Limited
Mr. Kanishk Kant Srivastava	None
Dr. Bharat J. Kanabar	Hindustan Fluorocarbons Limited- Independent Director
Mr. Pratyush Mandal	None

d. Number of meetings of the board of directors held during the Year 2022-23 and the dates on which Board Meetings were held: -

The Board of the Company met 4 times during the financial year 2022-23 on the following dates:

26th May, 2022, 04th August, 2022, 09th November, 2022 and 31st January, 2023.

e. Disclosure of relationships between directors inter-se: Not Applicable

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

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

h. Chart or matrix setting out skills/expertise/competence of the Board of Directors:

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

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

Director Name & Designation	Educational Qualification & Experience
Shri Sajeev B – Chairman & Managing Director	B.E Chemical. Shri Sajeev B., have a vast experience in managing purchasing & stores. He was also in charge of Purchase of all major Raw Materials and fuels besides procurement of Equipment and spares related to Mechanical, Electrical, Fire & Safety and Instrumentation Engineering Sections. Worked as General Manager & above positions in the following functional areas. Marketing, Finished Products, Corporate Long Range Planning, Technical Services, Production & Materials
Shri Sanjay Rastogi – Government Nominee Director	Shri Sanjay Rastogi is an IAS 1991 batch of Odisha cadre. He is B.Tech electrical Engineering and M.Tech in Electronics Communication, IIT - Delhi. He is currently working as Additional Secretary Financial Adviser in Ministry of Chemicals Fertilizers, Govt. of India.
Shri Kanish Kant Srivastava – Governmen Nominee Director	Shri Kanishk Kant Srivastava was born on 14.11.1980. He is holding Master Degree in Statistics. He is a native of New Delhi. He is Possessing experience in Government Services. Presently he is Director (Chemicals), in Dept. of Chemicals & Petrochemicals.
Shri Yogendra Prasad Shukla – Director (Finance)	Shri Yogendra Prasad Shukla is a science graduate and professionally a Cost Accountant. Previously, he was heading the Finance Department of the 1,760 MW Tanda Thermal Power Project of NTPC Limited Located in Faizabad, Uttar Pradesh. He has undergone several pieces of training with reputed institutions. He carries with him a rich professional experience of over 22 years having served organisations like BEML and NTPC having exposure to the entire gamut of Finance and Accounts functions.
Dr Bharat J Kanabar – Independent Director	Dr Bharat J Kanabar is a native of Gujarat. He was born in 06.07.1955. Dr Bharat J Kanabr is Consulting surgeon, practicing since 37 years in Amreli, Gujarat. He is the Chairman of Amreli Red-cross blood bank since 2006. He is active in many NGOS. He has worked extensively during both waves of covid to help the needy families.
Shri Pratyush Mandal – Independent Director	Shri Pratyush Mandal is a native of Howrah, West Bengal. He was born in 05.07.1979. Shri Pratyush Mandal has completed B.SC degree from University of Culcutta. After completing education he has started career with a job in stock market sector. After five years of working in stock market, he has moved to social works. He has established NGO named Fuleswar Annapurna Gramin Vikas Kendra (Govt. registered) and doing various social works through this and other organizations. Shri Pratyush Mandal is more that ten years intensively dedicated towards social service for betterment and development of weaker, youth, women and backward section of the society.

i. Board of Directors confirm that the Independent Director fulfill the conditions specified in these regulations and are independent of the management.

j. Detailed reasons for the resignation of an Independent Director who resigns before the expiry of his/her tenure along with confirmation by such director that there are no other material reasons other than those provided.

Not Applicable

3. Audit committee:

(a) Composition, Name of Members and Chairperson;

The Audit Committee comprises three (3) Members viz. Dr. Bharat J. Kanabar as Chairperson, Shri Pratyush Mandal and Shri Kanish Kant Srivastava as Members of the Audit Committee.

(b) Brief description of terms of reference;-

The main purpose of the Audit Committee is to provide oversight of the Financial Reporting Process, the Audit Process, to review the Internal Control System and such other functions as specified under Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

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

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

(c) Meetings and attendance **:-** During the year 2022-23 the Audit Committee of the Company met 4 times on the following dates:

26th May, 2022, 04th August, 2022, 9th November, 2022 and 31st January, 2023

Members	No. of Audit Committee Meetings attended
Dr. Bharat J. Kanabar	4
Shri Pratyush Mandal	4
Shri Kanishk Kant Srivastava	4

4. Nomination and Remuneration Committee:

(a) Brief description of terms of reference;

In pursuance of the Provisions of Section 178 of Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Role, the Terms of references and duties of the Nomination and Remuneration Committee (Committee), shall, inter-alia include the following:

Under Sec.178 of the Companies Act, 2013:

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

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

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

As per Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

1. Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;

3. Devising a policy on diversity of board of directors;

4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;

5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;"

Further the Chairman of the Committee may be present at the AGM to answer the shareholders' queries. However, it shall be up to the chairman to decide who shall answer the queries. Further the quorum for the meetings of the Committee would be 1/3 of total strength or 2 directors whichever is more and committee to meet at least once a year or at such intervals as the Committee members may mutually decide.

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

(b) Composition, name of members and chairperson;

Sl No.	Name	Designation
1.	Dr Bharat J Kanabar	Chairperson
2.	Shri Pratyush Mandal	Member
3.	Shri Kanishk Kant Srivastava	Member

(c) Meeting and attendance during the year;

During the year 2022-23 the Committee met on 29th March, 2023

Members	No. of Nomination & Remuneration Committee Meetings attended
Dr. Bharat J. Kanabar	1
Shri Pratyush Mandal	1
Shri Kanishk Kant Srivastava	1

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

Not Applicable. HOCL 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.

5. Stakeholders Relationship Committee:

(a) Name of non-executive director heading the committee – Shri Pratyush Mandal

(b) Name and designation of the compliance officer – Shri Subramonian H, Company Secretary

(c) Number of shareholders complaints received during the financial year – Three (3)

(d) Number of complaints not solved to the satisfaction of shareholders – Nil

(e) Number of pending complaints – Nil

5 A. Risk Management Committee: Not Applicable

5 B. Senior Management:

Particulars of Senior Management including changes therein since the closure of the previous financial year is given below

Sl No.	Name	Designation	Changes if any, since closure of last FY
1.	Shri L. Shanil Lal	ED & Unit-in-charge	NA
2.	Shri Ravidev N V	Chief General Manager (HR)	Superannuated on 30.05.2023
3.	Shri T P Sachidanandan	Chief General Manager	Superannuated on 30.05.2023
4.	Shri P Ravikumar	Chief General Manager (Production/TSS/Projects)	NA
5.	Shri M J Jagadeesh	Chief General Manager (Engg/HR) & FM	NA
6.	Smt D Sindhu	General Manager (F&S/QC/MSS)	NA
7.	Shri Moinaddin Shaik	General manager (Corporate)	NA
8.	Shri T K Raju	General Manager (Instrumentation)	NA
9.	Shri B Balachandran	General Manager (Materials)	NA
10.	Shri P H Zubair	General Manager (Marketing/FPS)	NA
11.	Shri R Rajesh	General Manager (TSS/ Production/Civil)	NA
12.	Shri Prakash B Singadi	General Manager (Electricals)	NA
13.	Shri Mahesh Shahasane	General Manager (Mechanical/Utilities)	NA
14.	Shri Surendra K Mitharwal	Deputy General Manager (Finance)	NA
15.	Shri Subramonian H	Company Secretary	NA

6. Remuneration of Directors:

(a) All pecuniary relationship or transactions of the non-executive directors vis-à- vis the listed entity; -- Only sitting fee is paid to non-executive directors. Necessary Disclosure relating to payment of Sitting Fees is made in the Annual Report.

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

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

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

Details of remuneration paid to the Directors for the year ended 31-03-2023 are as follows:

SR No.	Name of the Directors	Salary including other benefits Rs. (In Lakhs)	Sitting Fees Paid to NOIDs in Rs. (In Lakhs)	Total Amount in Rs. (In Lakhs)
1.	Shri Sajeev B., CMD	41.36		41.36
2.	Shri Yogendra Prasad Shukla, Director (Finance) (w.e.f 04-07-2022)			24.58
3.	Shri Satendra Singh, AS&FA – Govt. Nominee Director (Till 14-10-2022)	N.A	__	Nil
4.	Shri Sanjay Rastogi, AS&FA – Govt. Nominee Director (w.e.f 13-12-2022)	N.A	__	Nil
5.	Shri Kanishk Kant Srivastava – Govt. Nominee Director	N.A	__	Nil
6.	Dr. Bharat J. Kanabar – Independent Director	N.A	1.10	1.10
7.	Shri Pratyush Mandal – Independent Director	N.A	1.10	1.10

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

* The Company has not given any stock options.

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

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

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

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

7. General Body Meetings:

a) Location and time, where last three Annual General Meetings held;

Particulars	FY 2019-2020	FY 2020-2021	FY 2021-2022
Date and	28-09-2020	29-09-2021	29-09-2022
Time	2.00 p.m	3.00 p.m	2.00 p.m
Venue	Through Video Conferencing ("VC")/ Other Audio Visual means ("OAVM")	Through Video Conferencing ("VC")/ Other Audio Visual means ("OAVM")	Through Video Conferencing ("VC")/ Other Audio Visual means ("OAVM")

b) Whether any special resolutions passed in the previous three Annual General Meetings; Yes

c) Whether any special resolution passed last year /during the year through postal ballot – No

d) Person who conducted the Postal Ballot Exercise – NA

e) Whether any special resolution is proposed to be conducted through postal ballot – None during FY 2022-23

f) Procedure for postal ballot – NA for the FY 2022-23

8. Means of communication:

(a) Quarterly results;

Quarterly, Half-Yearly and Annual Audited Financial Results of the Company are reviewed by Audit Committee and based on the recommendations of Audit committee, Board of directors approves the financial results. Thereafter, the same is also submitted to the Stock Exchanges through BSE Portal within prescribed time.

(b) Newspapers wherein Results are normally published;

The results are published in a Regional Language News Papers (Navshakti/ Mumbai Lakshadweep) and English National Daily (The Financial Express) as per the requirements under the Listing Regulations with the Stock Exchanges.

(c) Any website, where displayed;

The Quarterly, Half-Yearly and Annual Audited Financial Results are regularly posted by the Company on its website at www. hoclindia.com

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

(e) Presentations made to institutional investors or to the analysts. – NA

9. General shareholder information:

(a) 62nd Annual General Meeting (AGM) of the Company – date, time and venue;

Date & Time: 26.09.2023 (Tuesday) at 03:30 PM.

Venue : Through Video Conference – Virtual AGM –Chairman, Company Secretary, Moderator for web link etc- at : HOCL Kochi Factory Conference Room, Ambalamugal PO, Ernakulam District, Kerala – 682 302

(b) Financial year

The Company follows April - March as its Financial Year.

(c) Dividend payment date**-** Not applicable, in view of the continuous losses during the previous years as well as carry forward of the accumulated losses of the previous years, the Board of Directors do not recommend any Dividend for the year under review.

(d) the name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to stock exchange;:

Company's shares are listed in Bombay Stock Exchange Ltd.[BSE]. Payment towards Annual Listing fees for the year 2022-23 amounting to Rs. 3,44,500/- was paid in May 2023 through RTGS to Stock Exchange (BSE) and duly complied with the same.

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

ISIN of HOCL Equity Shares at NSDL & CDSL: INE048A01011

(f) Market price data**-** high, low (at BSE) during each month in last financial year; (2022-23)

Month	Monthly Highest	Monthly Lowest
April, 2022	33.75	27.95
May, 2022	32.45	26.40
June, 2022	33.30	25.00
July, 2022	31.30	27.10
August, 2022	32.50	29.05
September, 2022	33.10	27.10
October, 2022	29.80	27.05
November, 2022	32.00	27.00
December, 2022	34.80	28.40
January, 2023	33.85	27.85
February,2023	30.90	25.75
March, 2023	27.90	20.65

(h) Performance in comparison to broad-based indices such as BSE sensex,

CRISIL Index etc;- --Nil

(h) In case the securities are suspended from trading, the directors report shall explain the reason thereof; N.A

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

M/s. Bigshare Services Pvt. Ltd.

Office No.S-6, 6th Floor, Pinnacle Business Park, next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai – 400093

(j) Share transfer system;

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

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

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

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

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

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

(k) Distribution of shareholding as on Date: 31-03-2023

Shareholding of Nominal		No. of Shareholders	Percentage of Total	Share Amount	Percentage of Total
Rs.	Rs.			Rs.	
1	5000	42904	88.50	59137660	8.80
5001	10000	2731	5.63	23332120	3.47
10001	20000	1393	2.87	21820490	3.24
20001	30000	476	0.98	12353120	1.83
30001	40000	219	0.45	8082720	1.20
40001	50000	225	0.46	10842710	1.61
50001	100000	301	0.62	22717460	3.38
100001	999999999999999	230	0.47	513444720	76.43
TOTAL		48479	100.00	671731000	100

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

The shares of the Company are compulsorily traded in dematerialized mode. To facilitate the shareholders to dematerialize the shares, the Company has signed agreements with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depositories Services (India) Ltd (CDSL). In total 97.09% of the share capital of the Company (NSDL – 16.81% and CDSL – 80.27%) has been dematerialized as on 31st March 2023 - total accounts dematerialized is 33,198 involving 6,52,16,166 shares.

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

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

(o) Plant locations: -

Sr. No.	Location	Main Product
1.	Ambalamugal, Kochi, Kerala	Phenol Complex

(p) Address for correspondence: -

i. ***Registered & Corporate Office at:** Ambalamugal PO, Ernakulam District, Kerala - 682 302.

** HOCL has received Order No.RD/Section13/SRN AA1573411/705 dated 12th May, 2023 from Hon'ble Regional Director, Ministry of Corporate Affairs approving shifting of registered office from the State of Maharashtra to the State of Kerala. Accordingly, w.e.f 12th May, 2023 the Registered Office of the Company is situated in Ambalamugal PO, Kochi, Kerala.*

ii. **R&T Agents address :**

M/s. Bigshare Services Pvt. Ltd.

Office No. S6 – 2 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri East, Mumbai 400093, Maharashtra.

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

10. Other Disclosures:

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

b) 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 Stock Exchange (BSE).

c) Vigil Mechanism - Whistle blower policy:

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

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

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

Details of establishment of vigil mechanism whistle blower policy, and affirmation that no personnel have been denied access to the audit committee; Yes – details are also placed on the Company's website https://www.hoclindia.com/corporate-governance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No person has been denied access to the Audit Committee.

d) Details of compliance with mandatory requirements and adoption of the non- mandatory requirements;- Company has complied with all the mandatory requirements except requirement of one (1) Women Independent Director on the Board as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

e) Web link where policy for determining 'material' subsidiaries is disclosed: https://www.hoclindia.com/corporate-governance

f) Web link where policy on dealing with related party transaction: https://www.hoclindia.com/corporate-governance

g) disclosure of commodity price risks and commodity hedging activities: NA

h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) – Not Applicable

i) A Certificate from a Company Secretary in Practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority – Certificate forms part of Annual report

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

The Board of Directors has accepted all the recommendation made by the Audit Committee in their meeting.

k) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part. – Total fees paid to the auditors during FY 2022-23 shall be disclosed financial statements which forms part of Annual Report

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

a. No. of complaints filed during FY: Nil

b. No. of complaints disposed of during FY: Nil

c. No. of complaints pending as on end of the FY: Nil

m) Disclosure by listed entity and its subsidiaries of 'Loans and advances' in the nature of loans to firms/companies in which directors are interested by name and amount:

Name of Subsidiary company	Amount of Loan Rs. In lakhs (As on 31.03.2023)
Hindustan Fluorocarbons Limited	4214.87

n) Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries

Company has one (1) subsidiary namely; Hindustan Fluorocarbons Limited [HFL]. HFL was incorporated on 14th July, 1983. The registered office of HFL is situated in Hyderabad, Telangana state. Comptroller and Auditor General of India vide letter dated 26-08-2022 had appointed M/s. Niranjan & Narayan as the statutory auditors of HFL for the financial year 2022-23

11. Non-compliance of any requirement of corporate governance report of sub- paras (2) to (10) above, with reasons thereof shall be disclosed. -

As on 31-03-2023 all applicable compliances in connection with the Board's composition, other relevant and applicable compliances etc. were complied with, except to the extent of Independent Director on the Board and the Company. There is a vacancy of one (1) women Independent Director in HOCL. Being PSU, appointment of adequate number of Directors including Independent Directors on the Board of the Company is to be done by the Ministry. Accordingly, company has requested the administrative ministry to appoint one (1) women Independent Director and Company is awaiting necessary Govt. Orders in this regard. appointing One (1) Independent Director on the Board of HOCL.

12. The Corporate Governance Report shall also disclose the extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted.

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

A. The Board

A Non-Executive Chairperson may be entitled to maintain a Chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties. – In the case of HOCL, Government has appointed executive director as Chairperson/Chairman of the Company.

B. Shareholder Rights.

A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders. The half yearly financial performance is placed on the website of HOCL and the same is also submitted to BSE.

C. Modified opinion(s) in audit report

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

Statutory Auditors have given Unmodified Opinion for FY 2022-23

D. Separate posts of chairperson and Managing Director or the Chief Executive Officer

In view of the fact that, the power to appoint all the Director on the Board of the company vests with the GOI/President of India as per Company's Articles of Association, in the case of HOCL Govt. has appointed executive person as Chairman & Managing Director.

E. Reporting of Internal Auditor

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

13. Disclosures of the compliance with corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.

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

D. Declaration signed by the chief executive officer stating that the members of Board of Directors and Senior Management personnel have affirmed compliance with the code of conduct of Board of Directors and Senior management.

The Company has adopted (since 2007) a code of conduct and ethics applicable to the Board of Directors and Senior Management Personnel (one level below the Board of Directors) of the company. The Code requires Directors and employees to act honestly, fairly, ethically, and with transparency and integrity. The Board of Directors and Senior Management Personnel are required to affirm compliance with the code of conduct on an annual basis. The Code is displayed on the Company's website – https://www.hoclindia.com/corporate-governance Directors and Senior Management Personnel have complied with the Code of Conduct and the compliance of the same has been affirmed by them to that effect. A declaration signed by Chairman and Managing Director is given below:

This is to certify that:

In line with the requirement of Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Directors of the Board and Senior Management Personnel have affirmed that to the best of their knowledge and belief, they have complied with the provisions of the 'Code of Conduct for the Directors and Senior Management' during the financial year 2022-23.

Sd/-

Place: Kochi, Kerala **Sajeev B.**

Date: 01.04.2023 **Chairman and Managing Director**

E. Compliance certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance shall be annexed with the Directors report

Compliance certificate provided by practicing company secretary forms part of Directors report.

F. Disclosure with respect to demat suspense account/ unclaimed suspense account

Not Applicable for the FY 2022-23

G. Disclosure of certain types of agreements binding listed entities

Not Applicable for the FY 2022-23

14. Details of unclaimed Shares: Nil

15. Secretarial Audit Report:

The Board has appointed M/s D. S. Momaya& Co, Practising Company Secretary to conduct Secretarial Audit for the FY 2022-2023. The Secretarial Audit Report for the Financial Year ended March 31, 2023 is annexed to Director Report and complied with Section 204 of Companies Act and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The replies to observations from Auditor forms part of the Directors Report. The Company also obtained Annual Secretarial Compliance Report from M/s D. S. Momaya & Co. for the year 2022-23.

16. Training of Board Members:

During the year under review, necessary training facility has been provided to the Board Members including overview of Company's operations and Financial Position.

17. Book Closure Date:

The Register of Members and Share Transfer Books of the Company will remain closed from 20.09.2023 to 26.09.2023 (both days inclusive) for the purpose of Annual General Meeting (AGM) of the company to be held on 26.09.2023.

18. Policy for Determining Materiality of Events or Information

Company has adopted a policy or Determination of Materiality of Events or Information in terms of Regulation 30 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015. The Policy is disclosed on the website of the Company - https://www.hoclindia.com/corporate-governance

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

The quarterly and annual self-evaluation reports are being submitted to the Ministry of Chemicals & fertilizers, Govt. of India for onward submission to Department of Public Enterprises [DPE]. Total Score of HOCL on Corporate Governance Compliance for the FY 2022-23 is 89/100 and the applicable grade of the FY 2022-23 is **"Excellent".**

20. Performance in comparison to broad based indices:

Period	Sensex	BSE-CPSE Index	HOCL Price Rs. (BSE)
March 2022	59,099.75	1,641.40	35.25
March 2023	59,973.00	1,600.00	29.14

21. Separate Meeting of Independent Directors:

During the FY 2022-23 separate meeting of Independent Directors was held on 29th March, 2023 without presence of Executive Directors. Independent Directors expressed overall satisfaction regarding quality, quantity and timeliness of flow of information between management and Board of Directors.

22. Share Transfer committee (constituted under Regulation 40 of the Listing Regulations):

To approve physical transfer of shares and other transactions as mentioned under Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(a) Name of the Director heading the Committee. :- Shri. Sajeev B., CMD as Chairman [in view of easy availability of the directors at the work place, to convene the required STC meetings once in every fortnightly/monthly or so, to manage effectively all the Bonds/ shareholders/ investors, transfers/grievances related matters in compliances with corporate governance norms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with suitable explanations to the Exchanges].

(b) Name and designation of compliance officer :-

Mr. Subramonian H, Company Secretary is designated as the Compliance Officer and acts as Member & Secretary to the Committee.

Share/Bonds Transfer System:

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

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

As per Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company seeks to ensure that all transfers are approved for registration within the stipulated period. For this mechanism, the Company Secretary (the compliance officer) and company's RTAs have been entrusted with all the requisite powers and authorities, to carry out all the activities with regard to the shares related functions. With a view to expediting the approval process, the Committee meets regularly and approves all matters related to shares vis-à-vis transfers, deletion, transmission, and re-materialization of shares based on the requisitions from the RTAs.

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

As on 31st March, 2023 there is no Share transfer case pending (as confirmed by RTA).

23. CSR & Sustainability Development Committee :Not Applicable

CSR & Sustainability Development Committee is not applicable for the HOCL for the FY 2022-23. However, Board has constituted CSR committee comprising three (3) Directors as members namely; Shri Pratyush Mandal, Independent Director as Chairman, Dr. Bharat J. Kanabar, Independent Director as Member, and Shri Sajeev B., CMD as another member along with the Company Secretary acting as the Secretary of the Committee. The terms of reference of the said CSR Committee included among others, is as per Section 135 of the Companies Act, 2013 and Rules 2014 thereunder, along with Schedule VII, etc.

24. CEO/CFO certification for Financial Year ending on 31st March, 2023.

This is to certify that:

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

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

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

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

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

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

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

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

3)instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Place: Kochi, Kerala	**Sd/-**	**Sd/-**
Date: 31.03.2023	**Yogendra Prasad Shukla** **Director (Finance) &** **Chief Financial Officer**	**Sajeev B.** **Chairman and Managing Director**

25. 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.

26. Disclosure of Accounting Treatment:

Financial statements have been prepared in accordance with prescribed Accounting Standards. No alternative treatment has been carried our in preparing the financial statements.

27. Management Discussion & Analysis Report:

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

For Hindustan Organic Chemicals Limited

Date : 08.08.2023 — **Subramonian H**

Place: Kochi, Kerala — **Company Secretary & Compliance Officer**

Annexure II

Form AOC-I

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

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

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

Rs. In Lakhs

1.	Sl.No.:	1
2.	Name of Subsidiary	Hindustan Fluorocarbons Ltd.
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period:	No
4.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries:	NA
5.	Share Capital:	1,961.46
6.	Reserves & Surplus (Other Equity)	(10,353.79)
7.	Total Assets:	6,544.19
8.	Total Liabilities:	14,936.52
9.	Investment:	NIL
10.	Turnover (excluding GST)	0
11.	Profit before taxation:	(511.31)
12.	Provision for taxation:	NIL
13.	Profit after taxation:	(511.31)
14.	Total Comprehensive Income	(511.31)
14.	Proposed Dividend:	NIL
15.	% of shareholdings:	56.43

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

Sd/-

Date: 08.08.2023 **Sajeev B.**

Place: Kochi, Kerala **Chairman and Managing Director**

Annexure III

Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. **Details of contracts or arrangements or transactions not at arm's length basis:**

   There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2023 which were not on arm's length basis.

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

   The details of material contracts or arrangements or transactions on arm's length basis for the year.

Name (s) of the related Party & Nature of relationship	Nature of contract/ arrangements/ transactions	Duration of contract/ arrangements/ transactions	Salient terms including the value, if any (Rs. in lakhs	Date of Board approval, if any	Amount paid as advance, if any
Hindustan Fluorocarbons Limited – Subsidiary Company	Interest on Loan	-	63.62	-	-
Bharat Petroleum Corporation Limited – Company controlled by Govt. of India	Purchase of raw materials	-	37,659.45	-	-
Bharat Petroleum Corporation Limited - Company controlled by Govt. of India	Sale of finished goods	-	43.00	-	-
Indian Oil Corporation Limited - Company controlled by Govt. of India	Purchase of raw materials	-	6,130.67	-	-
Mangalore Refinery and Petrochemicals Ltd.	Purchase of raw materials	-	5,496.25	-	-

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

Sd/-

Date: 08.08.2023 **Sajeev B.**

Place: Kochi, Kerala **Chairman and Managing Director**

Annexure –IV

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

HOCL Kochi Unit is having Integrated Management System Certification comprising ISO 9001-2015 (Quality Management system), ISO 14001-2018 (Environment Management System), ISO 45001-2018 (Occupational Health and Saftey Management system). The certification is valid upto 19/11/2023. HOCL is in the process of implementing ISO 50001. All the products of HOCL are certified by BIS.

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Government of India is focused on improving Chemical's Industry competitiveness and manufacturing share in the overall economy. Its FY 2033-34 vision for chemicals and petrochemicals sector emphasises on ways to enhance domestic output, reduce import dependency and promote investment.

Going forward, the potential for strong growth in Indian economy with GDP likely to double to US$ 5 trillion over next decade, creates a large opportunity for Indian chemical companies. End – use sectors such as agriculture, consumer and retail, infrastructure, auto and electronics and healthcare sectors could drive ~ 50% of incremental demand in chemicals.

Overall the future outlook for the industry looks optimistic and your company commits to create value for the members overtime with greater efficiency in Company's operations.

2. KEY OPPORTUNITIES

Capacity utilization of main products (Phenol and Acetone) of Kochi Unit has improved substantially after restructuring. This was mainly due to improved working capital position. The operating loss has been reduced due to improved working capital position and reduced interest expenditure, after the initiation of the restructuring process.

3. KEY THREATS INCLUDE

HOCL has only one unit at Ambalamugal, in the District Ernakulam in the state of Kerala, which is functioning at present. Kochi unit is engaged in manufacturing of Phenol, Acetone, and Hydrogen Peroxide. The market for main products at Kochi had high degree of volatility and was largely determined by international prices. Due to severe working capital deficiency, the Unit often worked below its capacity. There is severe competition in the horizon with private sector players set to establish capacities up to 2 lakh MT of Phenol against 40000 MT that the Unit had. Without anti-dumping duties, HOL Kochi unit will be unable to compete against imports. Kochi unit has its own inherent deficiencies such as outdated technology leading to productivity loss, high levels of fixed cost which is not being absorbed due to lower scale of operations, constraints in capacity expansion, absence of product diversification, lack of market competitiveness, etc.

Company's products such as Phenol, Acetone and Hydrogen Peroxide which satisfies the requirements of key customers who procure multiple products. Your Company's products cater to wide range of end- use sectors such as dyes & pigments, agrochemicals, pharmaceuticals companies. This assists the organization in obtaining new clients and addressing huge spectrum of their demands.

3. SEGMENTWISE PERFORMANCE

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

Product Segment	Year ended 31/03/2023			Year ended 31/03/2022		
	Target MT	Actual MT	Percentage Achieved	Target MT	Actual MT	Percentage Achieved
Chemicals	69308	70979	102.41	60070	48866	81.35%

4. PRODUCT WISE PERFORMANCE (Production of Main Products)

Sr. No.	Name of Product	F.Y. 2022-23		F.Y. 2021-22
		Installed Capacity	Actual	Actual
1	Phenol	40000	37350	24745
2	Acetone	24640	23306	15560
3	H2O2	10450	10323	8561
	TOTAL	**75090**	**70979**	48866

5. OUTLOOK FOR THE NEXT YEAR

- Expedition of the land sale process so as to reduce the financial liabilities and thus bring down the finance costs.
- Your Company has received necessary approvals from regulatory authorities for shifting its registered office from state of Maharashtra to the state of Kerala where its only unit is located. It is anticipated to reduce operational cost of your Company and increase its performance due to direct supervision of Top Management over your Company's affairs and business operations.
- Upgrade to the latest technology so as to improve productivity;
- Explore the diversification into value added products to maximum extent possible so as to gain some level of protection against swings in the market prices.
- Your Company will continue to be vigilant and will capitalize on the opportunities that arise as a result of swift transformation in the industry landscape.

6. SOME RISKS & CONCERNS.

- Lack of product diversification or downstream value addition
- Competition from cheaper Imports of main product Phenol and Acetone.
- Volatility in raw material feed stock prices based on fluctuations in crude prices.
- Inability to pass on the increase in raw material cost to the consumers due to availability of imported finished product at cheaper prices.
- Huge investments required for revamp/replacement/modernization of the old plants.
- Sale of balance unencumbered land at Rasayani / Panvel after receipt of NOC from Government of Maharashtra.
- Availability of working capital from Banks for continuous operation of the Plants at Kochi.

7. INTERNAL CONTROL SYSTEMS & THE ADEQUACY

Internal controls are supported by Internal Audit and Management Reviews. Company ensures existence of adequate internal control through documented policy and procedures to be followed by the executives at various levels. The Management is keen on these issues and initiated various measures such as upgrading IT infrastructure, evaluating & implementing Tally ERP software, web-based application and establishing connectivity amongst manufacturing units and branch offices for effective & proactive services and business benefits.

With the objective of improving the systems and removing bottlenecks, systems review is carried out and policies and procedure manuals are amended. HOCL Kochi unit is having ISO 9001:2015 (Quality Management System) and ISO 14001:2015 (Environmental Management System) certification. The existing certificate for ISO 9001 has been extended up to 1st September 2020 and ISO 14001:2015 is valid up to 07th March 2022 audit for further extension is in progress.

Your Company has Corporate Governance structure that govern its operations and the management team follows sound financial policies as well as processes and systems.

8. REVIEW OF FINANCIAL PERFORMANCE:

As per accounts of FY 2022-23, your Company has incurred a net loss of Rs.2.32 Crore during the 4th quarter and incurred net loss of Rs.50.22 Crore (before tax) for the year 2022-23 as against net loss incurred during the previous year FY 2021-22 was Rs. 26.19 Crore. EBIT (Earnings before Interest and Tax) for the current year FY 2022-23 stands at Rs.16.67 Crore.

Capacity utilization of Phenol plant during the year 2022-23 is 93% as against 62% during the previous 2021-22. Hydrogen Peroxide plant operated at 99% capacity during the year 2022-23 as against 82% during the previous year 2021-22.

9. INFORMATION TECHNOLOGY

Company has effective information systems for core business areas. However, company has envisaged a plan to meet changing demands keeping in view the technological changes and the way information & communication technology offering innovative services suiting to every business need. The core business functions are performed using Tally Prime ERP system. The integration of different modules of the ERP system resulted in better functioning, timely and smooth completion of our business process and transactions.

Management ensures continual effort in the ever-changing technological environment, for improving and meeting with requirement like data security, information availability, transparency and accuracy. The IT infrastructure of the company is audited by CERT-In empanelled audit authority to ensure the compliance with IT policies & standards. Company is using open tendering / e-Tendering solution being provided by National Informatics Centre (NIC). Company has also registered with GEM Government platforms for procurement and TREDs for payment to MSMEs. Company is also following various guidelines of procurement through MSME's.

10. CAUTIONARY STATEMENT

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

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

Sd/-
Sajeev B.
Chairman and Managing Director

Date: 08.08.2023
Place: Kochi, Kerala

COMPLIANCE CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members
Hindustan Organic Chemicals Limited
401, 402, 403, 4th Floor,
V-Times Square, Plot No. 3,
Sector 15, CBD Belapur,
Navi Mumbai, MH 400614 IN

1. We **D.S. MOMAYA & CO. LLP,** Practising Company Secretaries, have examined all the relevant records of **Hindustan Organic Chemicals Limited (CIN:L99999MH1960GOI011895)** for the purpose of certifying compliance of the conditions of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the "**Listing Regulations**") for the financial year ended 31stMarch 2023. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of certification.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of corporate governance.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we have followed, provide a reasonable basis for our opinion.
4. Our examination was limited to examining the procedures and implementation process adopted by the Company for ensuring compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Opinion:

5. Based on our examination of the relevant records made available to us and according to the information and explanations provided to us and the representations provided by the managementwe certify that the Company has complied with all the requirements of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended 31st March 2023 save and except the following:

   i.Board of Directors of the Company is not duly constituted as per requirements of regulation 17(1)(a) and regulation 17(1)(b) of the Listing Regulations. The company does not have an optimum combination of executive and non-executive directors with at least one woman director. The Company needs to appoint One (1) Woman Independent Director.

   ii.The Company is not in proper compliance with Regulation 18(1)(c) of the Listing Regulations, 2015, asnot all members of the Audit Committee are financially literate with atleast one member having accounting or related financial management expertise.
6. The Company, being a Public Sector Undertaking, the authority of appointment of Women Independent Director on the Board is with the concerned Ministry of the Government of India and directions about such appointment are awaited.The Company has sent several letters to the concerned Ministry requesting appointment of such Woman Independent Director on its Board.
7. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For D.S. MOMAYA & CO. LLP,
Company Secretaries
FRN No. L2022MH012300

CS Divya Momaya
Designated Partner
DPIN: 00365757
ACS No.7195, CP No.7885

Place: Navi Mumbai
Date: 24/07/2023
UDIN: F007195E000669835

COMPLIANCE CERTIFICATE OF CORPORATE GOVERNANCE GUIDELINES ISSUED BY DEPARTMENT OF PUBLIC SECTOR ENTERPRISES

To,

The Members of Hindustan Organic Chemicals Limited

We have examined the compliance of the conditions of Corporate Governance by Hindustan Organic Chemicals Limited (CIN: L99999MH1960GOI011895) for the financial year ended March 31, 2023, as stipulated in Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, issued by the Department of Public Enterprises, Government of India.

The Compliance of conditions of Corporate Governance as stipulated in the Guidelines is the responsibility of Management. Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Sector Enterprises except –

1. Clause 1.1.1 – The Board of Directors of the Company was not comprised with optimum combination of functional, nominee and independent directors as the position of 1 (One) Independent Woman Director on the Board of the company was vacant during the period under review;
2. Clause1.2.2– The Board of Directors of the Company did notcomprise of optimum number of independent directorsas the position of 1 (One) Independent Woman Director on the Board of the company was vacant during the period under review;
3. Clause 1.7.1 –The Company did not have any risk management plan approved by its Board of Directors sinceRegulation 21 as per SEBI LODR Regulations, 2015 is not applicable to the Company;
4. Clause 1.7.2 –The Board of Directors of the Company did not periodically review any risk management plan as there was no approved risk management plan in the place during the period under review and neither Regulation 21 as per SEBI LODR Regulations, 2015 is not applicable to the Company;
5. Clause 2.1.4 –Audit Committee of the Company did not comprise of financially literate members. Also, none of the members of the committee has an expertise in accounting and financial management;

As informed by the Management, the Company being a Central Public Sector Undertaking (Government Company), all the powers regarding appointment and terms of the Directors are exercised by the Ministry of Chemicals & Fertilizers, Government of India. The Company had taken up this matter with the concerned Ministry for appointment of One (1) Independent Woman Director on its Board. However, such appointment is still awaited.

We further state that such compliances are neither an assurance as to the future viability of the Company nor its efficiency and effectiveness with which the management has conducted the affairs of the Company.

For D.S. MOMAYA & CO. LLP,
FRN No. L2022MH012300

CS Divya Momaya
Designated Partner
DPIN: 00365757
ACS No.7195, CP No.7885

Date: 07/07/2023
Place: Navi Mumbai
UDIN: F007195E000567315

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

We have examined the relevant registers, records, forms, returns and disclosures received from **Hindustan Organic Chemicals Limited (CIN: L99999MH1960GOI011895)** having Registered Office at 401, 402, 403, 4th Floor, V-TIMES SQUARE, Plot No. 3, Sector 15, CBD Belapur Navi Mumbai Thane MH 400614 IN (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company, as stated below for the Financial Year ending on **31st March 2023**, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	DIN	Name of Director	Date of appointment in Company
1	09344438	Sajeev Bhaskaran	06/09/2021
2	09461918	Pratyush Mandal	24/12/2021
3	09466694	Bharatkumar Jashvantrai Kanabar	24/12/2021
4	09699641	Kanishk Kant Srivastava	30/03/2022
5	09674122	Yogendra Prasad Shukla	04/07/2022
6	07722405	Sanjay Rastogi	13/12/2022

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For D.S. MOMAYA & CO. LLP,
Company Secretaries
FRN No. L2022MH012300

Place: Navi Mumbai
Date: 30/05/2023
UDIN: F007195E000427285

CS Divya Momaya
Designated Partner
FCS No. 7195/ CP No. 7885

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

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

We note that Department of Chemicals & Petrochemicals vide File No. P. 51015/06/2019-Ch. III dated 29th January, 2020 has directed the Company for closure of Hindustan Fluorocarbons Limited, which is the Subsidiary of the Company.

Based on our verification of books, papers, minute books, forms and returns filed and scanned copies of the documents, evidences of submission provided and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on **31st March, 2023** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **HINDUSTAN ORGANIC CHEMICALS LIMITED** for the Financial Year ended on **31st March, 2023** according to the provisions of:

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

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

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

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

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

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

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

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

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations, 1999 - **Not Applicable as the Company has not issued any shares/options during the period under review**;

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

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

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

(vi) The Management has informed that the following laws are specifically applicable to the

Company:

a. Petroleum Act, 1934 and Rules, 2002;
b. Manufacture, Storage and Import of Hazardous Chemicals (Amendment) Rules, 2000;
c. The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008;
d. Inflammable Substance Act, 1952;
e. Dangerous Machines (Regulation) Act 1983;
f. Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010;
g. The Factories Act, 1948;
h. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.
(ii) SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015 and Listing Agreements entered into by the Company with BSE Limited.

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

We further report that, the company has filed the forms and returns with Ministry of Corporate Affairs / Registrar of Companies under Companies Act 2013 or other authorities under other applicable laws within the prescribed time.

We further report that, *the Board of Directors of the Company was not duly constituted as the Company did not have requisite number of Independent Directors on its Board due to vacancy been arisen out of end of the term of existing Independent Directors from February 21, 2020 onwards. It was observed that during the period under review from 01-04-2022 to 31-03-2023, Company has a vacancy of One (1) Independent Woman Director on its Board. The Company, being a Public Sector Undertaking, such appointment of adequate number of Directors/Independent Directors on the Board of the Company is to be done by the Administrative Ministry. Requests have also been made by the Company to the Administrative Ministry during the period under review; however, the Ministry is yet to appoint the requisite Independent Woman Director. Other changes in the composition of the Board of Directors with respect to the appointment of directors, which took place during the period under review for complying with the requirement of having six (6) directors, as the Company is within the 2000 Companies, were carried out in compliance with the provisions of the Act and rules made thereunder.*

We further report that *the Company, during the period under review, has maintained Structured Digital Database (hereinafter referred to as "SDD" or the "Database") but as required under Regulation 3(5) & 3(6) of PIT Regulations, 2015 with respect to the time stamping, audit trails and non-tampering of the data could not be established.*

We further report that during the year under review, the Company has applied to shift its registered office from the state of Maharashtra to the state of Kerala, which was approved by a special resolution at the 61st Annual General Meeting of the Company. The proposal to shift registered office from the state of Maharashtra to the state of Kerala is also approved by the Ministry of Chemicals & Fertilizers, Government of India; the administrative Ministry of the Company. This application has been made to the concerned authorities and it is still under process. All the compliances, as applicable under the Companies Act, 2013 and the relevant Rules and Regulations thereunder, have been duly complied with.

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

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

We further report that, the compliance by the Company of applicable financial laws such as Direct and Indirect Tax Laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by Statutory Financial Auditors, CAG Auditors, Tax Auditors, Internal Auditors, Cost Auditors, and other designated professionals.

We further report that, the company has complied with all the committee meeting compliances and all the committee meetings were duly held during the year as required under the law.

We further report that, the company has filed various disclosures as applicable with Bombay Stock Exchange (BSE).

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

We further report that during the audit period;

(i) No event has occurred which has a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.
(ii) During the year, there were no other instances of
    a. Public / Right / Preferential issue of shares / debentures/sweat equity, etc.
    b. Redemption / buy-back of securities
    c. Merger / amalgamation / reconstruction, etc.
    d. Foreign technical collaborations.

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

For D.S. MOMAYA & CO. LLP,
Company Secretaries
FRN No. L2022MH012300

Place: Navi Mumbai **CS Divya Momaya**
Date: 30/05/2023 **Designated Partner**
UDIN: F007195E000426812 **FCS No. 7195/ CP No. 7885**

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

To

The Members,

Hindustan Organic Chemicals Limited

Our Secretarial Audit Report for the Financial Year ended 31st March, 2023 is to be read along with this letter.

Management's Responsibility

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

Auditor's Responsibility

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

Disclaimer

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

For D.S. MOMAYA & CO. LLP,
Company Secretaries
FRN No. L2022MH012300

Place: Navi Mumbai **CS Divya Momaya**
Date: 30/05/2023 **Designated Partner**
UDIN: F007195E000426812 **FCS No. 7195/ CP No. 7885**

Financial Statements and Auditors Report 2022-23

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. Hindustan Organic Chemicals Limited, Kochi

Report on the Audit of the Standalone financial statements

Opinion

1. We have audited the accompanying standalone financial statements of M/s. **HINDUSTAN ORGANIC CHEMICALS LIMITED** (CIN: L99999MH1960GOI011895) ("the company") which comprises of: -
   (a) The Standalone Balance Sheet as at 31st March, 2023
   (b) The Standalone Statement of Profit and Loss for the year (including other comprehensive income) ended 31st March, 2023
   (c) Standalone Statement of Change in Equity for the year ended 31st March, 2023
   (d) Standalone Cash Flow Statement for the year ended 31st March 2023, and
   (e) A Summary of significant accounting policies and other explanatory information
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2023; and its loss, total comprehensive income, the changes in equity and its cash flows for the year ended 31st March, 2023.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ('the Act'). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the act and the Rules thereunder, 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.

Going Concern

4. *During the year, the company has reported a 'net loss including other comprehensive income' of Rs.4,239.63 Lakhs (PY Rs. 1,015.89 lakhs) and an accumulated loss amounting to Rs.1,07,078.48 lakhs (previous year Rs.1,02,056.08 lakhs). Further, the net worth of the company is negative amounting to Rs. 95,512.95 lakhs (previous year Rs. 90,490.55 lakhs), excluding 'Other Comprehensive Income', as a result of the capital erosion due to losses reported by the company over the previous years.*

   However, we are informed that, the company, with the approval of the Government of India, is in the process of divesting and selling off its loss making unit at Rasayani, Mumbai, which includes assets with carrying amount amounting to Rs. 99,219.74 lakhs, including 551.172 acres of land owned by the unit. This process is expected to generate sufficient cash flow for the company. Further, as reported by the company in Note No. 45 of the Financial Statements, we draw the attention regarding the increased performance of the Manufacturing unit at Kochi.

   Considering the above, the management has prepared the standalone Ind AS financial statements on going concern basis.

   Our opinion is not modified in respect of the above.

Emphasis of Matter

5. *We draw attention to the interim financial results published by the company for the Quarter 2 of the current year included a write back of 'provision for statutory liability' created in the previous years amounting to Rs. 530.58 lakhs, which was reported under 'Other income'. However, based on further discussions, the management reinstated the said liability in the Quarter 4 and accordingly, the effect of such restatement was reported under 'other income' for the said quarter. As the write back as well as its reinstatement occurred in the current year itself, there is no net impact on the financial statements for the current year.*

Our opinion is not modified in respect of the above.

Key Audit Matters

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

S. No	The Key Audit Matters	How our audit addressed the key audit matter
1.	**Investment in Subsidiary** Hindustan Fluorocarbons Limited ("HFL") is a subsidiary of the Company, wherein the company holds 56.43% equity shares by way of an investment of Rs. 1,106 lakh, which is classified as a Financial Asset. Subsequent to initial recognition, the investment made at HFL is measured at fair value through other comprehensive income (FVTOCI).As per the provisions of the Ind AS 107/9, the fair value of the financial asset is to be determined every year and accordingly, the carrying amount should be restated. Accordingly, the same has been considered as a key audit matter.	Our audit procedures included and were not limited to the following: 1. Carried out market research with respect to the volume of quoted shares of HFL being traded on the BSE. 2. Evaluated the future prospects of HFL's operations in light of CCEA decision dated 29.01.2020 to close down HFL. 3. Assessed the financial statements of HFL to verify whether the assets held for sale as shown in the financial statements exceeds its liability to the extent of the company's investment therein.
2.	**Valuation of Inventory** LPG, Benzene and chemical based inventory forms a significant part of the Company's inventory of which prices are fluctuating in nature and also depends on prices, decisions and conditions of other countries Inventories are valued at lower of cost and net realisable value except raw materials, work-in progress & stores. The audit mainly focused on verification of the cost and net realizable value of the above.	Our audit procedures included and were not limited to the following: 1. Reviewing data from software used by the company such as Distributed Control System for plant operations, independent PLC for the safety of the Plant, Tank Level Monitoring System "LMS" for the detailed statistics about stock of raw materials, finished products, and intermediate products along with various alarms, warnings and history of the tank operations etc. 2. Testing the design, implementation and operating effectiveness of key internal financial controls, including controls over valuation of inventory. 3. Testing on a sample basis the accuracy of cost for inventory by verifying the actual purchase cost. Testing the net realizable value by comparing actual cost with most recent selling price.

S. No	The Key Audit Matters	How our audit addressed the key audit matter
3.	**Recognition, Measurement, and Depreciation of PPE** The company, being a asset based entity, the recognition, measurement and depreciation of the PPE is very significant. The audit was mainly focused on the compliance of the provisions of the Ind AS 16 – Property, Plant and Equipments and the other aspects of asset accounting.	Our audit procedures included and were not limited to the following: 1. Evaluating management's processes and controls over the identification, capitalization, classification, and subsequent measurement of PPE. We assessed the company's policies for determining the initial cost, subsequent measurement, and depreciation of PPE, including the application of appropriate depreciation methods and useful lives. 2. We also tested a sample of PPE additions and disposals to verify the accuracy and completeness of their recognition and measurement. 3. We assessed the consistency of depreciation policies and their compliance with applicable accounting standards and the accuracy of the calculation of depreciation. 4. We verified the compliance with the provisions of Ind AS 16 for adopting the Revaluation model and its impact on the asset disclosures.

Information Other than the Standalone financial statements and Auditor's Report thereon

7. 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, but does not include the standalone financial statements and our auditors' report thereon.

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

9. 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We are not in receipt of other information and therefore we do not comment on the same.

Management's responsibility for the standalone financial statements

10. The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

11. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of Standalone Financial Statements

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

15. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 and the Board of Directors
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

18. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

19. As required by the Companies (Auditor's Report) Order, 2020 issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the "**Annexure A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order.

20. As required by the directions and sub directions issued by the office of the Comptroller & Auditor General of India under section 143 (5) of the Act, we give in the **"Annexure B"** a statement on the matters referred in those directions.

21. As required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
    c) The Standalone Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, Statement of changes in Equity, and Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
    d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts), Rules 2014;
    e) As per Notification No. G.S.R. 463(E) dated June 5, 2015, the Government Companies are exempted from provisions of section 164(2) of the Act. Accordingly, we are not required to report whether any directors are disqualified in terms of provisions contained in the said section.

f) The report on internal financial control as required under clause (i) of sub section 3 of section 143 of the Companies Act 2013 is attached as "**Annexure C"**.

g) With respect to other matters to be included in the Auditors Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The company has disclosed the impact of pending litigations on its financial position in its financial statement. - Refer note 36 to the standalone financial statements.

(ii) The company do not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) There were no amounts which were required to be transferred to Investor Education and Protection Fund by the company.

(iv) a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 47 no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b. The management has represented, that, to the best of its knowledge and belief, as disclosed in note 48 no funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

c. Based on such audit procedures considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (iv) (a) and (iv) (b) contain any material mis-statement.

(v) No dividend was declared or paid during the year which required compliance with section 123 of the Companies Act, 2013.

(vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of Account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

22. *Non-Compliance of the SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015:*

The Company has not complied with the Regulations 17(1)(a) and 17(1)(b) in respect of maintenance of an optimum combination of executive and non-executive directors with at least one-woman director and not less than fifty percent of the Board of Directors as non-executive directors and maintenance of at least half of the board of Directors comprised of Independent Directors. (Refer Note 44 to the Standalone Financial Statements).

For Balan & Co.
Chartered Accountants
Firm Regn. No.340S

Joyal George, FCA
Partner (Memb. No: 228702)
UDIN: 23228702BGXDRK1444

Date: 18-05-2023
Place: Kochi-11

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 17 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Hindustan Organic Chemicals Limited of even date)

(i) In respect of the Company's Property Plant and Equipment and Intangible Assets:

(A) The Company is maintaining proper records showing the particulars including quantitative details and situation of property, plant and equipment.

(B) The Company is maintaining proper records showing full particulars of the intangible assets.

(a) According to the information and explanation given to us and on the basis of our examination of the records, the Company follows a phased program for verification of all items of property, plant and equipment and the interval followed by the company, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As per the said policy, the company has not conducted any physical verification during the current financial year.

(b) According to the information and explanations given to us and based on the examination of the relevant records provided to us, the title deeds of all the immovable properties disclosed in the financial statements, are held in the name of the Company. However, the original title deeds of the immovable properties in Kochi are not produced to us for our verification, and we are informed that the same is kept under the custody of the bank.

Further, we are informed that, 22.717 acres of land owned by the company at Rasayani, Maharashtra, has been encroached and we are informed that the company is taking steps to recover the said land. Further, 10.576 acres of land at Rasayani, Maharasthra and 0.91 acres of land at Panvel, Maharashtra, has been acquired for public road and hence could not be considered as the assets owned by the company. Further, 32.547 acres of land at Rasayani, Maharashtra, is under the disputed possession of various other entities. The company has not considered the above extent of lands while considering the carrying value of land disclosed in the financial statements.

(c) The Company has revalued one of its land during the current year. The re-valuation was done based on the valuation done by the registered valuer. The change in the carrying amount of the said asset re-valued amounts to Rs.1305.38 Lakhs.

(d) According to the information and explanation given to us and on the basis of our examination of the records of the Company, no proceeding has been initiated or pending against the company for holding any Benami Property under the Benami Transactions Act.

(ii) (a) The inventory has been physically verified by the management at reasonable intervals. *However, we are informed that the company does not follow the practice of physically verifying the items classified under 'stores and spares'. The inventory of 'stores and spares' accounts for 48.41% (P.Y 37.21%) of the total carrying value of the inventories at the year end, and hence in our opinion, the coverage of the physical verification of the inventories are not adequate and appropriate. With respect to the remaining classes of inventories subject to the physical verification during the year, we are informed that, no discrepancies of 10% or more in the aggregate for the said class of inventory were noticed.*

(b) The company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions and hence the clause (ii) (b) of Para 3 of the Order is not applicable to the Company.

(iii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments in or provided security to companies, firms, limited liability partnerships or any other parties during the year. Hence, the sub-clause (a) to clause (iii) of Para 3 of the said order is not applicable to the company.

(b) According to the information and explanations given to us and based on the audit procedures conducted by us,

1. The company has given a loan to its subsidiary company, secured against the immovable properties of the said subsidiary, during the earlier years, which has been 'overdue' for more than 3 years and has a carrying amount of Rs. 2744.06 lakhs at the end of the year, out of which Rs. 453.01 lakhs is 'non-interest bearing';

2. The company has given an unsecured advance to M/s. Smith Stanitstreet Pharmaceuticals Ltd amounting to Rs. 65 lakhs during the earlier years which has been outstanding for more than 3 years.

3. The company has invested a sum of Rs. 1106 lakhs in the subsidiary company in the earlier years and the business of the subsidiary has been shut down completely.

According to the information and explanations given to us, in our opinion, the repayments or returns from the above loans, advances and investments were not proper and hence the recoverability or realisability of the same depends on the realisability of the assets secured, if any.

The company has not given any loans, advances or made any investments during the current year.

(c) In respect of the loans and advances as specified in (iii)(b)(1) above, the company has schedule of repayment of principal and interest has been stipulated, whereas, in the case of advance specified in (iii)(b)(2) above, no schedule of repayment of principal and interest has been specified. The repayment of the above are not regular.

(d) In respect of the loans and advances as specified in (iii)(b)(1) above, the total amount overdue for more than 90 days amounts to Rs. 3,197.08 lakh and the company has informed us that the same will be realized as and when the assets of the recipient company secured against the said loan are fully realized. However, the company is yet to take the possession of the said property secured against the loan. In respect of the advances specified in (iii)(b)(2) above, the total amount overdue for more than 90 days amounts to Rs. 65 lakh and the company has not taken any steps for the recovery of the principal and interest.

(e) During the year, the company has not renewed or extended or granted fresh loans to settle the overdues of the existing loans given to any of the parties and therefore, the provisions of the clause 3(iii)(e) of the order is not applicable to the company.

(f) In respect of the advance specified in (iii)(b)(2) above amounting to Rs. 65 lakhs, the company has not specified any terms or period of repayment.

Aggregate amount outstanding (₹)	Rs. 65 lakhs
Percentage to the total loans (₹)	1.97%
Of the above, aggregate amount of loans granted to Promoters and related parties	Nil

(iv) In our opinion and according to the explanations given to us, the company has complied with the provisions of Sec 185 and 186 of the companies Act 2013 in respect of loans, investments, guarantees and securities made by it, during the year. However, the company has given interest free loans to its subsidiary company amounting to Rs. 2744.06 lakhs and advances to another company amounting to Rs.65 lakhs, for which no interest has been charged. We are informed that, these loans are given before the commencement of the provisions of Section 186(7) and hence does not constitute violation to the provisions of the said section.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2022 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.

(vi) According to the information given to us, the company is required to maintain the cost records as specified by the Central Government under sub-section (1) of section 148 of the act, and based on the test checks conducted by us, we 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 cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information given to us and on the basis of the checks conducted by us we report that the company has been generally regular in depositing undisputed statutory dues such as Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with appropriate authorities during the year. According to the information and explanations given to us and the records of the company examined by us, no undisputed amount payable in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears for a period of more than six months from the date they became payable, as at 31st March, 2023.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the company, there are no statutory dues relating to Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Services Tax, Value Added Tax, Customs Duty, Cess and other statutory dues which have not been deposited as at March 31, 2023 on account of dispute, other than mentioned below:

Sl. No.	Name of the Statute	Nature of Dues	Period to which the amount related	Amount of dispute (Rs.in Lakhs)	Forum where the dispute is pending
1	Central Excise Act, 1944	Exemption not allowed	2006-07	104.63	Customs, Excise & Services Tax Appellate Tribunal
2	Income Tax Act, 1961	Penalty Dues	2001-02	70.49	High Court
3	Income Tax Act, 1961	Disallowance of Expenses	2010-11	21.50	Income Tax Appellate Tribunal

(viii) According to the information and explanations given to us, the company does not have any transactions not recorded in the books of account and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company has made default on repayment of loans obtained from the Government of India, the details of which are as under –

Nature of Borrowing including debt securities	Name of the lender	Amount not paid on due date (Rs. In lakhs)	Whether Principal or interest	No. of years of delay or unpaid	Remarks if any
Plan loan	Government of India	537.79	Interest	21	
Non-Plan loan	Government of India	250.83	Interest	20	
Plan loan	Government of India	540.67	Interest	20	
Plan loan	Government of India	326.31	Interest	20	
Secured plan loan	Government of India	652.62	Interest	20	
Plan loan	Government of India	652.62	Interest	20	

Nature of Borrowing including debt securities	Name of the lender	Amount not paid on due date (Rs. In lakhs)	Whether Principal or interest	No. of years of delay or unpaid	Remarks if any
Plan loan	Government of India	328.61	Interest	19	
Plan loan	Government of India	462.20	Interest	19	
Plan loan	Government of India	770.34	Interest	18	
Plan loan	Government of India	566.68	Interest	18	
Plan loan	Government of India	423.24	Interest	17	
Plan loan	Government of India	654.81	Interest	17	
Plan loan	Government of India	452.14	Interest	16	
Plan loan	Government of India	147.36	Interest	15	
Plan loan	Government of India	727.81	Interest	14	
Non-Plan loan	Government of India	554.48	Interest	14	
Non-Plan loan	Government of India	68.77	Interest	13	
Non-Plan loan	Government of India	1,142.95	Interest	7	
Plan loan	Government of India	660.00 933.05	Principal Interest	13	
Plan loan	Government of India	843.00 1181.67	Principal Interest	12	
Plan loan	Government of India	1760.00 1929.73	Principal Interest	10	
Plan loan	Government of India	1057.00 796.93	Principal Interest	7	
Non-Plan loan	Government of India	2461.00 1491.5	Principal Interest	6	
Non-Plan loan	Government of India	1057.00 540.58	Principal Interest	5	
Non-Plan loan	Government of India	10,000.00 5093.15	Principal Interest	5	
Non-Plan loan	Government of India	16392.46 8171.08	Principal Interest	5	
Non-Plan loan	Government of India	11,026.00 5462.85	Principal Interest	5	

(b) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company has not been declared as a wilful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us by the management, the Company has not obtained term loan during the year and accordingly clause 3 (ix) (c) of the Order is not applicable to the company.

(d) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the funds raised by the company on short term basis have not been utilized for long term purposes.

(e) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures of the company.

(f) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x) (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company has not raised any moneys by way of initial public offer or further public offer during the year. Hence, the clause (x) (a) Para 3 of the Companies (Auditors Report) Order, 2020 is not applicable.

(b) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or convertible debentures during the year and therefore, the clause 3(x)(b) does not apply to the company.

(xi) (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, no frauds by the company or any fraud on the company has been noticed or reported during the year, and hence the clause (xi) (a) Para 3 of the Companies (Auditors Report) Order, 2020 is not applicable.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, no whistle-blower complaints have been received during the year by the company.

(xii) In our opinion, the Company is not a Nidhi Company. Hence, the clause (xii) (a) to (c) of Para 3 of the Companies (Auditors Report) Order, 2020 is not applicable.

(xiii) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in Note 38 to the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) In our opinion, based on our examination, the Company has an internal audit system which commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the company issued for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him for which provisions of section 192 are applicable.

(xvi) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company is not required to be registered under Section 45–IA of the Reserve Bank of India Act 1934, provisions of clause (xvi) (a) to (c) Para 3 of the Companies (Auditor's Report) Order, 2020, are not applicable to the Company.

(xvii) The Company has incurred cash losses of Rs.4,903.41 Lakh in the current year and Rs.2,502.45 Lakh in the immediately preceding financial year.

(xviii) The statutory auditor of the company has not resigned during the year. Therefore, the provisions of clause (xiii) Para 3 of the Companies (Auditor's Report) Order, 2020, are not applicable to the company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The company does not fall under the criteria of CSR Responsibilities as per section 135 of Indian Companies Act, 2013. Therefore, the provisions of clause (xx) of Para 3 of the Companies (Auditor's Report) Order, 2020, are not applicable to the Company.

For Balan & Co.
Chartered Accountants
Firm Regn. No.340S

Joyal George, FCA
Partner (Memb. No: 228702)
UDIN: 23228702BGXDRK1444

Date: 18-05-2023
Place: Kochi-11

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 18 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Hindustan Organic Chemicals Limited of even date)

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

A. Directions

Sl. No.	C&AG Direction	Statement of Statutory Auditor
1	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of accounts along with financial implications if any may be stated	Based on the explanations given to us and based on our verification, we have identified the following systems for processing the accounting transactions of the company, viz., a) Accounting transactions are maintained through Tally ERP Prime, an accounting ERP software; b) Fixed assets register is maintained in MS Office Excel utility. c) Payroll management is done through a separate HRM software system. d) Consolidation of unit trial balances are done through MS Office Excel utility. Based on the explanations given to us, we have not come across any accounting transactions being processed outside the above-mentioned systems. Further, we recommend having a proper integration between the above-mentioned systems with the major accounting software, so as to avoid any potential risks of data loss or corruption during the data migration and transfer between the systems.
2	Whether there is any restructuring of an existing loan or cases of waiver/ write-off of debts/ loans/ interest etc. made by a lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for?	The company has made default in repayment of the loans and preference shares availed from the Government of India, the principal of which aggregates to Rs. 72,256.46 Lakhs. However, based on the information given to us, there was no restructuring of any of such loans or cases waiver/ write-off of debts/ loans/ interest etc. Hence, we are not commenting on the financial impact and accounting of the same.
3	Whether funds (grants/subsidy etc.) received or receivable for specific schemes from central/ state Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the case of deviations.	Based on the information given to us, during the year under report, there were no funds received or receivable for specific schemes from central/ state Government or its agencies.

B. Sub-direction

Sl. No.	C&AG Direction	Statement of Statutory Auditor
1	State the area of land under encroachment and briefly explain the steps taken by the company to remove encroachment.	1) Based on the information given to us by the management, 65.840 acres of land at the Rasayani Unit, Maharashtra, of the company has been identified as 'under encroachment' With respect to the steps taken by the management to remove the encroachment, we are informed that – a) The company is constantly communicating with the Senior Government officials of Govt. of Maharashtra for taking prompt steps for removing encroachment by the farmers at the land at Rasayani Unit. b) The company is also co-ordinating with the Ministry of Chemicals and Petrochemicals, Government of India, for the speedy resolution in the above case. c) The above recommendations include various proposals including settlement arrangements with the encroachers. d) The company has also filed suits in some instances. 2) Based on the explanations given to us, 32.547 acres of land at Rasayani Unit, Maharashtra, are under the possession of various entities such as MIDC, MSEB, HIL, MES etc. With respect to the steps taken by the management to remove the encroachment, we are informed that – a) the company is constantly following up with the concerned officials for the recovery or registration of the said land possessed by such entities. b) In case of the land leased out to MES, the company has issued the notice of termination of lease to the party. However, the property is still under the possession of the lessee – MES. The matter is pending before Arbitration authority and the proceedings are under progress. 3) 10.576 acres of land at the Rasayani Unit. Maharashtra has been acquired by Governmental authorities and public road has been constructed. Hence, the company does not have possession as well as ownership with respect to the said land.
2	Whether there is any effective system for follow up of accumulated trade receivables especially which are more than three years old?	The company has a trade receivable amounting to Rs. 1,489.24 lakhs, which is more than three years old. The company has assessed and provided a sum of Rs. 1,474.28 lakhs as provision for bad and doubtful assets. We are informed that the management is following up with the above debtors for the recovery and has initiated legal proceedings against some of such cases.
3	Whether there was an adequate system for watching actual consumption against norms in case of raw materials, intermediaries and utilities?	We are informed that the company prepares monthly statements comparing the actual consumption of raw material, intermediaries and utilities against the established norms as MIS Report.

For Balan & Co.
Chartered Accountants
Firm Regn. No.340S

Joyal George, FCA
Partner (Memb. No: 228702)
UDIN: 23228702BGXDRK1444

Date: 18-05-2023
Place: Kochi-11

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT

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

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

Opinion

1. We have audited the internal financial controls over financial reporting of **Hindustan Organic Chemicals Limited** (the company) as of 31st March, 2023 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

2. In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over the financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of internal Financial Reporting issued by the Institute of Chartered Accountants of India.

Management's responsibility for Internal Financial Controls

3. 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 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 accounting records and the timely preparation of reliable financial information as required under the Companies Act, 2013.

Auditor's 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 on audit of internal financial controls over financial reporting (the Guidance Note) and the standards on auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Notes 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. 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 controls based on the assessed risk. The procedures selected depend on the auditor's judgment including the assessment of risks of material misstatement of the standalone financial statements, whether due to fraud or error,

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

Meaning of internal financial controls over financial reporting

6. A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone financial statements for external purposes in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read Companies (Indian Accounting standards) Rules, 2015 as amended, and other accounting principles generally accepted in India. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of the records that, in reasonable detail, accurately and fairly reflects the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read Companies (Indian Accounting standards) Rules, 2015 as amended, and other accounting principles generally accepted in India and that the receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding the prevention or timely deduction of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements .

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion of 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 the 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.

   According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2023:

   The internal control system established by the company for conducting the physical verification of the inventory is not operating effectively as the same does not cover the physical verification the stores and spares, which constitutes more than 48% (PY 37%) of the total carrying amount of the inventories, which could potentially result in the loss of inventory and obsolescence.

   A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

   In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2023, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

   We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2023 standalone financial statements of the Company, and the material weakness does not affect our opinion on the standalone financial statements of the Company

For Balan & Co.
Chartered Accountants
Firm Regn. No.340S

Joyal George, FCA
Partner (Memb. No: 228702)
UDIN: 23228702BGXDRK1444

Date: 18-05-2023
Place: Kochi-11

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 ORGANIC CHEMICALS LIMITED, FOR THE YEAR ENDED 31 MARCH 2023

The preparation of the financial statements of Hindustan Organic Chemicals Limited for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 18 May 2023.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Hindustan Organic Chemicals Limited for the year ended 31 March 2023 under section 143(6)(a) of the Act.

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

(**Guljari Lal)**
Director General of Audit (Shipping), Mumbai

Place: Mumbai
Date: 08 August 2023

Standalone Balance Sheet as at 31st March, 2023

(₹ in Lakhs)

Particulars	Notes	Current Year As at 31.03.2023	Previous Year As at 31.03.2022
Assets			
Non Current assets			
a) Property, Plant and equipment	3a	16,375.07	15,348.07
b) Investment Property	3b	86.58	88.74
c) Other Intangible assets	3c	18.85	27.25
d) Financial Assets			
i) Investments	4	990.45	1,063.44
e) Other Non-current assets	5	518.05	497.37
Total (Non current assets)		**17,989.00**	**17,024.87**
Current assets			
a) Inventories	6	4,960.95	7,511.19
b) Financial assets:			
(i) Trade Receivables	7	1,807.71	735.12
(ii) Cash and cash equivalents	8	4,359.01	2,014.53
(iii) Bank balances other than (ii) above	9	12,371.47	11,496.20
(iv) Loans	10	3,219.43	3,218.09
(v) Other Financial Assets	11	1,433.34	1,334.04
c) Other current assets	12	2,415.52	2,870.50
d) Property, plant and equipments held for sale	3d	99,219.74	99,219.74
Total (Current Assets)		**1,29,787.17**	**1,28,399.41**
Total Assets		**1,47,776.17**	**1,45,424.28**
Equity and Liabilities			
a) Equity			
Equity Share capital	13	**6,726.96**	**6,726.96**
b) Other equity			
i) Securities Premium	14a	4,838.57	4,838.57
ii) Retained Earnings	14b	(1,07,078.48)	(1,02,056.08)
iii) Other comprehensive Income	14c	96,302.40	95,519.62
Total Other Equity		**-5,937.51**	**-1,697.89**
Total Equity		**789.45**	**5,029.07**
Liabilities			
Non-current liabilities:			
Financial liabilities:			
i) Borrowings		-	-
ia) Lease liabilities		-	-
ii) Provisions	15	2,395.90	2,797.59
iii) Deferred Tax liabilities (Net)	16	16,683.52	16,402.52
Total (Non-current liabilities)		**19,079.42**	**19,200.11**
Current liabilities:			
a) Financial liabilities			
i) Borrowings	17	72,256.46	72,256.46
ia) Lease liabilities		-	-
ii) Trade payables:			
Dues to micro and small enterprises	18	14.85	55.50
Dues to Others	18	4,052.02	4,096.34
iii) Other financial liabilities	19	46,070.59	40,395.78
b) Provisions	20	1,786.70	1,560.69
c) Other current liabilities	21	3,726.68	2,830.33
Total (Current liabilities)		**1,27,907.30**	**1,21,195.10**
Total Liabilities		**1,46,986.72**	**1,40,395.21**
Total equity and liabilities		**1,47,776.17**	**1,45,424.28**
Significant Accounting Policies	2		
Notes to the Standalone Financial Statements	1&3-64		

As per our report of even date attached

For and on behalf of the Board of Directors

For Balan & Co.
Chartered Accountants
FRN 340S

Sd/-
Sajeev B.
Chairman and Managing Director
DIN 09344438

Sd/-
Joyal George, FCA
Partner
Membership No.: 228702
UDIN: UDIN: 23228702BGXDRK1444

Sd/-
Yogendra Prasad Shukla
Director (Finance)
DIN 09674122

Sd/-
Subramonian H.
Company Secretary
ACS: 28380

Place: Ernakulam
Date: 18.05.2023

Place: Ernakulam, Kerala
Date: 18.05.2023

Standalone Statement of Profit and Loss for the year ended 31st March, 2023

(₹ in Lakhs)

Particulars	Note No.	Year ended 31.03.2023	Year ended 31.03.2022
INCOME:			
Revenue from operations-Sale of products	22	63,143.56	43,367.39
Other Income	23	1,154.60	3,142.73
Total Income		**64,298.16**	**46,510.12**
EXPENSES:			
Cost of materials consumed	24	42,679.26	27,879.70
Changes in Inventories of Finished Goods and work-in- progress	25	1,482.71	-1,430.78
Employee benefits expenses	26	4,355.58	4,815.35
Finance costs	27	6,688.70	6,551.10
Depreciation and amortization expenses	28	118.75	116.37
Other expenses	29	13,995.57	11,197.20
Total expenses		**69,320.57**	**49,128.94**
Profit / (Loss) before exceptional items and tax		**(5,022.41)**	**(2,618.82)**
Less: Exceptional items		-	-
Profit / (Loss) before tax		(5,022.41)	(2,618.82)
(1) Current tax		-	-
(2) Deferred tax		-	-
Less: Tax expenses		-	-
Profit / (Loss) for the period after tax		**(5,022.41)**	**(2,618.82)**
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
a) Revaluation of Plant, property & equip.	14c	1,035.38	1,978.42
Deferred Tax expenses		(302.00)	(576.00)
b) Provision for diminution of investment	14c	(72.99)	(224.52)
Deferred Tax expenses		21.00	(65.00)
c) Changes in defined benefit plan (Gratuity)	14c	101.39	40.99
Other Comprehensive Income for the year, net of tax		**782.78**	**1,602.93**
Total Comprehensive Income for the year		**(4,239.63)**	**(1,015.89)**
Earnings per equity share (in Rupees)			
Basic (Face value of Rs. 10 each)		(7.48)	(3.90)
Diluted (Face value of Rs. 10 each)		(7.48)	(3.90)
Significant Accounting Policies	2		
Notes to the Standalone Financial Statements	1&3-64		

As per our report of even date attached

For and on behalf of the Board of Directors

For Balan & Co.
Chartered Accountants
FRN 340S

Sd/-
Sajeev B.
Chairman and Managing Director
DIN 09344438

Sd/-
Joyal George, FCA
Partner
Membership No.: 228702
UDIN: UDIN: 23228702BGXDRK1444

Sd/-
Yogendra Prasad Shukla
Director (Finance)
DIN 09674122

Sd/-
Subramonian H.
Company Secretary
ACS: 28380

Place: Ernakulam
Date: 18.05.2023

Place: Ernakulam, Kerala
Date: 18.05.2023

Statement of Changes in Equity for the year ended 31st March, 2023

(₹ in Lakhs)

A. EQUITY SHARE CAPITAL **Rs. in lakhs**

1. Current reporting period (2022-23)

Particulars	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
	01.04.22	2022-23	01.04.22	2022-23	31.03.2023
Equity shares of Rs.10 each	**6726.96**	**0**	**6726.96**	**0**	**6726.96**

2. Previous reporting period (2021-22) **Rs. in lakhs**

Particulars	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
	01.04.2021	2021-22	01.04.2021	2021-22	31.03.2022
Equity shares of Rs.10 each	**6726.96**	**0**	**6726.96**	**0**	**6726.96**

B. OTHER EQUITY **Rs. in lakhs**

	Particulars	Share application money pending allotment	Equity component of compound financial instrument	**Reserves and surplus**				Items of Other Comprehensive Income (OCI)						Money received against share warrants	Total
				Capital Reserve	Securities Premium	Other Reserves (specify nature)	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange diff. on translating the financial statements of a foreign operation	Other items of OCI (Changes in Employees defined benefits plan)		
1.	**Current reporting period (2022-23)**														2022-23
	Balance at the beginning of the current reporting period (01.04.2022)	0.00	0.00	0.00	4838.57	0.00	-101761.72	0.00	-32.56	0.00	95008.71	0.00	543.47	0.00	**-1403.53**
	Changes in accounting policy or prior period errors (Note No.7)	0.00	0.00	0.00	0.00	0.00	-294.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**-294.36**
	Restated balance at the beginning of the current reporting period	**0.00**	**0.00**	**0.00**	**4838.57**	**0.00**	**-102056.08**	**0.00**	**-32.56**	**0.00**	**95008.71**	**0.00**	**543.47**	**0.00**	**-1697.89**
	Total Comprehensive Income for the current year	0.00	0.00	0.00	0.00	0.00	-5022.41	0.00	-72.99	0.00	1035.38	0.00	101.39	0.00	**-3958.63**
	Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
	Transfer to retained earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
	Any other change (to be specified)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21.00	0.00	-302.00	0.00	0.00	0.00	**-281.00**
	Balance at the end of the current reporting period (31.03.2023)	**0.00**	**0.00**	**0.00**	**4838.57**	**0.00**	**-107078.49**	**0.00**	**-84.55**	**0.00**	**95742.09**	**0.00**	**644.86**	**0.00**	**-5937.52**
2.	**Previous reporting period (2021-22)**														2021-22
	Balance at the beginning of the current reporting period (01.04.2021)	0.00	0.00	0.00	4838.57	0.00	-99497.02	0.00	-192.08	0.00	93606.29	0.00	502.48	0.00	**-741.76**
	Changes in accounting policy or prior period errors	0.00	0.00	0.00	0.00	0.00	59.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**59.76**
	Restated balance at the beginning of the current reporting period	**0.00**	**0.00**	**0.00**	**4838.57**	**0.00**	**-99437.26**	**0.00**	**-192.08**	**0.00**	**93606.29**	**0.00**	**502.48**	**0.00**	**-682.00**
	Total Comprehensive Income for the current year	0.00	0.00	0.00	0.00	0.00	-2618.82	0.00	224.52	0.00	1978.42	0.00	40.99	0.00	**-374.89**
	Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
	Transfer to retained earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
	Any other change (Deferred Tax liability)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-65.00	0.00	-576.00	0.00	0.00	0.00	**-641.00**
	Balance at the end of the current reporting period (31.03.2022)	0.00	**0.00**	**0.00**	**4838.57**	**0.00**	**-102056.08**	**0.00**	**-32.56**	**0.00**	**95008.71**	**0.00**	**543.47**	**0.00**	**-1697.89**

Note: Previous year financial statement were restated to correct the errors as per Ind As8. (Note No.37)

As per our report of even date attached

For Balan & Co.
Chartered Accountants
FRN 340S

Sd/-
Joyal George, FCA
Partner
Membership No.: 228702
UDIN: UDIN: 23228702BGXDRK1444

Place: Ernakulam
Date: 18.05.2023

For and on behalf of the Board of Directors

Sd/-
Sajeev B.
Chairman and Managing Director
DIN 09344438

Sd/-
Yogendra Prasad Shukla
Director (Finance)
DIN 09674122

Sd/-
Subramonian H.
Company Secretary
ACS: 28380

Place: Ernakulam, Kerala
Date: 18.05.2023

Standalone Cash Flow Statement for the year ended 31st March, 2023

(₹ in Lakhs)

Description	For the year ended 31st March 2023	For the year ended 31st March 2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) for the period before tax	(5,022.41)	(2,618.82)
Adjustments for :		
Depreciation/Loss on impairment of Assets	118.75	116.37
Profit(-) / Loss on sale of Assets	-	-
Interest Income	(795.79)	(672.82)
Interest & Finance Charges	6,688.70	6,551.10
Income from investments	(150.27)	(255.49)
Changes in defined Employee benefit plan-other comprehensive income	101.39	40.99
Operating Cash Flows before Working Capital changes (A)	**940.37**	**3,161.33**
Adjustments for		
(Increase)/Decrease in Inventories	2,550.24	(2,430.47)
(Increase)/Decrease in Trade & Other Receivables	(1,507.20)	(1,684.69)
Increase/(Decrease) in Trade Payables & Other Liabilities	635.70	2,118.09
Cash Generated from Operations (Working Capital Changes) (B)	**1,678.74**	**(1,997.07)**
Net Cash flow from Operating activities (1) (A+B)	**2,619.11**	**1,164.26**
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(99.80)	(44.25)
Sale of fixed assets – Assets held for sale	-	-
Interest Income	753.75	750.00
Income from investments	86.65	191.87
Net Cash flow from / (used in) Investing activities	**740.60**	**897.62**
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/Decrease in Secured Loans	-	(1,161.82)
Increase/Decrease in Unsecured Loans	(1.34)	(1,394.13)
Interest Paid	(1,013.89)	(778.37)
Net cash used in financing activities	**(1,015.23)**	**(3,334.32)**
Net Increase Decrease in Cash and Cash Equivalents	2,344.48	(1,272.44)
Cash & Cash equivalents at the beginning of the period	2,014.53	3,286.97
Cash & cash equivalents at the end of the period	**4,359.01**	**2,014.53**
Cash & Cash equivalents as per above comprise of following		
a) Balances with banks (of the nature of cash and cash equivalents):		
Current accounts	277.00	239.30
Saving Account (Refer Note i)	153.43	149.25
Deposits with original maturity of less than three months	3,928.11	1,624.50
b) Cash on Hand	0.47	1.48
Total	**4,359.01**	**2,014.53**

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

For Balan & Co.
Chartered Accountants
FRN 340S

Sd/-
Sajeev B.
Chairman and Managing Director
DIN 09344438

Sd/-
Joyal George, FCA
Partner
Membership No.: 228702
UDIN: UDIN: 23228702BGXDRK1444

Sd/-
Yogendra Prasad Shukla
Director (Finance)
DIN 09674122

Sd/-
Subramonian H.
Company Secretary
ACS: 28380

Place: Ernakulam
Date: 18.05.2023

Place: Ernakulam, Kerala
Date: 18.05.2023

Notes to the Standalone Financial statements for the period ended 31st March, 2023

1. Corporate Information

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

2. Significant Accounting Policies

2.1 Basis of Preparation of Financial Statement

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

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

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

Derivative financial Instrument

Defined Benefit Plans – Plan Assets

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

Significant accounting estimates, assumptions and judgements

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

Estimates and assumptions

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

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

Taxes

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

Employee benefits

i. Short-term obligations

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

ii. Other long-term employee benefit obligations

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

iii. Post-employment obligations

"The Company operates the following post-employment schemes:

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

(b) Defined contribution plans such as provident fund.

iv. Defined benefit plans

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

v. Defined contribution plans

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

i. Gratuity

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

Pension and gratuity obligations

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

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

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

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

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

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

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

c) Temporary employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

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

e) Post employment and other long term employee benefits are recognised as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation technique. Actuarial gain and loss in respect of post employment and other long term benefits are charged to statement of profit and loss.

Fair value measurement of financial instruments

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

Provision against obsolete and slow-moving inventories

The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use, on the basis of technical assessment. The Company carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Company reassesses the estimation on each balance sheet date providing provision for slow moving inventory at 50% and in the case of obsolete items at 100%.

Impairment of financial assets

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

Impairment of non-financial assets

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

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

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

2.2 Summary of significant accounting policies

a) Current versus Non-Current classification

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

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

All other assets are classified as non-current.

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

liability is current when:

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

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

The Company classifies all other liabilities as non-current.

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

b) Revenue recognition

The Company earns revenue primarily from manufacturing chemical product.

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

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

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

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

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

Sale of product

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

Rendering of services

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

Interest income

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

Rental Income

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

c) Property, Plant and Equipment

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

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

The management’s considered view is that estimated useful lives as per the Schedule II of the Companies Act, 2013 are realistic and reflect fair approximation of the period over which the assets are likely to be used. The company reviews the useful life of the Property, plant & equipment and Intangible asset as at the end of each reporting period and these reassessment may result in change in depreciation expenditure in future period.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual value over their estimated useful lives of Property, plant and equipment as per Schedule II of the Companies Act 2013 as under:

1) Buildings : 3/5/30/60 years
2) Plant & equipments: 10/12/15/20 years
3) Furniture & fixtures: 10 years
4) Vehicles: 8/10 years
5) Office equipments: 3/5/6/8 years
6) Intangible assets: 5 years

Items of fixed assets that have been retired from active use and are held for disposal are valued at lower of their net book value or net realisable value.”

Investment Properties

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

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

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

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

d) Property, plant and equipment held for sale

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

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

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

Leasehold improvements over the period of lease

Leasehold Land:

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

e) Intangible assets

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

ii) Other intangible assets

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

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

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

f) Borrowing costs

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

g) Foreign Currency Transactions and balances

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

h) Fair value measurement

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities"

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

i) Leases

"The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition."

Company as a lessee

"A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the

Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term."

Company as a lessor

"Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease."

j) Inventories

"(i) Stores and spares, packing materials and raw materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.

(ii) Semi-finished products and finished products are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory.

(iii) By-products are valued at estimated net realizable value.

(iv) Trading goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale."

k) Impairment of non-financial assets

"The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount,nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

l) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event,it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profitand loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects,when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in respect of possible obligations that have risen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise, or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

m) Financial instruments

"A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Debt instruments at amortised cost

A 'debt instrument' is measured at its amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss."

Debt instrument at FVTOCI

A 'debt instrument' is classified at FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

"b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value.Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method."

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL. In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has designated certain debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

De-recognition

"A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

the rights to receive Cash flows from the asset have expired, or

the company has transferred its rights to receive Cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either(a) the company has transferred substantially all the risks and rewards of the asset, or

(b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay."

Impairment of financial assets

"In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits,trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Lease receivables under Ind AS 17

d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 (referred to as 'contractual revenue receivables' in these financial statements)

e) Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on:

Trade receivables andOther receivables

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

All contractual terms of the financial Instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

Cash flows from the sale of collateral Held or Other credit enhancements that are integral to the contractual terms. financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount."

n) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Loans and borrowings

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

o) Derivative financial instruments

Initial recognition and subsequent measurement. The Company uses derivative financial instruments, such as forward currency contracts, full currency swaps and interest rate swaps contracts to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits,as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q) Cash dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

r) Taxes

Current income tax

"Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situationsin which applicable tax regulations are subject to interpretation and establishes provisions where appropriate."

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:When the deferred tax liability arises from the initial recognition of Goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in the temporary differences will not reverse in the foreseeable future Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except: When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in othercomprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction eitherin OCI or directly in equity.

s) Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. Deferred tax assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

t) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related assets.

Export Benefits:

“Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and the net benefit/obligation has been accounted by making suitable adjustments in raw material consumption.

The benefit accrued under the Duty Drawback, Merchandise Export Incentive Scheme and other schemes as per the Import and Export Policy in respect of exports made under the said schemes is included as ‘Export Incentives’ under the head ‘Other operating revenue’.”

u) Earnings Per Share:

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

v) Contingent Liability and Contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non—occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Contingent liabilities and contingent assets are reviewed at each balance sheet date.

w) Share-Based Payments:

Measurement and disclosure of the employee share based payment plans is done in accordance with Ind AS 102, Share-Based Payment. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

x) Errors and Omissions of earlier period:

Errors and omissions in individual items of Income and Expenditure relating to earlier periods, exceeding `1 Lakh is accounted in the respective period, if possible, or adjusted against opening retained earnings.

xi) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

2) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

Recent Accounting Pronouncements

The Ministry of Corporate Affairs through Companies (Indian Accounting Standards) Amendment Rules, 2020 has notified the following new and amendments to Ind AS which the company has applied as they are effective for annual period that begins on or after April 1, 2020.

Ind AS 103: Business Combination

Definition of term “business” has been substituted with “an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. Accordingly, providing goods or services to customers has been added. This amendment is necessary because every business involves providing goods or services to the customers. There is no impact in the financial statement of the company as this Ind AS Is not applicable.

Ind AS 107 and Ind AS 109: Financial Instrument

Hedge accounting is a method of accounting where entries to adjust the fair value of a security and its opposing hedge are treated as one. Hedge accounting attempts to reduce the volatility created by the repeated adjustment to a financial instrument’s value, known as fair value accounting or mark to market. This reduction in volatility is done by combining the instrument and the hedge as one entry, which offsets the opposing movements. For hedging relationships to which an entity applies an entity shall disclose (a) the significant interest rate benchmarks to which the entity‘s hedging relationships are exposed (b) the extent of the risk exposure the entity manages that is directly affected by the interest rate benchmark reform (c) how the entity is managing the process to transition to alternative benchmark rates (d) a description of significant assumptions or judgements the entity made in applying these paragraphs (for example, assumptions or judgements about when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows); and (e) the nominal amount of the hedging instruments in those hedging relationships.

Following temporary exceptions have also being provided from applying specific hedge accounting requirements a) For assessing highly probable requirement for cash flow hedges b) Reclassifying the amount accumulated in the cash flow hedge reserve c) Assessing the economic relationship between the hedged item and the hedging instrument d) Designating a component of an item as a hedged item. There is no impact in the financial statement of the company as this Ind AS Is not applicable.

Ind AS 116: Leases

Due to the COVID- 19, and thereafter the lockdown in India, many businesses have been shut or partially opened resulting into adverse impact on Revenue & Cash flow. Accordingly, the lease payment has been affected and the businesses are demanding the rent concession from their vendors. If the below mentioned conditions are fulfilled, then entity treat the Rent concession without lease modification. (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (b) any reduction in lease payments affects only payments originally due on or before the 30th June, 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before the 30th June, 2021 and increased lease payments that extend beyond the 30th June, 2021); and (c) there is no substantive change to other terms and conditions of the lease. There is no impact in the financial statement of the company as this Ind AS Is not applicable.

Ind AS 1 and 8: Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors

A new definition of material has been introduced by this amendment, this is more refined and also most expected by the industry, some of the examples of circumstances have also been provided for more clarity.

Material: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured: –

a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear

b) information regarding a material item, transaction or other event is scattered throughout the financial statements

c) dissimilar items, transactions or other events are inappropriately aggregated;

d) similar items, transactions or other events are inappropriately disaggregated; and

e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity`s general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity ‘s own circumstances.

The primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyses the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.

The Company has duly considered the changes in definition of ‘materiality’ for presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors.

Ind AS 10 Events after the Reporting Period

A paragraph 21 of the Ind AS 10 have been substituted, in the amendment any non-adjusting events that could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements which provide financial information about a specific reporting entity have been added.

Accordingly, the following disclosure to be provided

a) the nature of the event; and

b) an estimate of its financial effect, or a statement that such an estimate cannot be made.

The company duly considered the aforesaid amendment for the preparation, disclosure and presentation of financial statements.

Ind AS 34 Interim Financial Reporting

Consequential amendment and accounting of restructuring plan.

Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets

A management or board decision to restructure taken before the end of the reporting period does not give rise to a constructive obligation at the end of the reporting period unless the entity has, before the end of the reporting period

a) started to implement the restructuring plan; or

b) announced the main features of the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation in them that the entity will carry out the restructuring.

This amendment is not applicable to the company.

Recent Indian Accounting Standards (Ind AS)

The Central Government, in consultation with the National Financial Reporting Authority has notified the Companies (Indian Accounting Standards) Amendment Rules, 2021 to further amend the Companies (Indian Accounting Standards) Rules, 2015. In this amendment, the following new and amendments brought into Indian Accounting Standards, which the Group has duly applied, wherever applicable during the year:

Ind AS – 103: Business Combination

The first amendment relates to recognition condition of the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquire. To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Frame work for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards issued by the Institute of Chartered Accountants of India at the acquisition date. The Company does not expect any impact from this amendment.

Ind AS – 105: Non-current Assets Held for Sale and Discontinued Operations

The amendment provides for the change in the definition of recoverable amount – recoverable amount means the higher of an asset’s fair value less costs of disposal. The Company does not expect any impact from this amendment.

Ind AS – 107: Financial Instruments – Disclosures

The amendment provides for additional disclosures related to interest rate benchmark reform on an entity’s financial instruments and risk management strategy. The Company does not expect any impact from this amendment.

Ind AS – 109: Financial Instruments

The amendment provides for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform by way of amending the contractual terms specified at the initial recognition of the financial instrument, in a way that was not considered by or contemplated in the contractual terms at the initial recognition of the financial instrument, without amending the contractual terms and/or because of the activation of an existing contractual term. The Company does not expect any impact from this amendment.

Ind AS – 114: Regulatory Deferral Accounts

This amendment provide for the change in accounting polices in respect of regulatory deferral account balances. An entity shall not change its accounting policies in order to start to recognise regulatory deferral account balances. An entity may only change its accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances if the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable, or more reliable and no less relevant to those needs. An entity shall judge relevance and reliability using the criteria in paragraph 10 of Ind AS 8. The Company does not expect any impact from this amendment.

Ind AS – 116: Leases

The amendment provides for the change the basis for determining future lease payments as a result of interest rate benchmark reform. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:(a) the modification is necessary as a direct consequence of interest rate benchmark reform; and(b) the new basis for determining the lease payments is economically equivalent to the previous basis. The Company does not expect any impact from this amendment.

The Central Government, in consultation with the National Financial Reporting Authority has notified the Companies (Indian Accounting Standards) Amendment Rules,2022 to further amend the Companies (Indian Accounting Standards) Rules, 2015. The company has applied Indian Accounting Standards Amendment Rules 2022, with effect from 1 April 2022.

Ind AS – 103: Business Combination

The first amendment relates to recognition condition of the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquire. To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards issued by the Institute of Chartered Accountants of India at the acquisition date. The other amendments provide for the guidance on recognizing the intangible assets, specify the type of identifiable assets and liabilities that include items for which this Ind AS provides limited exceptions to the recognition principle and conditions, provides limited exceptions to its recognition and measurement principles and specify both the particular items for which exceptions are provided and the nature of those exceptions. The Company does not expect any impact from these amendments.

Ind AS – 16: Property Plant and Equipment

The amendment provides for directly attributable cost in respect of costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition (such as samples produced when testing equipment). Excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Company does not expect any impact from this amendment.

Ind AS – 37: Provisions, Contingent Liabilities and Contingent Assets

This amendment provides for, in respect of onerous contract, the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both-(a) the incremental costs of fulfilling that contract(b) an allocation of other costs that relate directly to fulfilling contracts. It also provides for, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The Company does not expect any impactfrom this amendment.

NOTE 3 - Property, Plant and equipment **(Rs. In Lakh)**

Sl. No.	Description	GROSS BLOCK				DEPRECIATION / AMORTISATION / IMPAIRMENT				N E T B L O C K	
Item		As at 01.04.2022	Additions	Deletions	As at 31.03.2023	Up to 01.04.2022	Deletions	Provided during the year	Up to 31.03.2023	As on 31.03.2023	As on 31.03.2022
a)	**Property, Plant and equipment**										
1a	Land and Land Development	578.25	0.00	0.00	578.25	0.00	0.00	0.00	0.00	578.25	578.25
1b.	-do- Revaluation	12406.00	1035.38	0.00	13441.38	0.00	0.00	0.00	0.00	13441.38	12406.00
2.	Buildings	1282.52	0.00	0.00	1282.52	899.73	0.00	18.00	917.73	364.79	382.79
3.	Plant and Equipment	24942.37	90.49	0.00	25032.86	23044.05	0.00	78.74	23122.79	1910.07	1898.32
4	Furniture, Fixtures and Equipments	115.13	1.99	0.00	117.12	103.27	0.00	0.89	104.16	12.96	11.86
5.	Vehicles	118.63	0.17	0.00	118.80	108.54	0.00	0.83	109.37	9.43	10.09
6.	Office Equipment	683.03	7.15	0.00	690.18	622.31	0.00	9.72	632.03	58.15	60.72
7.	Library Books	13.47	0.00	0.00	13.47	13.43	0.00	0.00	13.43	0.04	0.04
	Sub Total	**40139.40**	**1135.18**	**0.00**	**41274.58**	**24791.33**	**0.00**	**108.18**	**24899.51**	**16375.07**	**15348.07**
b)	**Investment Property**										
b.	Investment property Land	16.71	0.00	0.00	16.71	0.00	0.00	0.00	0.00	16.71	16.71
b1.	Investment property Building	136.89	0.00	0.00	136.89	64.86	0.00	2.16	67.02	69.87	72.03
	Sub Total	**153.60**	**0.00**	**0.00**	**153.60**	**64.86**	**0.00**	**2.16**	**67.02**	**86.58**	**88.74**
c)	**Intangible assets** - Computer software	**442.30**	**0.00**	**0.00**	**442.30**	**415.04**	**0.00**	**8.40**	**423.44**	**18.85**	**27.25**
	G. Total	**40735.30**	**1135.18**	**0.00**	**41870.48**	**25271.23**	**0.00**	**118.74**	**25389.97**	**16480.50**	**15464.06**

1. During the year there is no change in the management estimates of the useful life for various class of Property, plant and equipments and Intangible assets.
2. Company had given 1.03 acre of land at Ambalamugal in Kochi to M/s. Sterling Gas Limited as operating lease under cancellable lease agreement. Investment properties are distinguished from owner occupied property based on area covered under lease agreement and the value of investment has been determined using pro-rata basis.
3. Company own 184 residential flats at Kochi comprising of 155104 Sq. Ft. out of which 46594 Sq. ft. consisting of 55 flats has been earmarked as investment property for letting out.
4. Land at Kochi have been revalued by professionally qualififed independent valuer Er.S.Rajendraprasad, Wealth Tax No: Catogory No.1/3/Vol.II/2009-10.No:CC-CHN/TECH/RV/3/2009-10) on 14.04.2023. The carrying amount that would have been recognised Rs.578.25 Lkahs under cost model and the revaluation surplus Rs.1035 Lkhs and no restrictions on the distribution of the balance to shareholders.
5. The company has not revalued its intangible assets during the Financial year

Amounts recognised in profit or loss for investment properties	**31.03.2023**	**31.03.2022**
Rental income including contingent rent	26.98	24.07
Direct operating expenses from property that generated Rental Income	15.74	7.20
Direct operating expenses from property that did not generate rental income	0.00	0.00
Income from investment properties before depreciation	**11.24**	**16.87**
Depreciation	2.16	2.16
Income from investment properties	**9.08**	**14.71**
Fair value of investment property (Land)		
Investment property-Sterling Gas Ltd	120.41	111.66
Investment property-Township	408.49	371.35
Total	**528.90**	**483.01**

Estimation of fair value:

The fair value of investment property has been determined by an external registered independent property valuer having professional qualification.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

3d) Property, plant and equipments held for sale **Amount (Rs in Lakh)**

Description of the Non-Current Assets	Facts and Circumstances of the sale	Manner of disposal	Timing of disposal	N ET BLOCK	
				As on 31.03.2023	As on 31.03.2022
Land	Closure of Rasayani unit and disposal of assets.	Direct sale of 152 acres of land to BPCL and balance through NBCC.	Within 12 months	99094.84	99094.84
Buildings		E-auction through MSTC	-do-	65.15	65.15
Plant and Equipment		-do-	-do-	58.81	58.81
Furniture, Fixtures and Equipments		-do-	-do-	0.94	0.94
Total				**99219.74**	**99219.74**

Note: The company is in the process of implementation of the Govt. Approved restructuring plan vide order dated May 22, 2017, the company has closed the Rasayani Unit, plant and equipment scrapped has been disposed off. Sale of unencumbured land in Rasayani through NBCC and Panvel land through e-auction are in progress. The Phenol plant at Kochi is in operation.

Description	As at 31.03.2023	Rs. in Lakh As at 31.03.2022
Financial Assets		
4. Investments		
Non current		
Investment stated at Cost		
(A) Investments in Equity Instruments		
a. Investment in Subsidiary (Quoted)		
11060000 (previous year 11060000) Equity Shares of Rs. 10 each fully paid in Hindustan Fluorocarbons Ltd. (Holding 56.43% of shares)	1,106.00	1,106.00
Less: Provision for impairment in value of investment (Market value as on 31.03.2023 Rs.8.91, Previous Year Rs. 9.57 per share) *	120.55	47.56
Sub-total	**985.45**	**1,058.44**
Investment in Unquoted Equity Shares of Kerala Enviro Infrastucture Ltd		
(50000 Unquoted Equity Shares @ Rs.10/-)	5.00	5.00
Less :- Provision for impairment in value of investment	-	-
	5.00	**5.00**
Total Non-Current Investments	**990.45**	**1,063.44**
Aggregate amount of quoted investments (Market Value)	985.45	1,058.44
Aggregate amount of quoted investments (Cost)	1,106.00	1,106.00
Aggregate amount of unquoted investments	5.00	5.00
Aggregate amount of provision for impairment	120.55	47.56
Total Non-Current Investments	990.45	1,063.44
* Gain/loss in value of investment is recognised in Other comprehensive income since the market value was Rs.8.91 per share as on 31.03.2023 and Rs.9.57 per share as on 31.03.2022 (Face value Rs.10 per share).		
5. Other Non-Current Assets		
i) Other Deposits with authorities and high court	518.05	497.37
Total	**518.05**	**497.37**

Description	As at 31.03.2023	Rs. in Lakh As at 31.03.2022
6. Inventories (Valued at lower of cost and net realisable value)		
a. Raw materials and components	998.33	1,699.53
b. Work in progress	938.00	1,133.84
c. Finished goods	978.47	2,265.34
d. Store and spares	2,401.65	2,795.21
Less: Allowances for obsolesence of stores and spares.	(355.50)	(382.73)
Total	**4,960.95**	**7,511.19**
* Allowances for stores obsolesence are made at 50% of the Slow moving items above five years and at 100% for obsolete items.		
7. Trade Receivables		
Considered good - Secured	-	-
Considered good - Unsecured	1,807.23	732.03
Which have significant increase in credit risk	0.48	3.09
Credit impaired	1,474.52	1,489.46
Less: Allowance for doubtful trade receivable	(1,474.52)	(1,489.46)
Less: Bills Receivables discounted	-	-
Total trade receivables	**1,807.71**	**735.12**
Allowance is made in the accounts for trade receivables which in the opinion of the management are considered credit impaired. The Company is consistently following the practice of creating allowance for those trade receivables which remain outstanding for more than three years or doubtful of recovery. Trade receivable between two to three years showing significant credit risk have been provided for allowance.		
The disclosure of movement as required under Indian Accounting Standard 37 Provisions, Contingent Liabilities and Contingent Assets		
Allowance for doubtful Trade receivables		
Provision at the beginning of the year	1,489.46	1,474.13
Provisions made during the year **	2.14	16.77
Released during the year *	17.08	1.44
Provision at the end of the year	**1,474.52**	**1,489.46**
*During the year the Company has collected/written off Trade Receivables to the tune of Rs.17.08 Lakh(previous year Rs.1.44 lakhs) for which allowance has already been created.		
**Trade receivables provision is done as per ECL matrix.		

Debtors ageing	Debtors	%	Provision
Not overdue	1790.94	0.00	0
90-180 Days	0.90	12.29	0.11
180-366 Days	0.18	5.85	0.01
366-730 Days	0.49	8.45	0.04
731-1095 Days	0.48	15.59	0.08
Above 1095 Days	1489.24	99.00	1474.28
Total	**3282.23**		**1474.52**

Trade Receivables ageing schedule Rs. In Lakhs

Particulars	Not due (less than 60 days)	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Current Year 2022-23							
(i) Undisputed Trade receivables – considered good	1791.84		0.19	0.49			1792.52
(ii) Undisputed Trade Receivables – which have significant increase in credit risk					0.48		0.48
(iii) Undisputed Trade Receivables – credit impaired						590.00	590.00
(iv) Disputed Trade Receivables–considered good							0.00
(v) Disputed Trade Receivables – which have significant increase in credit risk						899.22	899.22
(vi) Disputed Trade Receivables – credit impaired							0.00
Total	1791.84	0.00	0.19	0.49	0.48	1489.22	3282.23
Less: Allowances for expected credit loss	0.00	0.00	0.12	0.04	0.08	1474.28	1474.52
Net Amount	**1791.84**	**0.00**	**0.07**	**0.45**	**0.40**	**14.94**	**1807.71**
Previous Year 2021-22							
(i) Undisputed Trade receivables – considered good	291.20	431.89	3.11	5.83			732.03
(ii) Undisputed Trade Receivables – which have significant increase in credit risk					3.09		3.09
(iii) Undisputed Trade Receivables – credit impaired						598.64	598.64
(iv) Disputed Trade Receivables–considered good							0.00
(v) Disputed Trade Receivables – which have significant increase in credit risk						891.03	891.03
(vi) Disputed Trade Receivables – credit impaired							
Total	291.20	431.89	3.11	5.83	3.09	1489.67	2224.79
Less: Allowances for expected credit loss	0.00	0.00	0.00	0.00	0.00	1489.67	1489.67
Net Amount	**291.20**	**431.89**	**3.11**	**5.83**	**3.09**	**0.00**	**735.12**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Rs. in Lakh

Description	As at 31.03.2023	As at 31.03.2022
8. Cash and cash equivalents		
Balances with banks (of the nature of cash and cash equivalents):		
Current accounts	277.00	239.30
Saving Account *	153.43	149.25
Deposits with original maturity of less than three months	3928.11	1624.50
Cash on Hand	0.47	1.48
	4359.01	**2014.53**

* Balance in Saving account is earmarked for the rental dues of Harchandrai House as per the direction of Small Causes Court, Mumbai.

Description	As at 31.03.2023	As at 31.03.2022
9. Other Bank Balance		
Fixed Deposit against BG/LC	6202.07	5592.19
Fixed deposit for maturity of more than three months but less than 12 months	6169.40	5904.01
Total	**12371.47**	**11496.20**
10. Loans (Current asset)		
A) Current Loans and Advances to related parties		
Unsecured, considered good		
(M/s. Hindustan Fluorocarbons Ltd.)	3197.08	3197.08
Net amount	**3197.08**	**3197.08**
(B) Loans to employees		
a. Unsecured, Considered good	**22.35**	**21.01**
(C) Advance to suppliers		
Doubtful	65.00	65.00
Less: Allowance for doubtul advance to suppliers	65.00	65.00
	0.00	**0.00**
Total loans - Current	**3219.43**	**3218.09**

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company

Subsidiary Company Hindustan Fluorocarbons Ltd has created first charge in ROC, Hyderabad in favour of the company on 84.31 acres of land at Rudraram Village, Medak Dist., Telengana state towards zero coupon loan of Rs.2744.07 Lakh outstanding, the interest bearing loan of Rs.453.01 Lakh and interest accruing thereon till 31st March 2023 Rs.1075.05 (previous year Rs.1017.79 lakhs) is Rs.4272.13 lakhs (previous year Rs.4214.87 lakhs). As per the valuation report by an external registed independent valuer having professional qualification the value of the property comes to Rs.10196.76 Lakhs.

Description	As at 31.03.2023	As at 31.03.2022
11. Other Financial Assets		
Current		
A) Interest receivable		
Unsecured, Considered good		
Accrued Interest on Deposits	**358.29**	**316.25**
Accrued Interest on Advance	106.08	106.08
Less: Provision for Doubtful repayment	106.08	106.08
Net amount	**0.00**	**0.00**
Accrued Income from Township	0.00	5.53
Less : Allowances	0.00	5.53
	0.00	**0.00**
B) Interest Receivables from related parties		
(M/s. Hindustan Fluorocarbons Ltd.)	1,075.05	1,017.79
Net amount	**1075.05**	**1017.79**
Total Other Financial Assets	**1433.34**	**1334.04**

Rs. in Lakh

Description	As at 31.03.2023	As at 31.03.2022
12. Other current assets		
i) Deposits with the Collectorate of Central Excise and Customs	7.37	7.37
Less : Allowances for doubtful advance	2.90	2.90
Sub-total	**4.47**	**4.47**
ii) Statutory receivables - Duties & Taxes, Prepaid Taxes	317.07	842.07
Less : Allowances for doubtful advance	4.29	4.29
Sub-total	**312.78**	**837.78**
iii) Advances to suppliers	**146.10**	**277.26**
Less : Allowances for doubtful advance	4.31	4.31
	141.79	272.95
iv) Deposits - Gratuity, EMD & Rent	**1781.19**	**1544.33**
v) Prepaid Expense	142.04	163.01
vi) Other Advances Recoverable	28.56	39.81
vii) Accrued income on Employee Advances	4.69	8.15
viii) Recoverable from employees	60.41	60.41
Sub-total	**235.70**	**271.38**
Less : Allowances for doubtful advance	60.41	60.41
Sub-total	**175.29**	**210.97**
Total	**2415.52**	**2870.50**

Gratuity deposit of Rs.1729.47 Lakh (previous year Rs.1490.61 lakh) in LIC and ICICI Bank towards Employees Group Gratuity Fund Trust created against Gratuity liability.

Rs. in Lakh

Description	As at 31.03.2021		As at 31.03.2020	
	Nos.	Rs.	Nos.	Rs.
13. Share Capital				
Authorised Share Capital				
Equity Shares of Rs. 10 each				
Opening Balance	100000000	10000.00	100000000	10000.00
Increase/(decrease) during the year	-	0.00	-	0.00
Closing balance	**100000000**	**10000.00**	**100000000**	**10000.00**
Preference Shares of Rs. 10 each				
Opening Balance	270000000	27000.00	270000000	27000.00
Increase/(decrease) during the year	-	0.00	-	0.00
Closing balance	**270000000**	**27000.00**	**270000000**	**27000.00**
Total authorised capital	**370000000**	**37000.00**	**370000000**	**37000.00**
Issued equity capital				
Equity shares of Rs. 10 each issued, subscribed and fully paid				
Opening balance	67173100	6717.31	67173100	6717.31
Add: Paid-up amount on shares forfeited	-	9.65	-	9.65
Increase/(decrease) during the year	-	0.00	-	0.00
Total - Equity share capital	**67173100**	**6726.96**	**67173100**	**6726.96**

Terms/ rights attached to equity shares

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Details of shareholders holding more than 5% shares in the company and Shareholding of Promoters					
Name of the shareholder	As at 31.03.2023		As at 31.03.2022		% change during the year
	No. of shares	% Holding	No. of shares	% Holding	
Equity shares of INR 10 each fully paid: The Government of India (Promoter)	3,94,81,500	58.78%	3,94,81,500	58.78%	Nil

During the year 2010-11, the Company forfeited 193000 shares of Rs.10 each (Rs.5 paid up) for non payment of allotment and call monies and the amount paid towards application money in respect of these forfeited shares has been transferred to "Share's Forfeiture Account".

Rs. in Lakh

Description	As at 31.03.2023	As at 31.03.2022
14. Other equity		
a) Securities Premium Reserve		
Opening balance	4838.57	4838.57
Increase/(decrease) during the year	0.00	0.00
Closing balance	**4838.57**	**4838.57**
b) Retained Earnings		
Opening balance	(1,01,761.72)	(99,497.02)
Changes in accounting policy or prior period errors (Note No.37)	(294.36)	59.76
Restated balance at the beginning of the period	(1,02,056.08)	(99,437.26)
Add: Profit / (Loss) for the year	(5,022.41)	(2,618.82)
Add: Profit on sale of Land	-	-
Closing balance	**(107078.48)**	**(102056.08)**
c) Other comprehensive income		
i) Revaluation of Property, plant & Equipments		
Opening balance	95,008.71	93,606.29
Add: Revaluation during the year (Note No.3)	1,035.38	1,978.42
Less: Reserve transferred to Retained Earning	-	-
Add : Reversal of Deferred Tax liability on account of sale	-	-
Add/(Less): Deferred Tax liability on account of revaluation during the year	(302.00)	(576.00)
Closing balance	**95,742.09**	**95,008.71**
ii) Equity Instrument through Other Comprehensive Income		
Opening balance	(32.56)	(192.08)
Add/Less: Revaluation during the year	(72.99)	224.52
Less: Deferred Tax liability on account of revaluation during the year	21.00	(65.00)
Closing balance	**(84.55)**	**(32.56)**
iii) Changes in Employees defined benefits plan		
Opening	543.47	502.48
Add:	-	-
Add/Less: Remeasurement of defined benefit plan	101.39	40.99
Closing balance	**644.86**	**543.47**
Total	**96,302.40**	**95,519.62**
Total Other Equity	**(5,937.51)**	**(1,697.89)**

Securities Premium Reserve - Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to “Securities Premium Reserve”. The Company may issue fully paid-up bonus shares to its members out of the securities premium reserve and the Company can use this reserve for buy-back of shares.

Rs. in Lakh

Description	As at 31.03.2023	As at 31.03.2022
15. Provisions (Long term liability)		
For Employee's Benefits - Leave encashment	1004.84	903.42
For Employee's Benefits -Gratuity	1367.93	1871.04
Other provision	23.13	23.13
Total	**2395.90**	**2797.59**
16. Deferred Tax liabilities		
Fair Value of Land	16719.52	16417.52
Fair Value of Investment in HFL	(36.00)	(15.00)
Net Deferred tax liability [Note No.41]	**16683.52**	**16402.52**

The deferred tax asset has not been recognised as there is no virtual l certainity about the future adequate taxable profitability of the company. Also refer Note No.41.

Description	As at 31.03.2023	As at 31.03.2022
17. Current Financial Liabilities-Borrowings		
Current maturities of Govt. loan	0.00	7695.09
Loan from GOI (Note No.19a)	45256.46	37561.37
Overdue 8% Non-cumulative Redeemable Preference Shares-GOI	27000.00	27000.00
Total Borrowings	**72256.46**	**72256.46**
Aggregate Secured loans	0.00	0.00
Aggregate Unsecured loans	45256.46	45256.46

Note

1. The preference shareholders have no voting rights.
2. The Government of India had released earlier in the year 2006-07 Rs.27000 Lakh (for financial restructuring Rs. 25000 Lakh and Caustic Soda Plant recommissioning Rs. 2000 Lakh) against allotment of 8% Non-Cumulative Redeemable Preference Shares, thereby broadening the capital base as per the revival scheme. The 8% Preference Shares were allotted to Government of India by the Board on 28th January, 2008, redeemable @ 20% commencing from 4th year with last redemption in the 8th year (ie.2015-16). At the request of the Company, Government of India had extended the commencement of redemption from financial year 2011-12 to financial year 2015-16 @ 25% each year. Government of India, had granted extension of redemption, subject to payment of interest @ 1.5 % pa, on the total amount of Rs.27000 Lakh and an amount of Rs.405 Lakh has been provided in the books of accounts during the year. Further interest @1 % is payable for default in repayment and accordingly interest amount of Rs.270 Lakh has been provided during the year.

Description	As at 31.03.2023	As at 31.03.2022
18. Trade payables		
Current - Trade Payables		
i) Outstanding dues of micro and small enterprises	14.85	55.50
ii) Outstanding dues of other than micro and small enterprises	4052.02	4096.34
	4066.87	**4151.84**
Amount due to Micro, Small and Medium enterprises:		
a) i) Principal amount remaining unpaid as at the end of each accounting year	14.85	55.50
ii) Interest due thereon	0.00	0.00
iii) Interest due and payable for the period of delay in payment	0.00	0.00
iv) Interest accrued and remaining unpaid	0.00	0.00
v) Interest due and payable even in suceeding years	0.00	0.00

b) Dues to Micro, Small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. All the dues to them are paid within due date and there is no overdue amount as on the closing date.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Trade payable aging schedule — **Rs.in Lakhs**

Particulars	Not due (Less than 30 days)	Outstanding for following periods from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Current Year 2022-23						
i)MSME	14.85	0.00	0.00	0.00	0.00	14.85
ii) Others	4033.38	9.58	0.29	1.49	2.28	4047.02
iii) Disputed dues-MSME	0.00	0.00	0.00	0.00	0.00	0.00
iv) Disputed dues.Others	0.00	0.00	0.00	0.00	5.00	5.00
TOTAL	**4048.23**	**9.58**	**0.29**	**1.49**	**7.28**	**4066.87**
Previous Year 2021-22						
i)MSME	55.5	0	0	0	0	55.5
ii) Others	3996.68	4.74	2.4	24.66	62.86	4091.34
iii) Disputed dues-MSME	0	0	0	0	0	0
iv) Disputed dues.Others	0	0	0	0	5	5
TOTAL	**4052.18**	**4.74**	**2.4**	**24.66**	**67.86**	**4151.84**

Rs. in Lakh

Description	As at 31.03.2023	As at 31.03.2022
19. Other Current financial liabilities		
Interest on GOI loan	**39860.59**	34860.78
Interest on preference shares	**6210.00**	5535.00
Total	**46070.59**	**40395.78**

Note:

i) There is a continuing default in repayment of loan from Government of India since the year 2009-10 and the overdue amount towards principal is Rs.45256.46 Lakh (previous year Rs.45256.46 Lakh) and for interest accrued is Rs.39860.59 Lakh (previous year Rs.34860.78 Lakh), these amounts are shown under 'Other Current Liabilities'. Company has during the year repaid loan overdue Principal amounts of Rs.NIL (previous year Rs.1404.00 Lakh).

ii)During the year the Company has made provision in respect of Damages/Penalty/Penal interest and the total cumulative provision is given below.

a. Interest (1.5 %) on Preference Share (Rs.270 Crore) postponement of redemption for 4 year Rs.405.00 lakhs.

b. Interest on default in repayment of Preference Share Capital @ 1 % Rs.270.00 lakhs per year.

Total impact on account of the above is Rs.675.00 Lakhs per year.

20. Short Term Provisions		
i) for Employee Benefits (Leave encash.)	175.16	314.45
ii) for Employee Benefits (Gratuity)	218.54	65.83
iii) for Employee remuneration	543.00	315.81
iv) for Statutory Claims	0.00	14.60
v) for Penal GOI gurantee fee	850.00	850.00
Total	**1786.70**	**1560.69**
21. Other current liabilities		
i) Advances from customers	555.59	412.81
ii) Deposits from Vendors / Customers	227.47	209.09
iii) Statutory Liabilities	487.50	232.92
iv) Employee related liabilities	99.80	130.79
v) Payroll Recoveries Payable	17.98	20.59
vi) Other Liabilities	2338.34	1824.13
Total	**3726.68**	**2830.33**

Rs. in lakh

Description	Year ended 31.03.2023	Year ended 31.03.2022
22. Revenue from operations - Sale of products (Manufactured)		
Revenue disaggregation by class of products		
Phenol	42127.59	29931.04
Acetone	15388.85	9341.88
Hydrogen Peroxide	2949.27	2542.01
H. E. of Cumene	1564.83	867.79
Cumox Oil	1068.32	684.67
Cumene	44.70	0.00
Sale value of Products : Total	**63143.56**	**43367.39**
23. Other income		
Direct income:		
Sale of Scrap	5.45	2.85
Sub-total	**5.45**	**2.85**
Interest income on		
On Call and Term Deposits (Gross)	795.79	672.82
On Advances and Deposits with KSEB and others	16.02	112.51
On loan to Subsidiary Company	63.62	63.62
Delayed payment & Finance charges from trade receivable	0.93	0.78
Sub-total	**876.36**	**849.73**
Other non-operating income		
Estate Rent	69.70	78.58
Transport, Water, Electricity,etc. recoveries	13.16	7.46
Sale of Tender Forms	0.00	0.00
Exchange rate Diff - Gain	0.00	0.00
Excess provision written back	65.12	2143.56
Profit on Sale of Assets	0.00	0.00
Miscellaneous Income	124.81	60.55
Sub-total	**272.79**	**2290.15**
Total	**1154.60**	**3142.73**

Reversal of Excess Provision written back include the following:		
1. Reversal of excess provision for doubtful debts	17.08	1.43
2. Provision no longer required in various cases	20.81	-
3. Excess Provision written back-Stores & Spares	27.23	19.78
4. Excess Provision written back HFL	-	2122.35
Total	**65.12**	**2143.56**

Miscellaneous income relating to 2021-22 Rs.11.25 lakhs has been incorrectly accounted due to error as such the comparative amount for the year 2021-22 is restated as per Ind As 8 .

(a) Nature of the prior perid error : Miscellaneous Income

(b) Amount of correction : Rs.11.25 lakhs

(c) Financial line item affected: Note No.23 (Miscellaneous Income)

24. Cost of raw material and components consumed		
Inventory at the beginning of the year	1699.53	1281.06
Add: Purchases	41978.06	28298.17
Less: inventory at the end of the year	998.33	1699.53
Cost of raw material and components consumed	**42679.26**	**27879.70**
25. Changes in Inventories of Finished Goods and WIP		
(Increase) / Decrease in inventory		
Inventories at the beginning of the year		
(i) Stock-in-Process	1133.84	960.65
(ii) Stock for Captive consumption	571.60	87.91
(iii) Finished Goods	1659.54	900.63
(iv) By Products	34.20	19.21
Sub-total	**3399.18**	**1968.40**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Rs. in lakh

Description	Year ended 31.03.2023	Year ended 31.03.2022
Inventories at the end of the year		
(i) Stock-in-Process	938.00	1133.84
(ii) Stock for Captive consumption	598.21	571.60
(iii) Finished Goods	351.81	1659.54
(iv) By Products	28.45	34.20
Sub-total	**1916.47**	**3399.18**
Changes in Inventories of finished goods and work in progress	**1482.71**	**(1,430.78)**
26. Employee benefits expense		
a) Salary, Wages and allowances *	3320.24	3579.33
b) Company's contribution to Provident Fund and Other funds	310.53	326.28
c) Gratuity payment including premium for Group Gratuity- cum-Life assurance scheme	92.29	167.67
d) Provision for Leave Encashment	276.14	279.77
e) Staff welfare expenses		
Medical amenities	95.57	121.03
Canteen and Nutrition amenities	207.42	262.63
Other welfare expenses	53.39	33.13
f) Voluntary Retirement benefits (VRS &VSS)	0.00	45.51
	4355.58	**4815.35**

*Rs. 248 lakhs and Rs. 295 lakhs have been provided as provision for arrear of proposed wage revision retrospectively w.e.f 25.01.2021 in the year 2022-23 and 2021-22 respectively.

Description	Year ended 31.03.2023	Year ended 31.03.2022
27. Finance costs		
Interest:		
On Fixed Loans (Govt. Loan)	4999.81	5097.73
Interest on advance from customers*	1001.96	753.18
On Preferenfce shares **	675.00	675.00
Interest - Others	6.14	10.10
	6682.91	6536.01
Other Borrowing Cost-Bank charges	5.79	15.09
Total finance costs	**6688.70**	**6551.10**

*Interest for early payment from customers has been regrouped from other expenses (selling and distribution expenses) to finance cost as per requirement of Inda As 115.

**Interest on Preference shares (2.5%) has been re-grouped from Other expenses (Provisions) to Finance cost.

Description	Year ended 31.03.2023	Year ended 31.03.2022
28. Depreciation and amortization expense		
Depreciation of tangible assets	110.35	108.34
Amortization of intangible assets	8.40	8.03
Total	**118.75**	**116.37**
29. Other expenses		
Consumption of Stores and Spares		
i) Catalyst and Chemicals	483.28	340.70
ii) Consumable stores	265.07	342.14
iii) Packing materials	576.91	484.16
	1325.26	**1167.00**
Utilities		
Power	2332.70	1671.16
Fuel	8252.19	5988.21
Water	286.31	219.29
	10871.20	**7878.66**
Repairs & Maintenance:		
Building	125.00	140.78
Plant and Machinery	248.51	383.89
Other Assets	170.47	132.62
	543.98	**657.29**

Rs. in lakh

Description	Year ended 31.03.2023	Year ended 31.03.2022
Administration Expenses:		
Rent	34.92	72.09
Insurance	213.87	206.44
Rates and taxes	351.08	474.96
Consultancy charges	183.92	104.06
Payment to Auditors:		
Auditor	4.60	5.10
Taxation matters	0.90	0.90
Reimb. of Expenses	0.70	0.76
Other services	0.20	0.20
Other expenses:		
Power for Township	19.48	16.80
Water for Township	11.62	21.87
Security Expenses	270.01	269.62
Advertisement Expenses	6.88	6.38
Hire of Vehicles Expenses	30.93	24.48
Loss on Sale / Disposal of Assets	0.00	0.00
Other Misc. Exp.	123.88	90.51
	1252.99	**1294.17**
Provisions:		
Provision for Doubtful Debts	2.14	16.77
Provision for Unidentified assets	0.00	2.61
Provision for doubtful rent	0.00	180.70
	2.14	**200.08**
Total	**13995.57**	**11197.20**

Notes:

Other miscellaneous expense includes Rs.10.61 lakhs pertaining to the year 2021-22 has been incorrectly accounted due to error as such the comparative amount has been restated as per Ind As8.

(a) Nature of the prior period error : Miscellaneous Expense

(b) Amount of correction : Rs.10.61 lakhs

(c) Financial line item affected: Note No.29 -Other Expense

30 EMPLOYEES BENEFIT PLAN:

A. Provision for leave encashment

The Company has made a provision and levied Rs.1180.00 Lakh (previous year Rs.1217.87 lakh) for leave encashment as on 31st March, 2023, as per the Ind AS-19 based on Actuarial Valuation and the unpaid amount of leave encashment claims submitted by the employees.

B. Provident fund

Employees receive benefits from the provident fund managed by the Company upto 30th June 2018. From 1st July 2018 onwards the Company has transferred the Provident fund accounts of all employees to Employees Provident Fund Organisation (EPFO) and managed by EPFO. The employee and employer each make monthly contributions to the Provident Fund/Pension Fund plan equal to 12% of the employees' salary/wages.

C. Gratuity

Gratuity plan is governed by the Payment of Gratuity Act, 1972 and employee who has completed five years of service is entitled to gratuity and the level of benefits provided depended on the member's length of service and salary at retirement age. The Employees' Gratuity Fund Scheme, which is a defined benefit plan, is managed by the Trust through an Annuity Scheme maintained with Life Insurance Corporation of India (LIC). The balance fund available with LIC is Rs.1729.04 lakh (Previous year Rs.1490.18 lakh) and depoist with ICICI Bank Rs.0.43 lakh (Previous year Rs. 0.43 lakh)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

All dues on account of gratuity of Rasayani unit and Kochi unit employees relieved upto 31.03.2023 have been paid and there are no further dues.

		Rs. in Lakh
Particulars	**As at 31.03.2023**	**As at 31.03.2022**
1. Funded Status of the plan		
Present value of funded obligations	1586.47	1936.87
Fair value of plan assets	(1729.47)	(1490.61)
Net Liability (Asset)	**(143.00)**	**446.26**
2a. Profit and loss account for current period		
Current Service Cost	65.83	77.30
Past Service cost and loss/gain on curtailments and settlement	0.00	0.00
Net Interest cost	26.45	90.36
Total included in 'Employee Benefit Expense' (P&L)	**92.28**	**167.66**
2b. Other Comprehensive Income for the current period		
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	(116.70)	(77.19)
Due to change in demographic assumption	0.00	0.00
Due to experience adjustments	40.95	53.39
Return on plan assets excluding amounts included in interest income	(25.63)	(17.19)
Amounts recognized in Other Comprehensive Income	**(101.38)**	**(40.99)**
3. Reconciliation of defined benefit obligation		
Opening Defined Benefit Obligation	1936.88	2278.24
Transfer in/(out) obligation	102.02	0.00
Current service cost	65.83	77.30
Interest Cost	105.42	113.68
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	(116.71)	(77.18)
Due to change in demographic assumption	0.00	0.00
Due to experience adjustments	40.95	53.39
Past Service Cost	0.00	0.00
Loss(gain) on curtailments	0.00	0.00
Liabilities Extinguished on settlement	0.00	0.00
Liabilities assumed in an amalgamation in the nature of purchase	0.00	0.00
Exchange diffeences on foreign plans	0.00	0.00
Benefits paid	(547.91)	(508.55)
Closing defined benefit Obligation	1586.48	1936.88
4. Reconciliation of plan Assets		
Opening value of plan assets	1490.61	625.98
Transfer in (out) plan assets	102.02	0.00
Expenses deducted from the fund	0.00	0.00
Interest Income	78.96	23.32
Return on plan assets excluding amounts included in interest income	25.63	17.20
Assets distributed on settlements	0.00	0.00
Contributions by employer	580.17	1280.00
Assets acquired in an amalgamation in the nature of purchase	0.00	0.00
Exchange rate differences on foreign plans	0.00	0.00
Benefits paid	(547.92)	-455.89
Closing value of plan assets	**1729.47**	**1490.61**

		Rs. in Lakh
Particulars	**As at 31.03.2023**	**As at 31.03.2022**
5. Reconciliation of net defined benefit liability		
Net opening provision in books of accounts	446.27	1652.26
Transfer in (out) obligation	102.02	0.00
Transfer (in) out plan assets	(102.02)	0.00
Employee benefits Expense as per Annexure 2	92.28	167.66
Amounts recognized in other comprehensive income	(101.38)	(40.99)
	437.17	1778.93
Benefits paid by the company	0.00	(52.66)
Benefits settled (Rasayani Unit)	0.00	0.00
Contributions to plan assets	(580.17)	(1280.00)
Closing provision in the books of accounts	(143.00)	446.27
Reconciliation of Assets Ceiling		
Opening Value of Assets Ceilng	0.00	0.00
Interest on Opening Value of Assets Ceiling	0.00	0.00
Loss/Gain on Assets due to surplus/Deficit	0.00	0.00
Closing Value of Plan Assets Ceiling	0.00	0.00
6. Composition of the Plan assets		
Government of India Securities	0%	0%
State government securites	0%	0%
High Quality Corporate Bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Special Deposit Scheme	0%	0%
Policy of Insurance	100%	100%
Bank Balance	0%	0%
Other Investments	0%	0%
Total	**100%**	**100%**
7. Bifurcation of liability as per schedule III		
Current liability	(143.01)	65.83
Non - Current liability	0.00	380.42
Net Liability	**(143.01)**	**446.25**
8.Principle acturial assumptions		
Discount Rate	7.3% pa	6.4% pa
Salary Growth rate	6.00% pa	7.00% pa
Withdrawal rates	3% at Younger ages	3% at Younger ages
	reducing to 1% at	reducing to 1% at
	older ages	older ages
Rate of Return on Plan Assets	7.3% pa	6.4 % pa
9. Maturity Profile of Defined Benefit Obligation		
	Cash Flows Rs. In lakh	Distribution (%)
Year 1 Cash Flow	218.54	9.00%
Year 2 Cash Flow	297.82	12.20%
Year 3 Cash Flow	224.93	9.20%
Year 4 Cash Flow	234.48	9.50%
Year 5 Cash Flow	138.21	5.70%
Year 6 to Year 10	673.63	27.60%
The future accrual is not considerd in arriving at the above cash flows		
The expected contribution for the next year is Rs 57.01 Lakh.		
The Average outstanding term of obligations (years) as at valuation date is 5.19 years		

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

		Rs. in Lakh
Particulars	**As at 31.03.2023**	**As at 31.03.2022**
10.Sensitivity to key assumptions		
Discount Rate Sensitivity		
Increase by 0.5 %	1546.07	1891.72
(% change)	-2.55%	-2.33%
Decrease by 0.5%	1628.93	1984.37
(% change)	2.68%	2.45%
Salary Growth rate Sensitivity		
Increase by 0.5 %	1606.01	1956.58
(% change)	1.23%	1.02%
Decrease by 0.5%	1565.91	1916.53
(% change)	-1.30%	-1.05%
Withdrawal rate(W R) Sensitivity		
W. R x 110%	1590.23	1939.82
(% change)	0.24%	0.15%
W. R x 90%	1582.63	1933.97
(% change)	-0.24%	0.15%

A description of methods used for sensitivity analysis and its Limitations:

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if the two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any

Appendix A: Break-up of defined benefit obligation		
Vested	1,585.62	1,933.41
Non-vested	0.85	3.46
Total	**1,586.47**	**1,936.87**
Appendix B: Age wise distribution of defined benefit obligation		
Age (In years)	**DBO**	
Less than 25	-	-
25 to 35	7.99	13.20
35 to 45	180.06	193.73
45 to 55	801.35	807.53
55 and above	597.07	922.41
Accrued gratuity for Left Employees	-	-
Total	**1586.47**	**1936.87**
Appendix C: Past service wise distribution of defined benefit obligation		**Rs. in Lakh**
Age (In years)	**DBO**	
0 to 4	0.86	3.46
4 to 10	20.59	65.08
10 to 15	193.27	162.12
15 and above	1371.75	1706.21
Accrued gratuity for Left Employees	-	-
Total	**1586.47**	**1936.87**

		Rs. in Lakh
Particulars	**As at 31.03.2023**	**As at 31.03.2022**

MAJOR RISK TO THE PLAN

A. Acturial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience:

Salary hikes that are higher than the assumed salary escalations will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates:

If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates:

If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Investment Risk

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C. Liquidity Risk :

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.

D. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E.Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The Summary of the assumptions used in the valuations is given below:

Financial Assumptions (Table 9)

Particulars	**As at 31.03.2023**	**As at 31.03.2022**
Discount rate	7.30%	6.40% p.a
Salary Growth rate	6.00%	7.00% p.a
Rate of Return on Plan Assets	Not applicable	Not applicable
Demographic Assumptions		
Withdrawal rates p.a (Table 10)		
Age Band		
25 and below	3.00%	3.00%
25 to 35	2.50%	2.50%
35 to 45	2.00%	2.00%
45 to 55	1.50%	1.50%
55 and above	1.00%	1.00%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

		Rs. in Lakh
Particulars	**As at 31.03.2023**	**As at 31.03.2022**
Mortality rates		
Sample rates p.a of Indian Assured Lives Mortality (2012-14) Table 11		
Age (In years)		
20	0.09%	0.09%
30	0.10%	0.10%
40	0.17%	0.17%
50	0.44%	0.44%
60	1.12%	1.12%

Method of Valuation

Actuaries has used projected unit credit (PUC) Method to value the Defined benefit obligation.

31 PROPERTY, PLANT AND EQUIPMENT

a) Originally the Rasayani unit of the Company was in possession of land admeasuring 1012.355 acres (as per revenue records). Out of the said land, 251 acres were sold to BPCL and 20 acres were sold to ISRO during the year 2017-18, 38.687 acres were sold to BPCL in the year 2018-19. In the year 2019-20, 85.27 acres of land sold to BPCL and 0.386 acre was sold to IOCL (Petrol pump area). Out of the balance land of 65.840 acres, 22.717 acres has been idenitified as encroached, 32.547 acres in possession of MIDC, MSEB, HIL, MES etc, and 10.576 acres of public road, considered at Nil value. The said encroachment has been determined on the basis of the survey carried out by the company through M/s. The Geo Tek vide their report dated April 24, 2019. The balance 551.172 acres (Previous year 551.172 acres) of land has been revalued at the ready recknor rate or the agreed rate of sale to BPCL valuing to Rs.832.95 Crore (Previous year Rs. 832.95 Crore).

b) As per the communication received from Municipal commissioner Panvel, regarding the actual area of plot No.11 & 12 of survey No.738 on which there is a public road passing through and thereby the total area of Panvel land available for sale has reduced from 8 acre to 7.09 acre. Accordingly the reserve price (fair value) has been reduced to Rs.158 crore. The said proposal of Govt of Maharashtra has been approved by HOCL Board in its meeting to be held on 09.11.2022. The company is in the process of obtaining necessary approval from Administrative Ministry.

32 INVESTMENT

a) The Company has an investment of Rs.1106.00 lakh (previous year Rs.1106.00 lakh) in the equity share of subsidiary company M/s. Hindustan Fluorocarbons Ltd. (HFL) which is under BIFR since 1994. The net worth of the Company based on its latest audited balance sheet as at 31st March, 2023 is negative. Market value of the shares (face value Rs.10) as on 31.03.2023 was Rs.8.91 (Previous year Rs.9.57). Provision has been made in the books towards diminution in the value of these investments amounting to Rs.120.55 lakh (Previous year Rs.47.56 lakh). Government of India has decided to close down M/s.HFL as per CCEA decision on 29.01.2020. An amount of Rs.75.87 crore (Rs.73.70 crore on 26.05.2020 and Rs.2.17 crore on 15.03.2022) has been released by Government of India as interest free loan to meet the VRS expenses and for clearing dues to Bank and suppliers.

b) During the year 2007-08, the Modified Draft Rehabilitation Scheme (MDRS) for revival of subsidiary - Hindustan Flurocarbon Ltd. (HFL) was approved by BIFR for implementation. As part of implementation of MDRS, HOCL had waived interest of Rs.2260.26 lakh accumulated on loan given to HFL and converted the unsecured loan amounting to Rs.2744.07 lakh as Zero Coupon Loan (ZCL), into secured loan by on HFL creating first charge on immovable property (land 84.31 acre valued to the extent of Rs.10196.76 lakh as per Govt. rate) in favour of HOCL. This loan was payable in 7 equal annual instalments commencing from 2010-11, aggregating to Rs.2744.07 lakh (Previous year Rs.2744.07 lakh) which has become due and payable in full. Further, the Company had given loans to HFL aggregating to Rs. 453.01 lakh (Previous Year Rs. 453.01 lakh) at the interest rate of 10.25% to 14.50% which has become payable in full. This loan is also secured by first charge on the HFL immovable property. As per the valuation report by an external registered independent valuer having professional qualification the value of the secured property of 84.31 acre of land is Rs.10196.76 lakh as on date (previous year Rs.10196.76 lakhs).

		Rs. in Lakh
Particulars	**As at 31.03.2023**	**As at 31.03.2022**
33 EARNING PER SHARE **Earnings per share has been calculated as follows:**		
Net Profit/(Loss) after Tax (Rs. in lakh)	(5022.41)	(2618.82)
Weighted average number of equity shares	67173100.00	67173100.00
Nominal Value per equity share (Rs.)	10.00	10.00
Basic / Diluted Earning per equity share (Rs.)	(7.48)	(3.90)

34 SEGMENT REPORTING.

Since the company is manufacturing only Chemicals, there are no separate reportable primary and secondary segments and all the chemicals manufactured by the company are considered to have been representing as single reportable segment. The requirements of Indian Accounting Standard 108 with regard to disclosure of segmental results are therefore considered not applicable to the company.

35 BALANCE CONFIRMATION

Balances of trade receivables, trade payables, loans, advances, other current assets and borrowings are subject to confirmation / reconciliation and subsequent adjustments except in cases where confirmation has been received.

36 Contingent Liabilities & Commitments(to the extent not provided for)

i) Contingent Liabilities

a) Claims against the Company not Acknowledged as debts:

i) Income Tax Claims	91.99	91.99
ii) Excise duty / Service tax	104.63	104.63
iii) Gratuity for School teachers	75.31	75.31
iv) Other claims (Legal cases)	321.23	272.90
v) Rental claim Harchandrai House	6219.08	5949.98
vi) JNPT lease rent	3318.86	2974.52
vii) Penal interest on Govt. Loans	8258.81	7119.24
viii) Interest on interest on Govt. Loan	52435.82	40113.98
ix) Nilima Chemical Corporation	16.00	0.00
	70841.73	**56702.55**
b) Bank Guarantees issued from Banks	2645.80	102.19
ii) Commitments:		
Estimated amount of Contracts remaining to be executed on capital account and not provided for:	11.77	36.27

a) Claims against the Company not Acknowledged as debts:

i) Income Tax Claims: Rs.91.99 Lakh.

There are various appeals for Assessment years are pending before authorities i.e. ITAT, High Court and other forums. The Company is awaiting for hearing, the details are as follows

A Y 2002-03 Rs. 70.49 Lakh and AY 2011-12 Rs.21.50 Lakh.

The above assessments are under disputes at various appellate authorities. The company has not acknowledged the debts and the interest / penalty that would be leviable on the claims are not ascertainable.

ii) Excise duty / Service tax

The Company has ongoing disputes with Central excise authorities relating to the period 2006-07, amounting to Rs.104.63 Lakh. Company has filed Appeals at various Tribunals.

The above assessments are under disputes at various appellate authorities. The company has not acknowledged the debts and the interest / penalty that would be leviable on the claims are not ascertainable.

iii) Gratuity for School teachers

Case filed by the teaching staff of HOC Rasayani School for the period upto March 1997, pending before Bombay High Court (Rs.75.31 Lakh).

iv) Other claims (Legal cases): Rs.321.23 Lakh.

a) Case filed by the Company against the award passed by MAC Tribunel, Trichur in relation to Phenol Tanker accident in 1994 (Rs.118 Lakh)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

b) ESI corporation has raised a demand for contribution during the period from 01.04.1992 to 31.10.1992 amounting to Rs.2.17 lakh. The matter is pending with ESI Court, Ernakulam, as desired by the ESI Court we had applied for exemption from ESI Act to the Govt. of India, hence no liability is created and a contingent liability to that extend is provided.

c. HOCL filed appeal in High Court of Kerala against the order of the CAT giving direction to HOCL to pay the Salary arrears and other benefits of Sri P C James former employee and rework his gratuity, the estimated amount is Rs.48.33 lakhs.

d) The Company had invited open tender for work of construction of "Civil and Structural works for Construction of Plant Building, Technical Service Building, R&D Building, etc of PU System House Project. Company had issued the Work Order to M/s Shetusha Engineers & Constructions Pvt. Ltd. (SECPL). On account of delay and other shortcomings in the completion, company had deducted Liquidated damages. SECPL objected for the said deductions and filed an Arbitration Application before the Hon'ble High Court, Mumbai. Later the M/s SECPL had unconditionally withdrawn the said Arbitration Application from the Court. Further, M/s SECPL had filed Suit before the Hon'ble High Court, Mumbai against the Company for passing the Decree against the Company towards payment of Rs.113.35 Lakh including interest. The case is pending for final hearing.

e) The Company invoked the peformance gurantee given by M/s Vakharia Construction Company, Mumbai (VCC) to whom civil contracts had been alloted as the contract works were not completed as per the terms of the work order. The matter was referred to arbitration and later went to the High Court. The court ordered the company to deposit Rs.12 lakhs and M/s VCC is allowed to withdraw the amount on submission of bank gurantee. The appeals filed before the Hight Court were dismissed. Now M/s VCC raised demand for bank gurantee commission paid to the bank and interest at the rate of 18% as the money decree passed by the Trial Court in favour of VCC was stayed due to filing civil application by the company. The liability estimated on this is Rs.39.38 lakhs and the matter is pending before court of law and accordingly shown under contigent liabilities.

v) Rental claim Harchandrai House Rs.6219.08 Lakh

As the company has not vacated the office premises taken on lease from M/s Harchandrai & Sons as per their notice they initiated legal proceedings and stopped to accept the lease rent. The company vacated the office premises during the year 2014. Landlords filed the Mesne Profit Application before Small Causes Court, Mumbai for Mesne profit for the period from 01/06/2000 to till the possession of the said premises. The Mense profit application filed by M/s.Harchandrai & Sons is allowed by the Court of Small Causes, Mumbai on 02.05.2022 directing the Company to pay the mesne profit @Rs.138/- per sq.ft. for the period from 01/06/2000 to 31/12/2006, for subsequent period @Rs.274/-per sq.ft. together with an interest@9% p.a. The total amount as per Order of Small Causes court, Mumbai for mesne profit for the period from 01/06/2000 to 31/03/2014 and interest thereon upto 31-03-2023 works out to Rs.6982.86 lakh(previous year Rs.6713.75 lakhs). The valuer appointed by HOCL has submitted his report and the average rate is assessed @Rs.48.91 per sq.ft. which is not considered by the Small Causes Court, Mumbai. As per the legal opinion, the company had filed appeal against the Order and the Company is of the opinion that there is uncertainties in crystalisation of demand other than the amount calculated as per the report of the HOCL valuer assessing mesne profit @Rs.48.91 per sq.ft. The amount of mesne profit calculated based on the report of HOCL valuer @Rs.48.91 per sq.ft is Rs.763.78 lakh has already been provided in the books of account for the year 2021-22. The difference amount of Rs.6219.08 lakh (6982.86-763.78) is shown as contingent liability.

vi) JNPT lease rent: Rs.3318.86 Lakh

The Company has entered into MoU with Jawaharlal Nehru Port Trust (JNPT) to hand over the land alloted to the company for setting up Liquid Tank Farm on lease bais along with assets of the company 'as is where is basis'. The JNPT raised a demand of Rs.4124 lakhs towards lease rentals and other charges. The company has instituted arbitral proceedings and Arbitral Tribunal issed the awared in favour of the company. The assets of the company valued as per the MoU at Rs.1638.50 lakhs and same is agreed and paid by M/s.JNPT. The undisputed amount of lease rent payable by the Company to JNPT was computed on a mutual understanding between the Parties on the basis of arbitral award is Rs. 805.13 lakhs and the same is paid by the Company. The disputed amount includes lease rentels Rs.2974.51 lakhs, water charges 0.65 Lakh, way leave charges Rs.297.09 Lakhs and Service tax of way leave charges Rs.46.61 lakhs. The company has shown balance amount of demand of JNPT after adjusting undispute lease rental paid as contingent liability since the appeal filed against the arbitral awards pending for hearing before High Court and the company is of the opinion that no provision is required as there is uncertainities in crystatlisation of demand at this stage of litigation.

vii& viii) Interest at higher rate on Govt. Loans: Rs.8258.81 Lakh and Interest on defaulted interest on Govt. Loan 52435.82 lakhs

The Government of India reserves the right to raise the rate of interest in respect of loans granted to the company, in case of default of repayment of principal on the due date and also charge interest at rate on default in any of the payment of interest due. As there is default in payment of principal loan as well as interest due thereon, the company, in anticipation that the Government of India may demand higher rate on principal and interest on interest outstanding, arrived the additional interest liability and shown as contingent laibility. As per the balance confirmation given by the Government of India, the interest at the higher rate and interest on defualted interest have not been included.

ix) Nilima Chemical Corporation

This Civil Suit is filed by M/s Nilima Chemical Corporation in the year 1996 before the First Court of the Asstt. District Judge, 24 Parganas (South), West Bengal, India.

Brief Facts of the Matter:- HOCL was supplying the material to M/s Nilima Chemical Corporation ("NCC") against the bank guarantee ("BG") provided/submitted by NCC. During the course of business, NCC had failed to pay the overdue amount towards the supply of the material and hence on 15th May 1996 HOCL had written a letter to the concerned bank namely Vijaya Bank to enforce the BG to square up the overdue of the HOCL by NCC. Subsequently, Vijay Bank released the funds of/from the BG in favour of HOCL. Thus, being aggreived with this step/decision NCC filed the Civil Suit for passing the decree of an amount of Rs.3,90,681=90 before the First Court of the Asstt. District Judge, 24 Parganas (South). This Suit was decreed ex-parte and the Advocate of NCC informed Company vide his letter dated 24th Novmeber 2011 that they are executing the said Decree. Subsequently, HOCL had filed Misll. Case No.156 of 2011 for setting aside the said Decree and/or Suit be heard on merits. HOCL also filed the Caveat in the said matter on 25th August 2011. Company had also filed affidavit for opposing the Title Execution Case No. 11 of 2014. Now, the said case is pending before the Court for hearing. This Execution Application is filed by NCC against HOCL for execution of the Decree passed in 45 of 1996 (Ex-parte). This matter was came up for hearing on 10th November 2021 on this date the Advocate for HOCL Mrs. Saroj Tulsian tried to seek adjournment but Court declined the request for adjournment and matter was partly heard on 10th November 2021.

x) The amount of claims in respect of legal cases filed against the Company for labour matters relating to regular and retired employees and not acknowledged as debts is not ascertainable.

b) Bank Guarantees issued Rs.2645.80 Lakh

The Company has submitted bank guarantees to Kerala State Electricity Board amounting to Rs.101 lakh, BPCL Rs.5100 lakh, OMPL Rs.1000 lakh and Rs.1.06 Lakh to others. The company does not expect any outflow in respect of the above.

Contingent liability and commitments has been shown against bank guarantees issued to BPCL Rs.1145.80 lakh and OMPL Rs.1000.00 lakh only.

II) Estimated amount of Contracts remaining to be executed on capital account and not provided for: Rs.36.27 Lakh

Rs. In lakh

Work order issued for the following contracts.	2022-23	2021-22
b) 2x15 KVA UPS for Phenol plant		21.61
d) Restoration charge/Licence fee/performance guarantee for road cutting permission from concerned authorities		14.66
Total	**0**	**36.27**

37 **Disclosure relating to error or omission as per Ind AS 8**

The following expenditure/income had been incorrectly accounted during the year 2022-23 due to error. Accordingly, previous year financial statement were restated to correct the errors as per Ind As8. The effect of the restatement on the financial statement is summarised below.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. In lakh)

	As at 31.03.2022	As at 31.03.2021
Retained earnings	**-101761.72**	**-99487.17**
Increase in Other Income (Refer Note 23)	11.25	33.72
Decrease in Other Expenses (Refer Note 29)		22.64
Increase in Other Expenses (Refer Note 29)	(10.61)	(6.45)
Increase in Other Expenses (Refer Note 26)	(295.00)	
Total	**(294.36)**	**49.91**
Restated Retained Earings	(1,02,056.08)	(99,437.26)
(Increase)/decrease in Equity	(294.36)	49.91
(Increase)/decrease in Earning Per Share	(0.04)	0.07
(Increase)/decrease in Diluted Earning Per Share	(0.04)	0.07

(1) Miscellaneous income relating to 2021-22 Rs.11.25 lakhs has been incorrectly accounted due to error as such the comparative amount for the year 2021-22 is restated as per Ind As 8 .

(a) Nature of the prior perid error : Miscellaneous Income

(b) Amount of correction : Rs.11.25 lakhs

(c) Financial line item affected: Note No.23 (Miscellaneous Income)

(2) Other miscellaneous expense includes Rs.10.61 lakhs pertaining to the year 2021-22 has been incorrectly accounted due to error as such the comparative amount has been restated as per Ind As8.

(a) Nature of the prior period error : Miscellaneous Expense

(b) Amount of correction : Rs.10.61 lakhs

(c) Financial line item affected: Note No.29 -Other Expense

(3) Employee benefits expense includes Rs. 295 lakhs towards salary arrears up to 31.03.2022 has been incorrectly accounted due to error as such the comparative amount has been restated as per Ind As8.

(a) Nature of the prior perid error : Employee benefits expense

(b) Amount of correction : Rs.295 lakhs

(c) Financial line item affected: Note No.26 - Employee Benefits Expense

38 RELATED PARTY DISCLOSURE AS PER Ind- AS 24

Since Government of India owns 58.78% of the Company's equity share capital (under the administrative control of Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals), the disclosures relating to transactions with the Government and other Government controlled entities have been reported in accordance with para 26 of Ind AS 24. List of related parties where control exists and also related parties with whom transactions have taken place and relationships:

Rs. In lakh

Sr. No.	Name of the Related Party Relationship	Relationship	Details of Transaction	Amt. of Transaction during 2022-23	Outstanding at the end of the year (31.03.2023)	Amt. of Transaction during 2021-22	Outstanding at the end of the year (31.03.2022)
1	Hindustan Flurocarbon Ltd. (HFL)	Subsidiary company with 56.43% share holding.	Interest on loan given to HFL	63.62	4272.13	63.62	4214.87
2	Bharat Petroleum Corporation Ltd	Controlled by Government of India.	Purchase of Raw materials (LPG, Benzene, FO, H2 & LNG)	37659.45	3462.27	22883.56	3051.35
3	Bharat Petroleum Corporation Ltd	Controlled by Government of India.	Sale of Finished Goods (H2O2)	43.00	29.08	15.07	22.84
4	Indian Oil Corporation Limited	Controlled by Government of India.	Purchase of Raw materials/ Fuel	6130.67	-59.52	478.67	0.00
5	Mangalore Refinery and Petrochemicals Limited	Subsidiary of ONGC	Purchase of Raw materials (Benzene)	5496.25	0.00	0.00	0.00
Trust constituted by the Company							
6	HOCL Group Gratuity Trust	-do-	Investment and interest on investment	682.19	1729.48	610.89	1490.61

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL **Rs. in Lakh**

	Short-term employee benefits	Post-term employee benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
22-23						
A. Remuneration to Whole time Director, Managing Director and/or Manager:						
Shri. Sajeev B, CMD	36.80	4.56	0.00	0.00	0.00	41.36
Shri. Yogendra Prasad Shukla (From 04.07.2022)	21.68	2.90	0.00	0.00	0.00	24.58
B. Remuneration to Other Directors						0.00
i) Govt. Nominee Directors						0.00
Shri Sanjay Rastogi (AS&FA)	0.00	0.00	0.00	0.00	0.00	0.00
Shri Kanishk Kant Srivastava.	0.00	0.00	0.00	0.00	0.00	0.00
ii) Independent Directors						0.00
Dr. Bharat J. Kanabar	1.10	0.00	0.00	0.00	0.00	1.10
Shri Pratyush Mandal	1.10	0.00	0.00	0.00	0.00	1.10
C. Key Managerial Personnel						0.00
Shri. Subramonian H	13.10	1.76	0.00	0.00	0.00	14.86
Shri. P.O. Luise, CFO (up to 04.08.2022)	9.29	1.22	0.00	0.00	0.00	10.51
Total	**83.07**	**10.44**	**0**	**0**	**0**	**93.51**
2021-22						
A. Remuneration to Whole time Director, Managing Director and/or Manager:						
Shri. S.B. Bhide, CMD (upto 31.7.21)	29.91	1.48	0.00	0.00	0.00	31.39
Shri. Sajeev B, CMD (from 6.9.2021)	20.74	2.45	0.00	0.00	0.00	23.19
B. Remuneration to Other Directors						
i) Govt. Nominee Directors						

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

	Short-term employee benefits	Post-term employee benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Shri. Satendra Singh, ASFA (C&F)	0.00	0.00	0.00	0.00	0.00	0.00
Shri. Samir Kumar Biswas, JS	0.00	0.00	0.00	0.00	0.00	0.00
ii) Independent Directors						
(Sitting fee paid to NOIDs for attending the Meetings of the Board/Committees)						
Dr. Bharat J. Kanabar	0.60	0.00	0.00	0.00	0.00	0.60
Shri Pratyush Mandal	0.60	0.00	0.00	0.00	0.00	0.60
C. Key Managerial Personnel						
Shri. P.O. Luise, CFO	33.97	3.39	0.00	0.00	0.00	37.36
Mrs.S.S. Kulkarni,CS (upto 28.02.22)	36.45	3.53	0.00	0.00	0.00	39.98
Shri. Subramonian H (from 1.3.2022)	1.06	0.14	0.00	0.00	0.00	1.20
Total	**123.33**	**10.99**	**0.00**	**0.00**	**0.00**	**134.32**

Note:

In the ordinary course of its business, the Company enters into transactions with other Government controlled entities (not included in the list above). The Company has transactions with other Government-controlled entities,including but not limited to the followings:

Sales and purchases of goods and ancillary materials; Rendering and receiving of services; Receipt of dividends; Loans and advances; Depositing and borrowing money; Guarantees and Uses of public utilities.

These transactions are conducted in the ordinary course of business on terms comparable to those with other entities that are not Government controlled entities.

Note-39 Financial Instruments :

39 a. Financial Instrument

A Fair Values hierarchy :

Level 1 — Includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2 — The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 — If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset

B Financial assets and liabilities measured at fair value-recurring fair value measurements :

Rs. In Lakh

	As at 31st March, 2023				As at 31st March, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets :								
Loans	-	-	3219.43	3219.43	-	-	3218.09	3218.09
Trade Receivables	-	-	1,807.71	1807.71	-	-	735.12	735.12
Investments	985.45	-	5.00	990.45	1058.44	-	5.00	1063.44
Cash and cash equivalents	-	-	4359.01	4359.01	-	-	2014.53	2014.53
Bank balances other than Cash			12371.47	12371.47			11496.20	11496.20
Other Financial Assets	-	-	1433.34	1433.34	-	-	1334.04	1334.04
Total Financial assets	**985.45**	**-**	**23,195.96**	**24,181.41**	**1,058.44**	**-**	**18,802.98**	**19861.42**
Financial liabilities								-
Borrowings	-	-	72256.46	72256.46	-	-	72256.46	72256.46
Trade payables	-	-	4066.87	4066.87	-	-	4151.84	4151.84
Other current financial liabilities	-	-	46070.59	46070.59	-	-	40395.78	40395.78
Total Financial liabilities	**-**	**-**	**1,22,393.92**	**1,22,393.92**	**-**	**-**	**1,16,804.08**	**116804.08**

39b. Categories of Financial Instruments

A Fair Values hierarchy : **Rs. In Lakh**

	As at 31st March, 2023				As at 31st March, 2022			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial assets :								
Loans	-	-	3219.43	3219.43	-	-	3218.09	3218.09
Trade Receivables	-	-	1807.71	1807.71	-	-	735.12	735.12
Investments	-	-	990.45	990.45	-	-	1063.44	1063.44
Cash and cash equivalents	-	-	4359.01	4359.01	-	-	2014.53	2014.53
Bank balances other than Cash	-	-	12371.47	12371.47	-	-	11496.20	11496.20
Other Financial Assets	-	-	1433.34	1433.34	-	-	1334.04	1334.04
Total Financial assets	-	-	**24,181.41**	**24,181.41**	-	-	**19,861.42**	**19,861.42**
Financial liabilities				-				-
Non Cumulative Preference share	-	-	27000.00	27000.00	-	-	27000.00	27000.00
GOI Loan	-	-	45256.46	45256.46	-	-	45256.46	45256.46
Trade payables	-	-	4066.87	4066.87	-	-	4151.84	4151.84
Other current financial liabilities	-	-	46070.59	46070.59	-	-	40395.78	40395.78
Total Financial liabilities			**1,22,393.92**	**1,22,393.92**			**1,16,804.08**	**1,16,804.08**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note No. 40 Financial risk management

i. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

a) Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the Company but as company balance in foreign currency hence company is not exposed to foreign currecncy exchange rate risk

b) Interest rate risk

The Company's investments are primarily in subsidiary through quoted equity share and unquoted equity share of other entity therefore none of the investment activity is generating interest out of the investment. Hence, the Company is not significantly exposed to interest rate risk.

ii. Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, investments, cash and cash equivalents, bank deposits and other financial assets, company generating revenue for individually in excess of 10% or more of the Company's revenue for the year ended March 31, 2023 from the below mention customer.

Name of customer	Amt of revenue (Rs.lakhs)	% of total revenue
Pooja Petro Chemicals	18738.04	30%
Sonkamal Enterprises P Ltd	16300.52	26%
Ponpure Chemical India P Ltd	9759.28	15%

Geographic concentration of credit risk

Geographical concentration of trade receivables, unbilled receivables (previous year: unbilled revenue) and contract assets is allocated based on the location of the customers.

iii. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The company manages liquidity risk by maintaining adequate reserve, banking facilities and reserve borrowing facilities, continuosly monitoring forecast and actual cash flow and by matching the maturity profiles of financial assets and liabilties.

Note No.41 Deferred Tax **Rs. in Lakh**

For the Year 2022-23	Opening Balance 01.04.2022	Recognisable in P & L	Reversal on account of Probability chcking of Future Profit	Recognised in P & L	Recognised in OCI	Closing Balance 31.03.2023
Deferred Tax Liability						
Excess Provision W/back	-			-	-	-
Provision for impairment W/Back	-			-	-	-
Revaluation of land in Fair Value	20,473.52			-	302.00	20,775.52
Reversal of deferred tax liability on disposal of revalued of PPE	(4,056.00)			-	-	(4,056.00)
Fair Value of Investment in HFL	(15.00)				(21.00)	(36.00)
	16,402.52				**281.00**	**16,683.52**
Deferred Tax Asset						
Depreciation	-	18.00	18.00	-	-	-
Provision for Leave Encashment	-	80.00	80.00	-	-	-
Voluntary Retirement Benefits (VRS/VSS)	-			-	-	-
Provision for Doubtful Debts	-	1.00	1.00	-	-	-
Provision for Doubtful Advances	-			-	-	-
Provision for Long Term Agreements	-			-	-	-
Provision for Obsolescence	-	-	-	-	-	-
Provision for Statutory claims	-			-	-	-
Accumulated Income tax loss to the extent of deferred tax liability	-			-	-	-
	-	**99.00**	**99.00**	**-**	**-**	**-**
Net Deferred tax liability	**16,402.52**			**-**	**281.00**	**16,683.52**

Rs. in Lakhs

For the Year 2021-22						
	Opening Balance 01.04.2021	Recognisable in P & L	Reversal on account of Probability chcking of Future Profit	Recognisable in P & L	Reversal on account of Probability chcking of Future Profit	Closing Balance 31.03.2022
Deferred Tax Liability						
Revaluation of land in Fair Value	19,897.52			-	576.00	20,473.52
Reversal of deferred tax liability on disposal of revalued of PPE	(4,056.00)			-	-	(4,056.00)
Fair Value of Investment in HFL	(80.00)				65.00	(15.00)
	15,761.52			**-**	**641.00**	**16,402.52**
Deferred Tax Asset						
Depreciation	-	21.00	21.00	-	-	-
Provision for Leave Encashment	-	81.00	81.00	-	-	-
Voluntary Retirement Benefits (VRS/VSS)	-			-	-	-
Provision for Doubtful Debts	-	5.00	5.00	-	-	-
Provision for Doubtful Advances	-			-	-	-
Provision for Long Term Agreements	-			-	-	-
Provision for Stock Obsolescence	-	1.00	1.00	-	-	-
Provision for Statutory claims	-			-	-	-
		108.00	**108.00**	**-**	**-**	**-**
Net Deferred tax liability	**15,761.52**	**(108.00)**	**(108.00)**	**-**	**641.00**	**16,402.52**

42.Additional disclosures

Financial, Liquidity and Other Ratios

Ratios	Components of Numerator	Components of Denominator	For the Year ended 31.03.2023	For the Year ended 31.03.2022	% Variance	Explanation by Management
Current Ratio	Current Assets	Current Liabilities	1.01	1.06	-4.22%	-
Debt Equity Ratio	Total debt	Shareholders' Equity	149.89	22.40	569.13%	Loss has increased during the year 2022-23 mainly due to interest on GOI loan and preference shares provided during the year.
Debt Service Coverage Ratio	Earnings available for debt service	Debt service	0.01	0.03	-77.55%	Loss has increased during the year 2022-23 and interest on GOI loan and preference shares provided
Return on Equity Ratio	Net profit after tax	Shareholders' Equity	-1.73	0.40	-528.28%	Loss has increased during the year 2022-23 and interest on GOI loan and preference shares provided
Inventory Turnover Ratio	Sales	Average Inventory	23.76	16.16	47.02%	Increase in sales
Trade Receivables Turnover Ratio	Net Sales	Average Trade Receivables	49.66	57.01	-12.89%	-
Trade Payables Turnover Ratio	Net Credit Purchases	Average Trade Payables	10.22	7.29	40.15%	Increase in purchase of raw materials and other items during the year 2022-23
Net Capital Turnover Ratio	Net Sales	Working Capital	33.59	6.02	-458.00%	Current liability has increased in 2022-23 due to the increase of interest due on govt. loan.
Net Profit Ratio	Net profit after tax	Net Sales	-0.08	-0.06	31.72%	Due to unfavourable market condition, which contributed to net loss of the company. Also there was a huge increase in the main raw mateial but the selling price could not have increased due to the unfavourable market conditions which resulted in net loss.
Return on Capital Employed	Profit Before Interest and Taxes (PBIT)	Capital Employed	0.85	0.63	34.27%	
Return on Investment	Dividend	Share Price	-	-	0.00%	

43 Notes to Statement of Profit and Loss and Other Comprehensive Income

a) The Company has elected to continue with the carrying value for all its Property, Plant and Equipment as of April 1, 2016 measured under Indian GAAP as deemed cost as of April 1, 2016 (transition date) except Freehold Land where fair value (circle rate) has been considered as deemed cost.

b) Under Indian GAAP, the Company measured financial assets at cost. As at the transition date, the company recognised the provision for expected credit loss for certain financial assets as per the criteria set out in Ind AS 101. All the financials liabilities have been carried at amortized cost and such differences have been appropriately addressed.

c) The Company recognises costs related to its post-employment defined benefit plan on an actuarial basis both under Indian GAAP and Ind AS. Under Indian GAAP, the entire cost including actuarial gains and losses and return on planned assets are charged to profit or loss. Under Ind AS, actuarial gains and losses and return on planned assets recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income.

d) Consequential sum of the adjustments carried out in the other comprehensive income net of tax implications thereon.

44 Non- Compliance of the SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015- as per Regulation 17(1)(b), the chairman being an executive director, at least half of the board of Directors should be comprised of Independent Directors. Currently, the Company does not have required number of Independent Directors on its board. Non- Compliance of the SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015 - as per the Regulation 17 (1) (a) of the SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015, Board of Directors shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the Board of Directors shall comprise of non-executive directors. Currently, the Company does not have woman director on its Board.

45 Going concern

a) The company has reported net loss including other comprehensive income of Rs.4239.63 lakhs (Previous year net profit including other comprehensive income of Rs.1015.89 lakhs) Also the company has accumulated loss amounting to Rs 107078.48 lakhs (Previous year Rs.102056.08 lakhs) with a negative networth of Rs.95512.95 lakhs (Previous year Rs.90490.55 lakhs). But its current assets exceeds its current liabilities by Rs 1879.87 lakhs (Previous year Rs.7204.31 lakhs). The company has a balance under current assets of cash and cash equivalents and other bank balances of Rs 16730.48 lakhs (Previous year Rs.13510.73 lakhs) as at the year end. After considering these conditions, the standalone financial result of the company have been prepared on going concern basis.

b) The company is in the process of implementation of the Govt. Approved restructuring plan vide order dated May 22, 2017, the company has closed the Rasayani Unit, plant and equipment scrapped has been disposed off. Sale of unencumbured land in Rasayani through NBCC and Panvel land through e-auction are in progress. The Phenol plant at Kochi is operational and was operating at 93% capacity in the current year as against 62% in the previous year. The production of acetone and phenol increased to 60656 MT in the current year from 40305 MT in the previous year. At the end of the financial year 2022-23, the EBIT for the year 2022-23 is Rs. 1666.29 lakhs (Previous Year 2021-22 Rs. 3932.38 lakhs)

46 Board recommended to implement salary revision of employees w.e.f. 25.01.2021 and the same was submitted to the Ministry of Chemicals and Fertilizers for approval. Company has provided Rs. 295 lakhs for the year 2021-22 and Rs.248.00 lakhs in the books of accounts towards provision for wage revision during the year 2022-23.

47 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

48 No funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

49 Relationship with Struck off Companies

During the financial year ended 31st March 2023 the company does not have any relationship with struck of companies.

Relationship with Struck off Companies as on 31st March 2022

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding	Relationship with the Struck off company, if any, to be disclosed
Access Services P Ltd	Security service	Rs.0.23 lakh	Creditor

50 No charge or satisfaction yet to be registered with ROC beyond the statutory period.

51 No Loans or Advances in the nature of loan is granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person during the year.

52 There is no capital- work- in progress as on 31.03.2023

53 The company does not hold any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not in the name of the company.

54 The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

55 The Company has revalued its Property, Plant and Equipment and the revaluation is based on the valuation by a registered valuer (Mr. Er.S.Rajendraprasad, Wealth Tax No: Catogory No.1/3/Vol.II/2009-10.No:CC-CHN/TECH/RV/3/2009-10) as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

56 There is no intangible assets under development

57 No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made there under.

58 Company has no borrowings from banks or financial institutions on the basis of security of current assets.

59 Company is not declared as a wilful defaulter by any bank or financial Institution or other lender.

60 Company has no transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961), unless there is immunity for disclosure under 11 any scheme and also shall state whether the previously unrecorded income and related assets have been properly recorded in the books of account during the year.

61 The Company is not required mandatorily to carry out any CSR activities on account of losses incurred during the previous years.

62 The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

63 The standalone financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors on 18.05.2023

64 Previous year’s figures have been regrouped / reclassified wherever necessary to correspond with the current year’s classification / disclosure.

As per our report of even date attached

For Balan & Co.
Chartered Accountants
FRN 340S

Sd/-
Joyal George, FCA
Partner
Membership No.: 228702
UDIN: UDIN: 23228702BGXDRK1444

Place: Ernakulam
Date: 18.05.2023

For and on behalf of the Board of Directors

Sd/-
Sajeev B.
Chairman and Managing Director
DIN 09344438

Sd/-
Yogendra Prasad Shukla
Director (Finance)
DIN 09674122

Sd/-
Subramonian H.
Company Secretary
ACS: 28380

Place: Ernakulam, Kerala
Date: 18.05.2023

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. Hindustan Organic Chemicals Limited, Kochi

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of M/s. **HINDUSTAN ORGANIC CHEMICALS LIMITED** (CIN: L99999MH1960GOI011895) ("the company") and its subsidiary, (the Holding and its Subsidiary together referred to as "the Group" which comprises of: -
   (a) The Consolidated Balance Sheet as at 31st March, 2023
   (b) The Consolidated Statement of Profit and Loss for the year (including other comprehensive income) ended 31st March, 2023
   (c) Consolidated Statement of Change in Equity for the year ended 31st March, 2023
   (d) Consolidated Cash Flow Statement for the year ended 31st March 2023, and
   (e) A Summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Group as at March 31, 2023; and its loss, total comprehensive income, the changes in equity and its cash flows for the year ended 31st March, 2023.

Basis for opinion

3. We conducted our audit 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 consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, 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.

Going Concern

4. *During the year, the Group has reported 'net loss including other comprehensive income' of Rs. 4,698.95 lakhs for the year ending 31.03.2023 (Previous year Rs 1,792.47 lakhs) and has accumulated loss under 'retained earnings' amounting to Rs. 1,13,819.16 lakhs (Previous Year Rs. 1,08,493.23 lakhs) with a negative net worth of Rs. 1,02,253.63 lakhs (Previous Year Rs. 96,927.7 lakhs), excluding 'other comprehensive income', as a result of the capital erosion due to losses reported by the company over the previous years. Further, its current liabilities exceed its current assets by Rs. 6,512.47 Lakhs (Previous year: Rs. 676.71 lakhs).*

   Further, attention is drawn to –

   a) *Note No. 3(d)(2) of the consolidated financial statements of the group regarding the closure plan approved by the Government of India in respect of the subsidiary company and the audit opinion (Refer Going Concern Paragraph in the said report) given by the auditors of the subsidiary company regarding the material uncertainty related to the going concern of the said subsidiary company.*

   b) *We are informed that, the holding company, with the approval of the Government of India, is in the process of divesting and selling off its loss making unit at Rasayani, Mumbai, which includes assets with carrying amount amounting to Rs. 99,219.74 lakhs, including 551.172 acres of land owned by the unit. This process is expected to generate sufficient cash flow for the company. Further, as reported by the company in Note No. 46(b) of the Financial Statements, we draw the attention regarding the increased performance of the Manufacturing unit at Kochi.*

      Considering the above, the management has prepared the standalone Ind AS financial statements on going concern basis.

      Our opinion is not modified in respect of the above.

Emphasis of Matter

5. ***We draw attention to the interim financial results published by the group for the Quarter 2 of the current year included a write back of 'provision for statutory liability' created in the previous years amounting to Rs. 530.58 lakhs, which was reported under 'Other income'. . However, based on further discussions, the management reinstated the said liability in the Quarter 4 and accordingly, the effect of such restatement was reported under 'other income' for the said quarter. As the write back as well as its reinstatement occurred in the current year itself, there is no net impact on the financial statements for the current year.***

   Our opinion is not modified in respect of the above.

Key Audit Matters

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

Sl. No	The Key Audit Matters	How our audit addressed the key audit matter
1.	**<u>Valuation of Inventory</u>** LPG, Benzene and chemical based inventory forms a significant part of the Company's inventory of which prices are fluctuating in nature and also depends on prices, decisions and conditions of other countries Inventories are valued at lower of cost and net realisable value except raw materials, work-in progress & stores. The audit mainly focused on verification of the cost and net realizable value of the above.	Our audit procedures included and were not limited to the following: 1. Reviewing data from software used by the company such as Distributed Control System for plant operations, independent PLC for the safety of the Plant, Tank Level Monitoring System "LMS" for the detailed statistics about stock of raw materials, finished products, and intermediate products along with various alarms, warnings and history of the tank operations etc. 2. Testing the design, implementation and operating effectiveness of key internal financial controls, including controls over valuation of inventory. 3. Testing on a sample basis the accuracy of cost for inventory by verifying the actual purchase cost. Testing the net realizable value by comparing actual cost with most recent selling price.
2.	**<u>Recognition, Measurement, and Depreciation of PPE</u>** The company, being a asset based entity, the recognition, measurement and depreciation of the PPE is very significant. The audit was mainly focused on the compliance of the provisions of the Ind AS 16 – Property, Plant and Equipments and the other aspects of asset accounting.	Our audit procedures included and were not limited to the following: 1. Evaluating management's processes and controls over the identification, capitalization, classification, and subsequent measurement of PPE. We assessed the company's policies for determining the initial cost, subsequent measurement, and depreciation of PPE, including the application of appropriate depreciation methods and useful lives. 2. We also tested a sample of PPE additions and disposals to verify the accuracy and completeness of their recognition and measurement. 3. We assessed the consistency of depreciation policies and their compliance with applicable accounting standards and the accuracy of the calculation of depreciation. 4. We verified the compliance with the provisions of Ind AS 16 for adopting the Revaluation model and its impact on the asset disclosures.

Information Other than the consolidated financial statements and Auditor's Report Thereon

7. The group's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance, Shareholders Information and Chairman's statement, but does not include the Consolidated financial statements and our auditors' report thereon.
8. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
9. In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the consolidated financial statements

10. The Group's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these Consolidated financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and change in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read Companies (Indian Accounting standards) Rules, 2015 as amended, and other accounting principles generally accepted in India.
11. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
12. In preparing the Consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

13. The Board of Directors is also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of Consolidated financial statements

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

15. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    - Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the group 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 group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

18. *We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets (before consolidation adjustments) of Rs.6544.19 Lakhs as at 31 March 2023, total income (before consolidation adjustments) of Rs. 210.90 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditors.*

    Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditors.

Report on other legal and regulatory requirements

19. As required by the Companies (Auditor's Report) Order, 2020 issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

20. As required by the directions and sub directions issued by the office of the Comptroller & Auditor General of India under section 143(5) of the Act, we give in the **"Annexure B"** a statement on the matters referred in those directions.

21. As required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b) In our opinion proper books of account as required by law have been kept by the Group so far as appears from our examination of those books.
    c) The Balance Sheet, Statement of Profit and Loss including other comprehensive loss, Statement of change 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 Consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts), Rules 2014;
    e) As per Notification No. G.S.R. 463(E) dated June 5, 2015, the Government Companies are exempted from provisions of section 164 (2) of the Act. Accordingly, we are not required to report whether any directors are disqualified in terms of provisions contained in the said section.
    f) The report on internal financial control as required under clause (i) of sub section 3 of section 143 of the Companies Act 2013 is attached as "**Annexure C**".
    g) With respect to other matters to be included in the Auditors Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        (i) The group has disclosed the impact of pending litigations on its financial position in its financial statement. - Refer note 36 to the consolidated financial statements.
        (ii) The group do not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
        (iii) There were no amounts which were required to be transferred to Investor Education and Protection Fund by the group.
        (iv) a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 49 no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the group to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall
            - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group ("Ultimate Beneficiaries") or
            - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

            b. The management has represented, that, to the best of its knowledge and belief, as disclosed in note 50 no funds have been received by the group from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the group shall
            - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or
            - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

            c. Based on such audit procedures considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (iv) (a) and (iv) (b) contain any material mis-statement.
        (v) No dividend was declared or paid during the year which required compliance with section 123 of the Companies Act, 2013.
        (vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of Account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Group with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023

22. *Non-Compliance of the SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015:*

    The Holding Company has not complied with the Regulations 17(1)(a) and 17(1)(b) in respect of maintenance of an optimum combination of executive and non-executive directors with at least one-woman director and not less than fifty percent of the Board of Directors as non-executive directors and maintenance of at least half of the board of Directors comprised of Independent Directors (Refer Note 44 to the Consolidated Financial Statements).

For Balan & Co.
Chartered Accountants
Firm Regn. No.340S

Joyal George, FCA
Partner (Memb. No: 228702)
UDIN: 23228702BGXDRJ7779

Date: 18-05-2023
Place: Kochi-11

Annexure A To The Independent Auditor's Report

(Referred to in Paragraph 17 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Hindustan Organic Chemicals Limited of even date)

As per proviso to Para (2) to the Companies (Auditor's Report) Order, 2020, the clauses (i) to (xx) of the said order are not applicable to the auditor's report on consolidated financial statements of the Group.

However, with respect to clause (xxi) of the said order we report that –

(xxi) With respect to the holding company, the auditor, in the CARO report given as Annexure A to the Independent Auditor's Report on the Standalone Financial Statements, has given qualifications or adverse remarks in respect of the clauses (i)(c), (ii)(a), (iii), (iv), (vii), (ix) and (xvii). Further, in respect to the subsidiary company, the auditor, in the CARO report given as Annexure A to the Independent Auditor's Report on the Standalone Financial Statements, has given qualifications or adverse remarks in respect of the clauses (ix)(a), (x)(a), (xvii) and (xix).

For Balan & Co.
Chartered Accountants
Firm Regn. No.340S

Joyal George, FCA
Partner (Memb. No: 228702)
UDIN:

Date: 18-05-2023
Place: Kochi-11

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 18 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Hindustan Organic Chemicals Limited of even date)

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

A. Directions

Sl No	C&AG Direction	Statement of Statutory Auditor	
		Holding Company	Subsidiary Company
1	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of accounts along with financial implications if any may be stated	Based on the explanations given to us and based on our verification, we have identified the following systems for processing the accounting transactions of the company, viz., a) Accounting transactions are maintained through Tally ERP Prime, an accounting ERP software; b) Fixed assets register is maintained in MS Office Excel utility. c) Payroll management is done through a separate HRM software system. d) Consolidation of unit trial balances are done through MS Office Excel utility. Based on the explanations given to us, we have not come across any accounting transactions being processed outside the above-mentioned systems. Further, we recommend having a proper integration between the above-mentioned systems with the major accounting software, so as to avoid any potential risks of data loss or corruption during the data migration and transfer between the systems.	No statements have been issued by the statutory auditor in the audit report
2	Whether there is any restructuring of an existing loan or cases of waiver/ write-off of debts/ loans/ interest etc. made by a lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for?	The company has made default in repayment of the loans and preference shares availed from the Government of India, the principal of which aggregates to Rs. 72,256.46 Lakhs. However, based on the information given to us, there was no restructuring of any of such loans or cases waiver/ write-off of debts/ loans/ interest etc. Hence, we are not commenting on the financial impact and accounting of the same.	No statements have been issued by the statutory auditor in the audit report
3	Whether funds (grants / subsidy etc.) received or receivable for specific schemes from central/ state Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the case of deviations	Based on the information given to us, during the year under report, there were no funds received or receivable for specific schemes from central/ state Government or its agencies.	No statements have been issued by the statutory auditor in the audit report

Sub-direction

Sl. No.	C&AG Direction	Statement of Statutory Auditor
1	State the area of land under encroachment and briefly explain the steps taken by the company to remove encroachment.	1) Based on the information given to us by the management, 65.p840 acres of land at the Rasayani Unit, Maharashtra, of the company has been identified as 'under encroachment' With respect to the steps taken by the management to remove the encroachment, we are informed that – a) The company is constantly communicating with the Senior Government officials of Govt. of Maharashtra for taking prompt steps for removing encroachment by the farmers at the land at Rasayani Unit. b) The company is also co-ordinating with the Ministry of Chemicals and Petrochemicals, Government of India, for the speedy resolution in the above case. c) The above recommendations include various proposals including settlement arrangements with the encroachers. d) The company has also filed suits in some instances. 2) Based on the explanations given to us, 32.547 acres of land at Rasayani Unit, Maharashtra, are under the possession of various entities such as MIDC, MSEB, HIL, MES etc. With respect to the steps taken by the management to remove the encroachment, we are informed that – a) the company is constantly following up with the concerned officials for the recovery or registration of the said land possessed by such entities. b) In case of the land leased out to MES, the company has issued the notice of termination of lease to the party. However, the property is still under the possession of the lessee – MES. The matter is pending before Arbitration authority and the proceedings are under progress. 10.576 acres of land at the Rasayani Unit. Maharashtra has been acquired by Governmental authorities and public road has been constructed. Hence, the company does not have possession as well as ownership with respect to the said land.
2	Whether there is any effective system for follow up of accumulated trade receivables especially which are more than three years old?	The company has a trade receivable amounting to Rs. 1,489.24 lakhs, which is more than three years old. The company has assessed and provided a sum of Rs. 1,474.28 lakhs as provision for bad and doubtful assets. We are informed that the management is following up with the above debtors for the recovery and has initiated legal proceedings against some of such cases.
3	Whether there was an adequate system for watching actual consumption against norms in case of raw materials, intermediaries and utilities?	We are informed that the company prepares monthly statements comparing the actual consumption of raw material, intermediaries and utilities against the established norms as MIS Report.

As the Independent Auditor's report to the Standalone financial statements of the subsidiary company does not contain the report of the independent auditor on the directions and sub-directions issued by the Comptroller and Auditor General of India u/s 143(5) of the Act, we have not reported anything in respect of the subsidiary company.

For Balan & Co.
Chartered Accountants
Firm Regn. No.340S

Joyal George, FCA
Partner (Memb. No: 228702)
UDIN: 23228702BGXDRJ7779

Date: 18-05-2023
Place: Kochi-11

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT

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

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

Opinion

1. We have audited the internal financial controls over financial reporting of **Hindustan Organic Chemicals Limited** (the holding company) as of 31st March, 2023, in conjunction with our audit of the Consolidated financial statements of the company for the year ended on that date whereas that of the subsidiary company has been audited by another independent firm of Chartered Accountants.
2. In our opinion, the Group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over the financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of internal Financial Reporting issued by the Institute of Chartered Accountants of India.

Management's responsibility for Internal Financial Controls

3. The Group's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India. 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 Group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of accounting records and the timely preparation of reliable financial information as required under the Companies Act, 2013.

Auditor's Responsibility

4. Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the Guidance Note) and the standards on auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Notes 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. 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 controls based on the assessed risk. The procedures selected depend on the auditor's judgment including the assessment of risks of material misstatement of the Consolidated financial statements, whether due to fraud or error,

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

Meaning of internal financial controls over financial reporting

6. The Group's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Consolidated financial statements for external purposes in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read Companies (Indian Accounting standards) Rules, 2015 as amended, and other accounting principles generally accepted in India. The group's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of the records that, in reasonable detail, accurately and fairly reflects the transactions and dispositions of the assets of the Group; (2) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of Consolidated financial statements in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read Companies (Indian Accounting standards) Rules, 2015 as amended, and other accounting principles generally accepted in India and that the receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Group; and (3) provide reasonable assurance regarding the prevention or timely deduction of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the Consolidated financial statements .

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion of 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 the 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.

For Balan & Co.
Chartered Accountants
Firm Regn. No.340S

Joyal George, FCA
Date: 18-05-2023 **Partner (Memb. No: 228702)**
Place: Kochi-11 UDIN: 23228702BGXDRJ7779

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT,2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDUSTAN ORGANIC CHEMICALS LIMITED, FOR THE YEAR ENDED 31 MARCH 2023

The preparation of consolidated financial statements of Hindustan Organic Chemicals Limited for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 18 May 2023.

I, on behalf of the Comptroller and Audit General of India, have decided not to conduct the supplementary audit of the consolidated financial statements of Hindustan Organic Chemicals Limited for the year ended 31 March 2023 under section 143(6)(a) read with section 129(4) of the Act.

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

Place: Mumbai **(Guljari Lal)**
Date: 08 August 2023 Director General of Audit (Shipping), Mumbai

Consolidated Balance Sheet as at 31st March, 2023

(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2023	As at 31.03.2022
ASSETS			
Non Current assets			
a) Property, Plant and equipment	3a	16,375.07	15,348.07
b) Investment Property	3b	86.58	88.74
c) Other Intangible assets	3c	18.85	27.25
d) Financial Assets			
(i) Investments	4	5.00	5.00
e) Other Non-current Assets	5	518.05	497.37
Total Non current Assets		**17,003.55**	**15,966.43**
Current assets			
a) Inventories	6	4,960.95	7,651.25
b) Financial assets			
(i) Trade Receivables	7	1,936.87	864.28
(ii) Cash and cash equivalents	8a	4,621.36	2,169.32
(iii) Bank balances other than (ii) above	8b	15,192.40	13,503.05
(iv) Loans	9	22.35	21.01
(v) Other Financial Assets	10	369.27	385.17
c) Other current assets	11	2,564.85	3,013.86
d) Property, Plant and Equipments held for sale	3d	1,02,391.18	1,03,929.34
Total Current Assets		**1,32,059.23**	**1,31,537.28**
Total Assets		**1,49,062.78**	**1,47,503.71**
EQUITY AND LIABILITIES			
Equity			
a) Equity Share capital	12	6,726.96	6,726.96
b) Other equity			
(i) Securities Premium	13a	4,838.57	4,838.57
(ii) Retained Earnings	13b	(1,13,819.16)	(1,08,493.23)
(iii) Other comprehensive Income	13c	97,320.98	96,450.23
Total Other Equity		**(11,659.61)**	**(7,204.43)**
Total Equity		**(4,932.65)**	**(477.47)**
Non Controlling interest		**(3,655.69)**	**(3,432.92)**
Liabilities			
Non-current liabilities:			
a) Financial liabilities			
i) Borrowings	14	-	-
ia) Lease liabilities			
b) Provisions	15	2,395.90	2,797.59
c) Deferred Tax liabilities (Net)	16	16,683.52	16,402.52
Total Non-current liabilities		**19,079.42**	**19,200.11**
Current liabilities:			
a) Financial liabilities			
i) Borrowings	17	81,423.46	81,423.46
ia) Lease liabilities			
ii) Trade payables:			
Dues to micro and small enterprises	18	14.85	55.50
Dues to Others	18	4,067.96	4,144.71
iii) Other financial liabilities	19	46,906.38	41,232.37
b) Provisions	20	1,786.70	1,756.14
c) Other current liabilities	21	4,372.35	3,601.81
Current Liabilities - Total		**1,38,571.70**	**1,32,213.99**
Total equity and liabilities		**1,49,062.78**	**1,47,503.71**
Significant Accounting Policies	2		
Notes to the Financial Statements	1&3-65		

For Balan & Co.
Chartered Accountants
FRN 340S

Sd/-
Sajeev B.
Chairman and Managing Director
DIN 09344438

Sd/-
Joyal George, FCA
Partner
Membership No.: 228702
UDIN: 23228702BGXDRJ7779

Sd/-
Yogendra Prasad Shukla
Director (Finance)
DIN 09674122

Sd/-
Subramonian H.
Company Secretary
ACS: 28380

Place: Ernakulam
Date: 18.05.2023

Place: Ernakulam, Kerala
Date: 18.05.2023

Consolidated Statement of Profit and Loss for the year ended 31st March, 2023

(₹ in Lakhs)

Particulars	Note No.	Year ended 31.03.2023	Year ended 31.03.2022
Revenue from operations:			
Revenue from operations-Sale of products	22	63,143.56	43,367.72
Other Income	23	1,301.88	3,360.54
Total Income		**64,445.44**	**46,728.26**
Expenses:			
Cost of Materials Consumed	24	42,679.26	27,888.46
Changes in Inventories of Finished Goods and WIP	25	1,482.71	(1,430.78)
Employee Benefits Expenses	26	4,619.22	5,054.47
Finance Costs	27	6,691.09	6,560.11
Depreciation and amortization expenses	28	118.75	116.37
Other Expenses	29	14,388.13	11,771.32
Total expenses		**69,979.16**	**49,959.95**
Profit / (Loss) before exceptional items and tax		**(5,533.72)**	**(3231.69)**
Less: Exceptional items		-	-
Profit / (Loss) before tax		(5,533.72)	(3,231.69)
(1) Current tax		-	-
(2) Deferred tax		-	-
Tax expenses:		0.00	0.00
Profit / (Loss) for the period		**(5,533.72)**	**(3,231.69)**
Other Comprehensive Income:			
(i) Items that will not be reclassified to profit or loss			
a) Revaluation of Plant, property & equipments	13c	1,035.38	1,978.42
Deferred Tax expenses	13c	(302.00)	(576.00)
b) Provision for diminution of investment		-	
Deferred Tax expenses		-	-
c) Changes in defined benefit plan	13c	101.39	36.80
d) Financial Instruments through OCI at amortised cost		-	-
Other Comprehensive Income for the year, net of tax		**834.77**	**1,439.22**
Total Comprehensive Income for the year		**(4,698.95)**	**(1,792.47)**
Net profit attributable to			
a) Owners of the Company		(5,310.94)	(2,964.66)
b) Non controlling interest		(222.78)	(267.03)
Other Comprehensive income attributable to			
a) Owners of the Company		834.77	1,441.05
b) Non controlling interest		-	(1.83)
Total Comprehensive income attributable to			
a) Owners of the Company		(4,476.17)	(1,523.62)
b) Non controlling interest		(222.78)	(268.85)
Earnings per equity share (in Rupees)			
Basic (Face value of Rs. 10 each)		(8.24)	(4.81)
Diluted (Face value of Rs. 10 each)		(8.24)	(4.81)
Significant Accounting Policies	2		
Notes to the Financial Statements	1&3-65		

For Balan & Co.
Chartered Accountants
FRN 340S

Sd/-
Sajeev B.
Chairman and Managing Director
DIN 09344438

Sd/-
Joyal George, FCA
Partner
Membership No.: 228702
UDIN: 23228702BGXDRJ7779

Sd/-
Yogendra Prasad Shukla
Director (Finance)
DIN 09674122

Sd/-
Subramonian H.
Company Secretary
ACS: 28380

Place: Ernakulam
Date: 18.05.2023

Place: Ernakulam, Kerala
Date: 18.05.2023

Statement of Changes in Equity for the year ended 31st March, 2023

(₹ in Lakhs)

A. EQUITY SHARE CAPITAL

Rs. in lakhs

Particulars		Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
		01.04.2022	2022-23	01.04.2022	2022-23	31.03.2023
1.	**Current reporting period (2022-23)**					
	Equity shares of Rs.10 each	**6726.96**	**0**	**6726.96**	**0**	**6726.96**
2.	**Previous reporting period (2021-22)**					
	Equity shares of Rs.10 each	**6726.96**	**0**	**6726.96**	**0**	**6726.96**

B. OTHER EQUITY

Rs. in lakhs

	Particulars	Share application money pending allotment	Equity component of compound financial instrument	Reserves and surplus				Items of Other Comprehensive Income (OCI)						Money received against share warrants	Total
				Capital Reserve	Securities Premium	Other Reserves (specify nature)	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange diff. on translating the financial statements of a foreign operation	Other items of OCI (Changes in Employees defined benefits plan)		
1.	**Current reporting period (2022-23)**														2022-23
	Balance at the beginning of the current reporting period (01.04.2022)	0.00	0.00	0.00	4838.57	0.00	-108198.87	0.00	0.00	0.00	96699.21	0.00	-248.99	0.00	**-6910.08**
	Changes in accounting policy or prior period errors (Note No. 37)	0.00	0.00	0.00	0.00	0.00	-294.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**-294.36**
	Restated balance at the beginning of the current reporting period	**0.00**	**0.00**	**0.00**	**4838.57**	**0.00**	**-108493.23**	**0.00**	**0.00**	**0.00**	**96699.21**	**0.00**	**-248.99**	**0.00**	**-7204.44**
	Total Comprehensive Income for the current year	0.00	0.00	0.00	0.00	0.00	-5325.94	0.00	0.00	0.00	1035.38	0.00	0.00	0.00	**-4290.56**
	Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
	Transfer to retained earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
	Any other change (to be specified)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-266.00	0.00	101.39	0.00	**-164.61**
	Balance at the end of the current reporting period (31.03.2023)	**0.00**	**0.00**	**0.00**	**4838.57**	**0.00**	**-113819.17**	**0.00**	**0.00**	**0.00**	**97468.59**	**0.00**	**-147.59**	**0.00**	**-11659.62**
2.	**Previous reporting period (2021-22)**														2021-22
	Balance at the beginning of the current reporting period (01.04.2021)	0.00	0.00	0.00	4838.57	0.00	-103480.98	0.00	0.00	0.00	95296.79	0.00	-287.63	0.00	**-3633.25**
	Changes in accounting policy or prior period errors	0.00	0.00	0.00	0.00	0.00	59.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**59.76**
	Restated balance at the beginning of the current reporting period	**0.00**	**0.00**	**0.00**	**4838.57**	**0.00**	**-103421.22**	**0.00**	**0.00**	**0.00**	**95296.79**	**0.00**	**-287.63**	**0.00**	**-3573.49**
	Total Comprehensive Income for the current year	0.00	0.00	0.00	0.00	0.00	-5072.01	0.00	0.00	0.00	1978.42	0.00	-2.35	0.00	**-3095.94**
	Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
	Transfer to retained earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
	Any other change (Deferred Tax liability)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-576.00	0.00	40.99	0.00	**-535.01**
	Balance at the end of the current reporting period (31.03.2022)	0.00	**0.00**	**0.00**	**4838.57**	**0.00**	**-108493.23**	**0.00**	**0.00**	**0.00**	**96699.21**	**0.00**	**-248.99**	**0.00**	**-7204.44**

Note: The holding company, previous year financial statement were restated to correct the errors as per Ind As8 (Note No. 37)

For Balan & Co.
Chartered Accountants
FRN 340S

Sd/-
Sajeev B.
Chairman and Managing Director
DIN 09344438

Sd/-
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Membership No.: 228702
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Sd/-
Yogendra Prasad Shukla
Director (Finance)
DIN 09674122

Sd/-
Subramonian H.
Company Secretary
ACS: 28380

Place: Ernakulam
Date: 18.05.2023

Place: Ernakulam, Kerala
Date: 18.05.2023

Consolidated Cash Flow Statement for the year ended 31st March, 2023

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) for the period	(5,533.72)	(3,231.69)
Adjustments for :		
Depreciation/Loss on impairment of Assets	118.75	116.37
Profit(-) / Loss on sale of Assets		-
Interest Income	(883.05)	(789.01)
Interest & Finance Charges	6,691.09	6,560.11
Income from investment	(150.27)	(191.87)
Changes in defined Employee benefit plan-other comprehensive income	101.39	36.80
Effect of measurement of financail instrumet at amortised cost	-	-
Operating Cash Flows before Working Capital changes (A)	**344.19**	**2,500.71**
Adjustments for		
(Increase)/Decrease in Inventories	2,690.30	(2,303.67)
(Increase)/Decrease in Trade & Other Receivables	(2,274.24)	(1,473.80)
Increase/(Decrease) in Trade Payables & Other Liabilities	349.07	2,269.93
Cash Generated from Operations (Working Capital Changes) (B)	**765.13**	**(1,507.54)**
Net Cash flow from Operating activities (1) (A+B)	1,109.32	**993.17**
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(99.80)	(44.25)
Sale of fixed assets - Assets held for sale	1,538.16	7.31
Interest Income	898.95	906.58
Income from investments	86.65	191.87
Net Cash flow from / (used in) Investing activities (2)	2,423.96	1,061.51
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/Decrease in Secured Loans	-	(1,161.82)
Increase/Decrease in Unsecured Loans	(1.34)	(1,394.13)
Increase/Decrease in Unsecured Loans (Net of Repayments)		217.00
Effect of measurement of financail instrumet at amortised cost	-	-
Interest Paid	(1,079.90)	(851.00)
Net cash used in financing activities (3)	(1,081.24)	(3,189.95)
Net Increase Decrease in Cash and Cash Equivalents (1+2+3)	2,452.04	(1,135.27)
Cash & cash equivalents at the beginning of the period	2,169.32	3,304.59
Cash & cash equivalents at the end of the period	**4,621.36**	**2,169.32**
Cash & cash equivalents as per above comprise of following		
a) Balances with banks (of the nature of cash and cash equivalents):		
Current accounts	277.21	233.15
Saving Account	153.43	149.25
Deposits with original maturity of less than three months	4,190.25	1,785.44
b) Cash on Hand	0.47	1.48
Total	**4,621.36**	**2,169.32**

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

For Balan & Co.
Chartered Accountants
FRN 340S

Sd/-
Sajeev B.
Chairman and Managing Director
DIN 09344438

Sd/-
Joyal George, FCA
Partner
Membership No.: 228702
UDIN: 23228702BGXDRJ7779

Sd/-
Yogendra Prasad Shukla
Director (Finance)
DIN 09674122

Sd/-
Subramonian H.
Company Secretary
ACS: 28380

Place: Ernakulam
Date: 18.05.2023

Place: Ernakulam, Kerala
Date: 18.05.2023

Notes to the Consolidated Financial statements for the period ended 31st March, 2023

1. Corporate Information

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

2. Significant Accounting Policies

2.1 Basis of Preparation of Financial Statement

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

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

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

Derivative financial Instrument

Defined Benefit Plans – Plan Assets

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

Significant accounting estimates, assumptions and judgements

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

Estimates and assumptions

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

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

Taxes

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

Employee benefits

i. Short-term obligations

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

ii. Other long-term employee benefit obligations

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

iii. Post-employment obligations

“The Company operates the following post-employment schemes:

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

(b) Defined contribution plans such as provident fund.

iv. Defined benefit plans

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

v. Defined contribution plans

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

i. Gratuity

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

Pension and gratuity obligations

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

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

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

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

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

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

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

c) Temporary employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

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

e) Post employment and other long term employee benefits are recognised as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation technique. Actuarial gain and loss in respect of post employment and other long term benefits are charged to statement of profit and loss.

Fair value measurement of financial instruments

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

Provision against obsolete and slow-moving inventories

The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use, on the basis of technical assessment. The Company carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Company reassesses the estimation on each balance sheet date providing provision for slow moving inventory at 50% and in the case of obsolete items at 100%.

Impairment of financial assets

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

Impairment of non-financial assets

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

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

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

2.2 Summary of significant accounting policies

a) Current versus Non-Current classification

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

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

All other assets are classified as non-current.

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

liability is current when:

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

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

The Company classifies all other liabilities as non-current.

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

b) Revenue recognition

The Company earns revenue primarily from manufacturing chemical product.

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

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

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

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

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

Sale of product

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

Rendering of services

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

Interest income

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

Rental Income

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

c) Property, Plant and Equipment

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

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

The management's considered view is that estimated useful lives as per the Schedule II of the Companies Act, 2013 are realistic and reflect fair approximation of the period over which the assets are likely to be used. The company reviews the useful life of the Property, plant & equipment and Intangible asset as at the end of each reporting period and these reassessment may result in change in depreciation expenditure in future period.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual value over their estimated useful lives of Property, plant and equipment as per Schedule II of the Companies Act 2013 as under:

1) Buildings : 3/5/30/60 years
2) Plant & equipments: 10/12/15/20 years
3) Furniture & fixtures: 10 years
4) Vehicles: 8/10 years
5) Office equipments: 3/5/6/8 years
6) Intangible assets: 5 years

Items of fixed assets that have been retired from active use and are held for disposal are valued at lower of their net book value or net realisable value."

Investment Properties

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

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

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

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

d) Property, plant and equipment held for sale

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

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

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

Leasehold improvements over the period of lease

Leasehold Land:

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

e) Intangible assets

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

ii) Other intangible assets

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

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

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

f) Borrowing costs

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

g) Foreign Currency Transactions and balances

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

h) Fair value measurement

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities”

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

i) Leases

“The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.”

Company as a lessee

“A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term."

Company as a lessor

"Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease."

j) Inventories

"(i) Stores and spares, packing materials and raw materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.

(ii) Semi-finished products and finished products are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory.

(iii) By-products are valued at estimated net realizable value.

(iv) Trading goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale."

k) Impairment of non-financial assets

"The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount,nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

l) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event,it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profitand loss net of any reimbursement.If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects,when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in respect of possible obligations that have risen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise, or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

m) Financial instruments

"A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Debt instruments at amortised cost

A 'debt instrument' is measured at its amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss."

Debt instrument at FVTOCI

A 'debt instrument' is classified at FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

"b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value.Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method."

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL. In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has designated certain debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument,excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

De-recognition

"A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

the rights to receive Cash flows from the asset have expired, or

the company has transferred its rights to receive Cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either(a) the company has transferred substantially all the risks and rewards of the asset, or

(b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay."

Impairment of financial assets

"In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits,trade receivables and bank balance
b) Financial assets that are debt instruments and are measured as at FVTOCI
c) Lease receivables under Ind AS 17
d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 (referred to as 'contractual revenue receivables' in these financial statements)
e) Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on:

Trade receivables and Other receivables

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

All contractual terms of the financial Instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

Cash flows from the sale of collateral Held or Other credit enhancements that are integral to the contractual terms. financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount."

n) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts,financial guarantee contracts and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Loans and borrowings

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis,to realise the assets and settle the liabilities simultaneously.

o) Derivative financial instruments

Initial recognition and subsequent measurement,The Company uses derivative financial instruments, such as forward currency contracts, full currency swaps and interest rate swaps contracts to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits,as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q) Cash dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

r) Taxes

Current income tax

"Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate."

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.Deferred tax liabilities are recognised for all taxable temporary differences, except:When the deferred tax liability arises from the initial recognition of Goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in the temporary differences will not reverse in the foreseeable future Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except: When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it hasbecome probable that future taxable profits will allow the deferred tax asset to be recovered.Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

s) Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. Deferred tax assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

t) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related assets.

Export Benefits:

"Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and the net benefit/obligation has been accounted by making suitable adjustments in raw material consumption.

The benefit accrued under the Duty Drawback, Merchandise Export Incentive Scheme and other schemes as per the Import and Export Policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head 'Other operating revenue'."

u) Earnings Per Share:

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

v) Contingent Liability and Contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non—occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise.When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements.Contingent liabilities and contingent assets are reviewed at each balance sheet date.

w) Share-Based Payments:

Measurement and disclosure of the employee share based payment plans is done in accordance with Ind AS 102, Share-Based Payment. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

x) Errors and Omissions of earlier period:

Errors and omissions in individual items of Income and Expenditure relating to earlier periods, exceeding `1 Lakh is accounted in the respective period, if possible, or adjusted against opening retained earnings.

xi). 1. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of its subsidiaries, associates and joint ventures which are companies incorporated in India to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries, associates and joint ventures ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

2. No funds have been received by the Company or any of its subsidiaries, associates and joint ventures which are companies incorporated in India from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries, associates and joint ventures shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Recent Accounting Pronouncements

The Ministry of Corporate Affairs through Companies (Indian Accounting Standards) Amendment Rules, 2020 has notified the following new and amendments to Ind AS which the company has applied as they are effective for annual period that begins on or after April 1, 2020

Ind AS 103: Business Combination

Definition of term "business" has been substituted with "an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. Accordingly, providing goods or services to customers has been added. This amendment is necessary because every business involves providing goods or services to the customers. There is no impact in the financial statement of the company as this Ind AS Is not applicable.

Ind AS 107 and Ind AS 109: Financial Instrument

Hedge accounting is a method of accounting where entries to adjust the fair value of a security and its opposing hedge are treated as one. Hedge accounting attempts to reduce the volatility created by the repeated adjustment to a financial instrument's value, known as fair value accounting or mark to market. This reduction in volatility is done by combining the instrument and the hedge as one entry, which offsets the opposing movements. For hedging relationships to which an entity applies an entity shall disclose (a) the significant interest rate benchmarks to which the entity's hedging relationships are exposed (b) the extent of the risk exposure the entity manages that is directly affected by the interest rate benchmark reform (c) how the entity is managing the process to transition to alternative benchmark rates (d) a description of significant assumptions or judgements the entity made in applying these paragraphs (for example, assumptions or judgements about when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows); and (e) the nominal amount of the hedging instruments in those hedging relationships.

Following temporary exceptions have also being provided from applying specific hedge accounting requirements a) For assessing highly probable requirement for cash flow hedges b) Reclassifying the amount accumulated in the cash flow hedge reserve c) Assessing the economic relationship between the hedged item and the hedging instrument d) Designating a component of an item as a hedged item. There is no impact in the financial statement of the company as this Ind AS Is not applicable.

Ind AS 116: Leases

Due to the COVID- 19, and thereafter the lockdown in India, many businesses have been shut or partially opened resulting into adverse impact on Revenue & Cash flow. Accordingly, the lease payment has been affected and the businesses are demanding the rent concession from their vendors. If the below mentioned conditions are fulfilled, then entity treat the Rent concession without lease modification. (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (b) any reduction in lease payments affects only payments originally due on or before the 30th June, 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before the 30th June, 2021 and increased lease payments that extend beyond the 30th June, 2021); and (c) there is no substantive change to other terms and conditions of the lease. There is no impact in the financial statement of the company as this Ind AS Is not applicable.

Ind AS 1 and 8: Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors

A new definition of material has been introduced by this amendment, this is more refined and also most expected by the industry, some of the examples of circumstances have also been provided for more clarity.

Material: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured: –

a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear
b) information regarding a material item, transaction or other event is scattered throughout the financial statements
c) dissimilar items, transactions or other events are inappropriately aggregated;
d) similar items, transactions or other events are inappropriately disaggregated; and
e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity`s general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity ‘s own circumstances.

The primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyses the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.

The Company has duly considered the changes in definition of ‘materiality’ for presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors.

Ind AS 10 Events after the Reporting Period

A paragraph 21 of the Ind AS 10 have been substituted, in the amendment any non-adjusting events that could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements which provide financial information about a specific reporting entity have been added.

Accordingly, the following disclosure to be provided

a) the nature of the event; and
b) an estimate of its financial effect, or a statement that such an estimate cannot be made.

The company duly considered the aforesaid amendment for the preparation, disclosure and presentation of financial statements.

Ind AS 34 Interim Financial Reporting

Consequential amendment and accounting of restructuring plan.

Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets

A management or board decision to restructure taken before the end of the reporting period does not give rise to a constructive obligation at the end of the reporting period unless the entity has, before the end of the reporting period

a) started to implement the restructuring plan; or
b) announced the main features of the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation in them that the entity will carry out the restructuring.

This amendment is not applicable to the company.

New Standards or Other Amendments Issued but not yet Effective:

Recent Indian Accounting Standards (Ind AS)

The Central Government, in consultation with the National Financial Reporting Authority has notified the Companies (Indian Accounting Standards) Amendment Rules,2021 to further amend the Companies (Indian Accounting Standards) Rules, 2015. In this amendment, the following new and amendments brought into Indian Accounting Standards, which the Group has duly applied, wherever applicable during the year:

Ind AS – 103: Business Combination

The first amendment relates to recognition condition of the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquire. To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Frame work for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards issued by the Institute of Chartered Accountants of India at the acquisition date. The Company does not expect any impact from this amendment.

Ind AS – 105: Non-current Assets Held for Sale and Discontinued Operations

The amendment provides for the change in the definition of recoverable amount – recoverable amount means the higher of an asset's fair value less costs of disposal. The Company does not expect any impact from this amendment.

Ind AS – 107: Financial Instruments – Disclosures

The amendment provides for additional disclosures related to interest rate benchmark reform on an entity's financial instruments and risk management strategy. The Company does not expect any impact from this amendment.

Ind AS – 109: Financial Instruments

The amendment provides for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform by way of amending the contractual terms specified at the initial recognition of the financial instrument, in a way that was not considered by—or contemplated in—the contractual terms at the initial recognition of the financial instrument, without amending the contractual terms and/or because of the activation of an existing contractual term. The Company does not expect any impact from this amendment.

Ind AS – 114: Regulatory Deferral Accounts

This amendment provide for the change in accounting polices in respect of regulatory deferral account balances. An entity shall not change its accounting policies in order to start to recognise regulatory deferral account balances. An entity may only change its accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances if the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable, or more reliable and no less relevant to those needs. An entity shall judge relevance and reliability using the criteria in paragraph 10 of Ind AS 8. The Company does not expect any impact from this amendment.

Ind AS – 116: Leases

The amendment provides for the change the basis for determining future lease payments as a result of interest rate benchmark reform. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:(a) the modification is necessary as a direct consequence of interest rate benchmark reform; and(b) the new basis for determining the lease payments is economically equivalent to the previous basis. The Company does not expect any impact from this amendment.

Recent Indian Accounting Standards (Ind AS)

The Central Government, in consultation with the National Financial Reporting Authority has notified the Companies (Indian Accounting Standards) Amendment Rules,2022 to further amend the Companies (Indian Accounting Standards) Rules, 2015. The company has applied Indian Accounting Standards Amendment Rules 2022, with effect from 1 April 2022.

Ind AS – 103: Business Combination

The first amendment relates to recognition condition of the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquire. To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards issued by the Institute of Chartered Accountants of India at the acquisition date. The other amendments provide for the guidance on recognizing the intangible assets, specify the type of identifiable assets and liabilities that include items for which this Ind AS provides limited exceptions to the recognition principle and conditions, provides limited exceptions to its recognition and measurement principles and specify both the particular items for which exceptions are provided and the nature of those exceptions. The Company does not expect any impact from these amendments.

Ind AS – 16: Property Plant and Equipment

The amendment provides for directly attributable cost in respect of costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition (such as samples produced when testing equipment). Excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Company does not expect any impact from this amendment.

Ind AS – 37: Provisions, Contingent Liabilities and Contingent Assets

This amendment provides for, in respect of onerous contract, the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both-(a) the incremental costs of fulfilling that contract(b) an allocation of other costs that relate directly to fulfilling contracts. It also provides for, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The Company does not expect any impactfrom this amendment.

NOTE 3 - Property, Plant and equipment (Rs. In Lakh)

Sl. No. Item	Description	GROSS BLOCK					DEPRECIATION / AMORTISATION / IMPAIRMENT					NET BLOCK	
		As at 01.04.2022	Additions	Deletions	Adj.	As at 31.03.2023	Up to 01.04.2022	Deletions	Provided during the year	Adj.	Up to 31.03.2022	As on 31.03.2023	As on 31.03.2022
a.	**Property, Plant and equipment**												
1	Land and Land Development	12984.25	1035.38	0.00	0.00	14019.63	0.00	0.00	0.00	0.00	0.00	14019.63	12984.25
2	Buildings	1282.52	0.00	0.00	0.00	1282.52	899.73	0.00	18.00	0.00	917.73	364.79	382.79
3	Plant and Equipment	24942.37	90.49	0.00	0.00	25032.86	23044.05	0.00	78.74	0.00	23122.79	1910.07	1898.32
4	Furniture, Fixtures and Equipments	115.13	1.99	0.00	0.00	117.12	103.27	0.00	0.89	0.00	104.16	12.96	11.86
5	Vehicles	118.63	0.17	0.00	0.00	118.80	108.54	0.00	0.83	0.00	109.37	9.43	10.09
6	Office Equipment	683.03	7.15	0.00	0.00	690.18	622.31	0.00	9.72	0.00	632.03	58.15	60.72
7	Library Books	13.47	0.00	0.00	0.00	13.47	13.43	0.00	0.00	0.00	13.43	0.04	0.04
	Sub-total	40139.40	1135.18	0.00	0.00	41274.58	24791.33	0.00	108.18	0.00	24899.51	16375.07	15348.07
8	Assets held for disposal	110177.37	0.00	7689.61	0.00	102487.76	6248.03	6151.45	0.00	0.00	96.58	102391.18	103929.34
	Total	**150316.77**	**1135.18**	**0.00**	**0.00**	**143762.34**	**31039.36**	**6151.45**	**108.18**	**0.00**	**24996.09**	**118766.25**	**119277.41**
b.	Investment property Land	16.71	0.00	0.00	0.00	16.71	0.00	0.00	0.00	0.00	0.00	16.71	16.71
b1.	Investment property Building	136.89	0.00	0.00	0.00	136.89	64.86	0.00	2.16	0.00	67.02	69.87	72.03
	Total	**153.60**	**0.00**	**0.00**	**0.00**	**153.60**	**64.86**	**0.00**	**2.16**	**0.00**	**67.02**	**86.58**	**88.74**
c.	**Intangible assets**	676.15	0.00	0.00	0.00	676.15	648.89	0.00	8.40	0.00	657.29	18.86	27.26
	G. Total (a + b + c)	**151146.52**	**1135.18**	**0.00**	**0.00**	**144592.09**	**31753.11**	**6151.45**	**118.74**	**0.00**	**25720.40**	**118871.69**	**119393.41**

1. During the year there is no change in the management estimates of the useful life for various class of Property, plant and equipments and Intangible assets.
2. Kochi unit of the Holding Company had given 1.03 acre of land to M/s. Sterling Gas Limited as operating lease under cancellable lease agreement. Investment properties are distinguished from owner occupied property based on area covered under lease agreement and the value of investment has been determined using pro-rata basis.
3. The holding Company own 184 residential flats at Kochi comprising of 155104 Sq. Ft. out of which 46594 Sq. ft. consisting of 55 flats has been earmarked as investment property for letting out.
4. The holding Company's Land at Kochi have been revalued by professionally qualififed independent valuer Er.S.Rajendraprasad, Wealth Tax No: Catogory No.1/3/Vol.II/2009-10.No:CC-CHN/TECH/RV/3/2009-10) on 14.04.2023. The carrying amount that would have been recognised Rs.578.25 Lkahs under cost model and the revaluation surplus Rs.1035 Lkhs and no restrictions on the distribution of the balance to shareholders.
5. The land of the subsidiary company is revalued as per Ind AS and the original land value before Ind AS revaluation is Rs.59 Lakhs. Factory land of 126.13 acres is located at Rudraram P.O., Kandi Mandal, Sangareddy Dist. Telangana State and land is freehold. HOCL has first charge over land to the extent of 84.31 acres.
6. Fair value of total land as on 31.03.2023 is Rs.14663.57 Lakhs. Since the fair value of the land is higher than the carrying value as per books of accounts, carrying value of the land held for sale continues to be reported in accordance with para 15 of Ind AS 105.
7. Plant, other assets and inventory of the subsidiary company were e-auctioned by MSTC and e-bid opened on 15.3.2023. The assets were sold to the H1 bidder M/s Gaurav Worldwide Trading Pvt.Ltd. for Rs.1437 Lakhs and final payment received on 29.03.2023.
8. The subsidiary company's sale of assets and demolishing of buildings was awarded to the party on 30.03.2023, the following items were included in the balance Sheet with the following values as possession and control is with the Company itself. Original cost of Time Office building (Rs.4.33 Lakhs), Security Post (Rs. 4.55 Lakhs) and Fencing & Compound Wall (Rs.Rs.145.58 Lakhs) comes to Rs.154.46, accumulated depreciation: Rs.39.56 Lakhs and Net value Rs.114.90 categorised as Buildings.
9. The company has not revalued its intangible assets during the financial year
10. The subsidiary company depreciation not provided since there are no operations in the company.

Amounts recognised in profit or loss for investment properties	**31.03.2023**	**31.03.2022**
Rental income including contingent rent	26.98	24.07
Direct operating expenses from property that generated Rental Income	15.74	7.20
Direct operating expenses from property that did not generate rental income	0.00	0.00
Income from investment properties before depreciation	**11.24**	**16.87**
Depreciation	2.16	2.16
Income from investment properties	**9.08**	**14.71**
Fair value of investment property (Land)		
Investment property-Sterling Gas Ltd	120.41	111.66
Investment property-Township	408.49	371.35
Total	**528.90**	**483.01**

Estimation of fair value: The fair value of investment property has been determined by an external independent property valuer having professional qualification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - FIXED ASSETS

d) Non current assets held for sale **Amount (Rs in Lakhs)**

Description of the Non-Current Assets	Facts and Circumstances of the sale	Manner of disposal	Timing of disposal	NET BLOCK	
				As on 31.03.2023	As on 31.03.2022
Land	Closure of Rasayani unit of Holding company & subsidiary company and disposal of assets.	Direct sale of 152 acres of land to BPCL and balance through NBCC.	Within 12 months	102149.66	102149.66
Buildings		E-auction through MSTC	-do-	180.05	207.19
Plant and Equipment		-do-	-do-	58.81	1565.46
Furniture, Fixtures and Equipments		-do-	-do-	2.52	6.36
Office Equipments-Computers		Handing over to JNPT	-do-	0.13	0.67
Total				**102391.18**	**103929.34**

Note: (1) The holding company is in the process of implementation of the Govt. Approved restructuring plan vide order dated May 22, 2017, the company has closed the Rasayani Unit, plant and equipment scrapped has been disposed off. Sale of unencumbured land in Rasayani through NBCC and Panvel land through e-auction are in progress. The Phenol plant at Kochi is in operation.

(2) The subsidiary company 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 for shutting down the operations of the plant/unit of HFL & closure of the Company.

Particulars	As at 31.03.2023	As at 31.03.2022
Financial Assets		
4. Investments		
Investment stated at Cost:		
Investment in Unquoted Equity Shares of Kerala Enviro Infrastucture Ltd.		
(50000 Unquoted Equity Shares @ Rs.10/-)	5.00	5.00
Less :- Provision for impairement in value of investment	0.00	0.00
	5.00	5.00
Total Non-Current Investments	**5.00**	**5.00**
Aggregate amount of quoted investments (Market Value)	0.00	0.00
Aggregate amount of quoted investments (Cost)	0.00	0.00
Aggregate amount of unquoted investments	5.00	5.00
Aggregate amount of provision for impairment		
Total Non-Current Investments	**5.00**	**5.00**
5. Other Non-Current Assets		
i) Deposits with customs, MSEB, KSEB, BSNL, Rent deposit & Registrar HC.	518.05	497.37
Sub-total	518.05	497.37
ii) Other Deposits	0	0
Total	**518.05**	**497.37**
6. Inventories (Valued at lower of cost and net realisable value)		
a. Raw materials and components	998.33	1701.86
b. Work in progress	938.00	1133.84
c. Finished goods	978.47	2265.34
d. Store and spares	2401.65	2932.94
Less; Allowances for obsolesence *	-355.50	-382.73
Total	**4960.95**	**7651.25**
* In the books of holding company, Allowances for stores obsolesence are made at 50% of the Slow moving items above five years and at 100% for obsolate items.		
7. Trade Receivables		
Financial Assets	**0.00**	**0.00**
Current		
Secured	0	0.00
Considered good - Unsecured	1936.87	864.28
Credit impaired	1506.17	1489.46
Less: Allowance for doubtul trade receivable	-1506.17	-1489.46
Less: Bills Receivables discounted	0	0.00
Total trade receivables	**1,936.87**	**864.28**

i) In the books of holding company, Allowance is made in the accounts for trade receivables which in the opinion of the management are considered credit impaired. The Company is consistently following the practice of creating allowance for those trade receivables which remain outstanding for more than three years or doubtful of recovery. Trade receivable between two to three years showing significant credit risk have been provided for allowance.
ii) In the books of subsidiary company balance standing to the debit/credit of parties is subject to confirmation by them and review by the Company.
iii) In the books of Subsidiary company, Debts over due includes towards case filed in High Court of Andhra Pradesh, which is pending amounting to Rs.129.16 Lakhs (Previous year Rs 129.16 lakhs)

The disclosure of movement as required under Indian Accounting Standard 37

Allowance for doubtful Trade receivables

Provision at the beginning of the year	1489.46	1474.13
Provisions made during the year	33.79	16.77
Released during the year *	17.08	1.44
Provision at the end of the year	**1506.17**	**1489.46**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31.03.2023	As at 31.03.2022
*During the year the Company has collected/written off Trade Receivables to the tune of Rs.17.08 Lakh(previous year Rs.1.44 lakhs) for which allowance has already been created.		

Trade Receivables ageing schedule — Rs. In Lakhs

Particulars	Not due (less than 60 days)	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Current Year 2022-23							
(i) Undisputed Trade receivables – considered good	1791.84	0.00	0.19	0.49	0.00	0.00	1792.52
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	0.00	0.00	0.00	0.00	0.48	0.00	0.48
(iii) Undisputed Trade Receivables – credit impaired	0.00	0.00	0.00	0.00	0.00	590.00	590.00
(iv) Disputed Trade Receivables–considered good	0.00	0.00	0.00	0.00	0.00	129.16	129.16
(v) Disputed Trade Receivables – which have significant increase in credit risk	0.00	0.00	0.00	0.00	0.00	899.22	899.22
(vi) Disputed Trade Receivables – credit impaired	0.00	0.00	0.00	0.00	0.00	31.65	31.65
Total	1791.84	0.00	0.19	0.49	0.48	1650.03	3443.04
Less: Allowances for expected credit loss	0.00	0.00	0.12	0.04	0.08	1505.93	1506.17
Net Amount	**1791.84**	**0.00**	**0.07**	**0.45**	**0.40**	144.10	**1936.87**
Previous Year 2021-22							
(i) Undisputed Trade receivables – considered good	291.20	431.89	3.11	5.83	0.00	0.00	732.03
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	0.00	0.00	0.00	0.00	3.09	0.00	3.09
(iii) Undisputed Trade Receivables – credit impaired	0.00	0.00	0.00	0.00	0.00	598.64	598.64
(iv) Disputed Trade Receivables–considered good	0.00	0.00	0.00	0.00	0.00	129.16	129.16
(v) Disputed Trade Receivables – which have significant increase in credit risk	0.00	0.00	0.00	0.00	0.00	891.03	891.03
(vi) Disputed Trade Receivables – credit impaired	0.00	0.00	0.00	0.00	0.00	31.64	31.64
Total	291.20	431.89	3.11	5.83	3.09	1650.47	2385.59
Less: Allowances for expected credit loss	0.00	0.00	0.00	0.00	0.00	1521.31	1521.31
Net Amount	291.20	431.89	3.11	5.83	3.09	129.16	864.28

8a. Cash and cash equivalents

Balances with banks (of the nature of cash and cash equivalents):

Particulars	As at 31.03.2023	As at 31.03.2022
Current accounts	277.21	233.15
Saving Account *	153.43	149.25
Deposits with original maturity of less than three months	4190.25	1785.44
Cash on Hand	0.47	1.48
Total	**4621.36**	**2169.32**
* Balance in Saving account of the Holding company is earmarked for the rental dues of Harchandrai House as per the direction of Small Causes Court, Mumbai.		
8b. Other Bank Balance		
Fixed Deposit against LC/BG	6202.07	5595.43
Fixed deposit for maturity of more than three months but less than 12 month	8990.33	7907.62
Total	**15192.4**	**13503.05**
Fixed deposit includes Rs.1420.93 Lakhs (received from the Sales proceeds of Plant and other assets of subsidiary company) deposited by subsidiary company in SBI, Saifabad Branch, Hyderabad on 31.3.2023 as per the directions of Court.		
9. Loans (Current asset)		
A) Unsecured (M/s. Hindustan Flurocarbons Ltd.)	0.00	0.00
Less: Provision for Doubtful recovery	0.00	0.00
	0.00	**0.00**
(A) Loans to employees		
a. Unsecured, Considered good	22.35	21.01
	22.35	**21.01**
(B) Advance to Suppliers		
Doubtful	65.00	65.00
Less: Allowance for doubtul doubtful advance	65.00	65.00
	0.00	**0.00**
Total loans	**22.35**	**21.01**

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Holding Company.		
10. Other Financial Assets		
Current		
(A) Interest receivable		
a. Unsecured, Considered good		
Accrued Interest on Deposits	**369.27**	**385.17**
Accrued interest on Advance	106.08	106.08
Less: Provision for Doubtful Receipt	106.08	106.08
	0.00	**0.00**
Accrued Income from Township	5.53	5.53
Less : Allowances	5.53	5.53
	0.00	0.00
Total	**0.00**	**0.00**
(B) Interest Receivables from related party		
(M/s. Hindustan Fluorocarbons Ltd.)		
(Secured)	0.00	0.00
Less: Provision for Doubtful recovery	0.00	0.00
B) Miscellaneous advance recoverable		
a. Unsecured, Considered good		
b. Doubtful	0.00	0.00
Less: Allowance for doubtful other financial assets	0.00	0.00
	0.00	0.00
Total	**369.27**	**385.17**
11. Other current assets Rs. in Lakh		
(i) Deposits with the Collectorate of Central Excise and Customs	7.37	7.37
Less : Allowances for doubtful advance	2.90	2.90
Sub-total	**4.47**	**4.47**
(ii) Statutory receivables - Duties & Taxes	366.95	877.59
Less : Allowances for doubtful advance	4.29	4.29
Sub-total	**362.66**	**873.30**
(iii) Advances to suppliers		
- Considered good	210.55	341.71
- Considered doubtful	0.00	0.00
Less : Allowances for doubtful advance	4.31	4.31
Sub-total	**206.24**	**337.40**
(iv) Deposits - Gratuity, EMD , Rent etc.	1781.19	1544.33
(v) Prepaid Expenses	142.70	171.95
(vi) Other Advances Recoverable	52.66	63.91
(vii) Accrued income on Employee Advances	4.69	8.15
(viii) Recoverable form Employees	70.65	70.76
Sub-total	**270.70**	**314.77**
Less : Allowances for doubtful advance	60.41	60.41
	210.29	254.36
Total	**2564.85**	**3013.86**
In the books of holding company gratuity deposit of Rs.1729.47 (previous year Rs.1490.61 lakh) Lakh in LIC and ICICI Bank towards Employees Group Gratuity Fund Trust created against Gratuity liability.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Description	As at 31.03.2023		As at 31.03.2022	
	Nos.	Rs. In lakh	Nos.	Rs. In lakh
12. Share Capital				
Authorised Share Capital				
Equity Shares of Rs. 10 each				
Opening Balance	100000000	10000.00	100000000	10000.00
Increase/(decrease) during the year	0	0.00	0	0.00
Closing balance	100000000	10000.00	100000000	10000.00
Preference Shares of Rs. 10 each				
Opening Balance	270000000	27000.00	270000000	27000.00
Increase/(decrease) during the year	-	0.00	-	0.00
Closing balance	**270000000**	**27000.00**	**270000000**	**27000.00**
Total authorised capital	**370000000**	**37000.00**	**370000000**	**37000.00**
Issued equity capital				
Equity shares of Rs. 10 each issued, subscribed and fully paid				
Opening balance	67173100	6717.31	67173100	6717.31
Add: Paid-up amount on shares forfeited	0	9.65	0	9.65
Increase/(decrease) during the year	0	0.00	0	0
Total - Equity share capital	**67173100**	**6726.96**	**67173100**	**6726.96**

Terms/ rights attached to equity shares

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

Details of shareholders holding more than 5% shares in the company and Shareholding of Promoters

Name of the shareholder	As at 31.03.2023		As at 31.03.2022		% change during the year
	No. of shares	% Holding	No. of shares	% Holding	
Equity shares of INR 10 each fully paid: The Government of India (Promoter)	3,94,81,500	58.78%	3,94,81,500	58.78%	**Nil**

During the year 2010-11, the holding Company forfeited 193000 shares of Rs.10 each (Rs.5 paid up) for non payment of allotment and call monies and the amount paid towards application money in respect of these forfeited shares has been transferred to “Share's Forfeiture Account”.

Promoters Shareholding at the end of the Year (Subsidiary Company)

Name	As at 31.03.2023		As at 31.03.2022		% Change during the Year
	No. of shares	% Holding	No. of shares	% Holding	
Hindustan Organic Chemicals Ltd	1,10,60,000	56.43%	1,10,60,000	56.43%	Nil
Andhra Pradesh Industrial Development Corporation	8,70,000	4.44%	8,70,000	4.44%	Nil
Equity shares of INR 10 each fully paid		**60.87%**		**60.87%**	

Description	As at 31.03.2023	Rs. in Lakh As at 31.03.2022
13. Other equity		
a) Securities Premium Reserve		
Opening balance	4,838.57	4,838.57
Increase/(decrease) during the year	-	-
Closing balance	**4,838.57**	**4,838.57**
b) Retained Earnings		
Opening balance	(1,08,493.23)	(1,03,480.98)
Changes in accounting policy or prior period errors	-	59.76
Restated balance at the beginning of the period	(1,08,493.23)	(1,03,421.22)
Add: Profit for the year	(5,325.94)	(5,072.01)
Add: Fair value of land sold	-	-
Closing balance	**(1,13,819.17)**	**(1,08,493.23)**
c) Other comprehensive income		
i) Revaluation of Property, plant & Equipments		
Opening balance	96,699.22	95,296.79
Add: Revaluation during the year (Note No.3)	1,035.38	1,978.42
Less : Cost of sale of revalued assets	-	-
Less: Reserve transferred to Retained Earning	-	-
Add : Reversal of Deferred Tax liability on account of sale	-	-
Add/Less : Deferred Tax liability on account of revaluation during the year	(266.00)	(576.00)
Closing balance	**97,468.60**	**96,699.21**
ii) Changes in Employees defined benefits plan		
Opening balance	(249.00)	(287.63)
Add/Less: Revaluation during the year	-	(2.35)
Less:Re-measurement of defined benefit plan	101.39	40.99
Less: Deferred Tax liability on account of revaluation during the year	-	-
	(147.61)	**(248.99)**
iii) Equity Instrument through Other Comprehensive Income		
Opening balance	-	-
Ad/Less: Remeasurement of defined benefit plan	-	**0.01**
Less: Deferred Tax liability on account of revaluation during the year	-	-
Closing balance	-	**0.01**
Grand Total	**97,320.99**	**96,450.23**
Total Other Equity	**(11,659.61)**	**(7,204.43)**

Securities Premium Reserve - Where the Holding Company issued shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to “Securities Premium Reserve”. The Company may issue fully paid-up bonus shares to its members out of the securities premium reserve and the Company can use this reserve for buy-back of shares.

14. Borrowings (Non-Current Liability) **Rs. in Lakh**

Description	As at 31.03.2023	As at 31.03.2022
Term Loan	0.00	0.00
Loans from Government of India	0.00	0.00
Other Loan	0.00	0.00
Total	**0.00**	**0.00**

Description	As at 31.03.2023	Rs. in Lakh As at 31.03.2022
15. Provisions (Long term liability)		
For Employee's Benefits - Leave encashment	1004.84	903.42
For Employee's Benefits -Gratuity	1367.93	1871.04
Impairment of Fixed Assets	23.13	23.13
Provision for rent	0.00	0.00
Total	**2395.90**	**2797.59**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		Rs. in Lakh
Description	**As at 31.03.2023**	**As at 31.03.2022**
16. Deferred Tax liabilities		
Fair Value of Land	16719.52	16417.52
Fair Value of Investment	-36.00	-15.00
Net Deferred tax liability [Note No.41]	**16683.52**	**16402.52**
The deferred tax asset has not been recognised as there is no vertual certainity about the future adequate taxable profitability of the company. Also refer Note No.41.		
17. Current Financial Liabilities-Borrowings		
Current maturities of Govt. loan	0.00	7695.09
Loan from GOI	54423.46	46728.37
Overdue 8% Non-cumulative Redeemable Preference Shares-GOI	**27000.00**	**27000.00**
Loan from HOCL		**0.00**
Total Borrowings	**81423.46**	**81423.46**
Aggregate Secured loans	**0.00**	**0.00**
Aggregate Unsecured loans	**54423.46**	**54423.46**

a)Subsidiary Company Hindustan Fluorocarbons Ltd has created first charge in favour of the Holding Company on 84.31 acre of land at Rudraram Vill, Medak Dist., Telengana state towards zero coupon loan of Rs.2744.07 lakhs, interest bearing loan of Rs.453.01 lakhs and interest accrued thereon amounting to Rs.1075.05 lakhs are outstanding.

b) The Subsidiary company had outstanding plan loan of Rs.360 Lakhs availed from Government of India 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 lakhs shown in Note-14. Company had received letter no.P.51015/06/2019-Ch.III(Vol.II) dated 29.01.2020 on closure of HFL in which interest on Rs.15.80 crore will be freezed upto 31.03.2019. Hence interest has not been charged from the year 2019-20 onwards.

(c). The Term loan from holding company to subsidiary company 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 FY 2010-11. The instalment due for FY 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16 & 2016-17 amounting to Rs.2744.06 lakhs is not paid by the company and the total loan amount due to holding company is Rs.3197.08 lakhs.

* GOI has disbursed to subsidiary company a loan of Rs. 7370 lakh on 22.05.2020 and Rs.217 lakh on 15.03.2022 as interest free loan to the subsidiary company for settling the dues of employees, creditors and closure of loans as per decision of CCEA

1. The preference shareholders have no voting rights.

2. The Government of India had released earlier in the year 2006-07 Rs.27000 lakhs (for financial restructuring Rs. 25000 lakhs and Caustic Soda Plant recommissioning Rs. 2000 lakhs) against allotment of 8% Non-Cumulative Redeemable Preference Shares, thereby broadening the capital base as per the revival scheme of the holding company. The 8% Preference Shares were allotted to Government of India by the Board on 28th January, 2008, redeemable @ 20% commencing from 4th year with last redemption in the 8th year (ie.2015-16). At the request of the Company, Government of India had extended the commencement of redemption from financial year 2011-12 to financial year 2015-16 @ 25% each year, subject to payment of interest @ 1.5 % pa, on the total amount of Rs.27000 lakhs and an amount of Rs.405 lakhs has been provided in the books of accounts during the year. Further interest @1% is payable for default in repayment and accordingly interest amount of Rs.270 lakhs has been provided during the year.

18. Trade payables

Current - Trade Payable		
i) Outstanding dues of micro and small enterprises	14.85	55.50
ii) Outstanding dues of other than micro and small enterprises	4067.96	4144.71
Total	4082.81	4200.21

		Rs. in Lakh
Description	**As at 31.03.2023**	**As at 31.03.2022**
Amount due to Micro, Small and Medium enterprises:		
Particulars		
a) i) Principal amount remaining unpaid as at the end of each accounting year	14.85	55.50
ii) Interest due thereon	-	-
iii) Interest due and payable for the period of delay in payment	-	-
iv) Interest accrued and remaining unpaid	-	-
v) Interest due and payable even in suceeding years	-	-

b) Dues to Micro, Small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. All the dues to them are paid within due date and there is no overdue amount as on the closing date.

Trade payable aging schedule Rs.in Lakhs

Particulars	Not due (Less than 30 days)	Outstanding for following periods from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Current Year 2022-23						
i)MSME	14.85	0.00	0.00	0.00	0.00	14.85
ii) Others	4033.38	9.58	0.29	1.49	18.22	4062.96
iii) Disputed dues-MSME	0.00	0.00	0.00	0.00	0.00	0.00
iv) Disputed dues.Others	0.00	0.00	0.00	0.00	5.00	5.00
TOTAL	**4048.23**	**9.58**	**0.29**	**1.49**	**23.22**	**4082.81**
Previous Year 2021-22						
i)MSME	55.5	0	0	0	0	55.5
ii) Others	3996.68	4.74	2.4	26.55	109.34	4139.71
iii) Disputed dues-MSME	0	0	0	0	0	0
iv) Disputed dues.Others	0	0	0	0	5	5
TOTAL	**4052.18**	**4.74**	**2.4**	**26.55**	**114.34**	**4200.21**

19. Other Current financial liabilities

Current maturities of Long term debt:		
Interest on GOI loan	40648.13	35648.32
Interest on preference shares	6210.00	5535.00
Other payables	48.24	49.05
Employee Salaries and Arrears Payables	0.00	0.00
	46906.37	**41232.37**
Note:		
A. Holding Company		

i) There is a continuing default in repayment of loan from Government of India since the year 2009-10 and the overdue amount towards principal is Rs.45256.46 Lakh (previous year Rs.45256.46 Lakh) and for interest accrued is Rs.39860.59 Lakh (previous year Rs.34860.78 Lakh), these amounts are shown under 'Other Current Liabilities'. Company has during the year repaid loan overdue Principal amounts of Rs.NIL (previous year Rs.1404.00 Lakh).

ii) Interest on preference shares due to default in repayment Rs.675.00 lakhs provided during the year

B. Subsidiary Company

Interest outstanding on GOI loan Rs.787.54 lakhs (pevious year Rs.787.54 lakhs)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Short Term Provisions Rs. in Lakh

Description	As at 31.03.2023	As at 31.03.2022
i) for Employee Benefits (Leave encash.)	175.16	367.90
ii) for Employee Benefits (Gratuity)	218.54	206.57
iii) for Employee remuneration	543.00	315.81
iv) for Statutory Claims	0.00	15.86
v) for Penal Interest	850.00	850.00
Total	**1786.70**	**1756.14**

21. Other current liabilities

i) Advances from customers	555.59	412.81
ii) Deposits from Vendors / Customers	227.47	209.09
iii) Statutory Liabilities	1026.76	232.92
iv) Employee related liabilities	161.67	556.77
v) Payroll Recoveries Payable	17.98	20.59
vi) Other Liabilities	2382.88	2169.63
Total	**4372.35**	**3601.81**

Description	Year ended 31.03.2023	Year ended 31.03.2022
22. Revenue from operations - Sale of products (Manufactured)		
Sale of products (Manufactured)		
Phenol	42127.59	29931.04
Acetone	15388.85	9341.88
H2O2	2949.27	2542.01
H. E. of Cumene	1564.83	867.79
Cumox Oil	1068.32	684.67
Cumene	44.70	0.00
Others	0.00	0.33
Total	**63143.56**	**43367.72**
23. Other income		
Direct income		
Sale of Scrap	5.45	2.85
Sub-total	**5.45**	**2.85**
Interest income on		
On Call and Term Deposits (Gross)	879.52	789.01
On Advances and Deposits with MIDC,MSEB and others	19.55	112.51
Delayed payment & Finance charges from Trade Receivables	0.93	0.78
Sub-total	**900.00**	**902.30**
Other non-operating income		
Estate Rent	69.70	78.58
Transport, Water, Electricity,etc. recoveries	13.16	7.46
Miscellaneous Income	248.45	225.79
Excess provision written back	65.12	2143.56
Profit on Sale of Assets	0.00	0.00
Sub-total	396.43	2455.39
Total	**1301.88**	**3360.54**
Reversal of Excess Provision w/ back include the following:		
1. Reversal of excess provision for doubtful debts	17.08	1.43
2. Provision no longer required in various cases	20.81	-
3. Reversal of Gram Panchayat tax		
4. Excess Provision written back-Stores & Spares	27.23	19.78
5. Excess Provision written back HFL	-	2122.35
Total	**65.12**	**2143.56**

Description	Year ended 31.03.2023	Year ended 31.03.2022
In the books of holding company Miscellaneous income relating to 2021-22 Rs.11.25 lakhs has been incorrectly accounted due to error as such the comparative amount for the year 2021-22 is restated as per Ind As 8 . (a) Nature of the prior perid error : Miscellaneous Income (b) Amount of correction : Rs.11.25 lakhs (c) Financial line item affected: Note No.22 (Miscellaneous Income)		
24. Cost of raw material and components consumed		
Inventory at the beginning of the year	1699.53	1293.11
Add: Purchases	41978.06	28298.17
Less: inventory at the end of the year	998.33	1702.82
Cost of raw material and components consumed	**42,679.26**	**27,888.46**
25. Changes in Inventories of Finished Goods and WIP		
(Increase)/decrease in inventory		
Inventories at the beginning of the year		
(i) Stock-in-Process	1133.84	960.65
(ii) Stock for Captive consumption	571.60	87.91
(iii) Main Products	1659.54	900.63
(iv) By Products	34.20	19.21
	3399.18	**1968.40**
Inventories at the end of the year		
(i) Stock-in-Process	938.00	1133.84
(ii) Stock for Captive consumption	598.21	571.60
(iii) Main Products	351.81	1659.54
(iv) By Products	28.45	34.20
	1916.47	**3399.18**
Changes in Inventories of finished goods and work in progress	**1482.71**	**-1430.78**
26. Employee benefits expense		
a) Salaries and wages *	3511.11	3783.50
b) Company's Contribution to Provident Fund	318.21	349.29
c) Gratuity	92.29	167.67
e) Provision for Leave Encashment	276.14	279.77
f) Staff welfare expenses	0.00	5.51
Medical amenities	95.57	121.03
Canteen and Nutrition amenities	207.42	262.63
Other welfare expenses	55.21	33.13
g) Termination benefits	63.27	6.43
	4619.22	5008.96
Voluntary retirement benefits (VRS & VSS)	0.00	45.51
Total	**4619.22**	**5054.47**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Description	Year ended 31.03.2023	Year ended 31.03.2022
* The holding company, Rs. 248 lakhs and Rs. 295 lakhs have been provided as provision for Arrear of proposed wage revision retrospectively w.e.f 25.01.2021 in the year 2022-23 and 2021-22 respectively. The subsidiary Company's Provident Fund was exempted under section 17 of Employees' Provident Fund and Miscellaneous Provisions Act,1952. As per the directives of Closure letter received from DCPC on 29.01.2020, company had started giving VRS to employees from May, 2020 onwards to Sept, 2022 and even non-regular employees were relieved on VSS during Oct, 2022. Remaining five (5) regular employees of HFL were transferred and posted to HOCL rolls w.e.f Sept, 2022. Since there is no employee in HFL, the Board in its meeting held on 30.01.2023 has approved to close the Employees Provident Fund Trust and surrender the balance amount with the Trust with Employees Provident funad Organisation after audit. As per the directives of Closure letter received from DCPC on 29.01.2020, all the employees were relieved by Sept. 2022. Since there are no employees in HFL, the Board in its meeting held on 30.01.2023 has approved the closure of Employees Group Gratuity Trust and to surrender the Insurance Policies available with LIC.		
27. Finance costs		
Interest:		
On Fixed Loans (Govt. Loan)	4999.81	5097.70
On Other Loans	63.62	9.02
On Preferenfce shares	675.00	675.00
Interest on advance from customers	1001.96	753.18
Interest - Others	8.51	10.12
	6748.90	6545.02
Other Borrowing Cost-Bank charges	5.81	15.09
Total finance costs	**6754.71**	**6560.11**
28. Depreciation and amortization expense		
Depreciation of tangible assets	0.00	108.34
Amortization of intangible assets	0.00	8.03
Total	110.35	116.37
26b. Provision for impairment loss on fixed assets	**8.40**	**0.00**
Total	**118.75**	**116.37**
29. Other expenses		
Consumption of Stores and Spares		
i) Catalyst and Chemicals	483.28	340.70
ii) Consumable stores	265.07	359.66
iii) Packing materials	576.91	484.16
	1325.26	**1184.52**
Utilities		
Power	2336.68	1692.82
Fuel	8252.19	5989.18
Water	286.31	219.29
	10875.18	**7901.29**
Repairs & Maintenance:		
Building	125.00	140.78
Plant and Machinery	248.51	383.89
Other Assets	177.59	134.69
	551.10	**659.36**
Administration Expenses:		
Rent	54.77	78.14
Insurance	227.77	219.46
Rates and taxes	355.96	478.24
Consultancy / Professional charges	243.68	190.07
Payment to Auditors: As Auditors		

Description	Year ended 31.03.2023	Year ended 31.03.2022
For Statutory audit	6.20	6.70
For Other audits	0.90	1.15
For Reimb. of Expenses	0.90	0.96
Other expenses:		
Power for Township	19.48	16.80
Water for Township	11.62	21.87
Security Expenses	289.14	289.30
Advertisement Expenses	10.96	6.38
Hire of Vehicles Expenses	38.14	41.25
Loss on Sale of Assets/Disposal	240.67	0.00
Prior Period Expenses	0.00	0.00
Sundry Balances Written-off	0.00	0.00
Miscellaneous Expenses	134.26	206.75
Corporate Social Responsibility	0.00	0.00
	1634.45	**1557.07**
Provisions:		
Provision for Doubtful Debts	2.14	16.77
Provision for statutory claims	0.00	0.00
Provision for Unidentified assets	0.00	2.61
Provision for Doubtful receipts	0.00	180.70
Provision for Doubtful receipts	0.00	0.00
Legal liability provision	0.00	269.00
	2.14	**469.08**
Total	**14388.13**	**11771.32**

Notes:

In the books of holding company

Other miscellaneous expense includes Rs.10.61 lakhs pertaining to the year 2021-22 has been incorrectly accounted due to error as such the comparative amount has been restated as per Ind As8.

(a) Nature of the prior period error : Miscellaneous Expense

(b) Amount of correction : Rs.10.61 lakhs

(c) Financial line item affected: Note No.29 -Other Expense

30 EMPLOYEES BENEFIT PLAN:

A **Provision for leave encashment**

The Holding Company has made a provision of Rs.1180.00 Lakh (previous year Rs.1217.87 lakh) for leave encashment as on 31st March, 2023, as per the Ind AS-19 based on Actuarial Valuation and the unpaid amount of leave encashment claims submitted by the employees.

B. **Provident fund**

Holding Comapny: Employees receive benefits from the provident fund managed by the Company upto 30th June 2018. From 1st July 2018 onwards the Company has transferred the Provident fund accounts of all employees to Employees Provident Fund Organisation (EPFO) and managed by EPFO. The employee and employer each make monthly contributions to the Provident Fund/Pension Fund plan equal to 12% of the employees' salary/wages.

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

C. **Gratuity**

Gratuity plan is governed by the Payment of Gratuity Act, 1972 and employee who has completed five years of service is entitled to gratuity and the level of benefits provided depended on the member's length of service and salary at retirement age. The Employees' Gratuity Fund Scheme, which is a defined benefit plan, is managed by the Trust through an Annuity Scheme maintained with Life Insurance Corporation of India (LIC). The balance fund available with LIC is Rs.1729.04 lakh (Previous year Rs.1490.18 lakh) and depoist with ICICI Bank Rs.0.43 lakh (Previous year Rs. 0.43 lakh).

In the case of subsidiary company the balance of fund available is Rs.NIL (previous year 4.73 lakh)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All dues on account of gratuity of employees relieved upto 31.03.2023 have been paid and there are no further dues.

Details of Actuarial Valuation of Gratuity Details:

1. Funded Status of the plan Rs. In Lakh

Particulars	As at 31.03.2023	As at 31.03.2022
Present value of unfunded obligations	0.00	0.00
Present value of funded obligations	1586.47	2079.41
Fair value of plan assets	-1729.47	-1495.48
Net Liability (Asset)	-143	583.93
2a. Profit and loss account for current period		
Current Service Cost	65.83	79.88
Past Service cost and loss/gain on curtailments and settlement	0.00	0.00
Net Interest cost	26.45	98.95
Total included in 'Employee Benefit Expense' (P&L)	92.28	178.83
2b. Other Comprehensive Income for the current period		
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	-116.7	-77.19
Due to change in demographic assumption	0	0.00
Due to experience adjustments	40.95	57.58
Return on plan assets excluding amounts included in interest income	-25.63	-17.19
Amounts recognized in Other Comprehensive Income	-101.38	-36.8
3. Reconciliation of defined benefit obligation		
Opening Defined Benefit Obligation	1936.88	2423.48
Transfer in/(out) obligation	102.02	0.00
Current service cost	65.83	79.88
Interest Cost	105.42	122.27
Components of actuarial gain/losses on obligations:	0	0
Due to Change in financial assumptions	-116.71	-77.18
Due to change in demographic assumption	0	0
Due to experience adjustments	40.95	57.67
Past Service Cost	0	0
Loss(gain) on curtailments	0	0
Liabilities Extinguished on settlement	0	0
Liabilities assumed in an amalgamation in the nature of purchase	0	0
Exchange diffeences on foreign plans	0	0
Benefits paid	-547.91	-508.55
Closing defined benefit Obligation	1586.48	2097.57
4. Reconciliation of plan Assets		
Opening value of plan assets	1490.61	630.71
Transfer in (out) plan assets	102.02	0
Expenses deducted from the fund	0	0
Inerest Income	78.96	23.32
Return on plan assets excluding amounts included in interest income	25.63	17.2
Assets distributed on settlements	0	0
Contributions by employer	580.17	1298.15
Assets acquired in an amalgamation in the nature of	0	0
purchase	0	0

Particulars	As at 31.03.2023	As at 31.03.2022
Exchange rate differences on foreign plans	0	0
Benefits paid	-547.92	-887.49
Closing value of plan assets	1729.47	1081.89
5. Reconciliation of net defined benefit liability		
Net opening provision in books of accounts	446.27	2263.05
Transfer in (out) obligation	102.02	0
Transfer (in) out plan assets	-102.02	0
Employee benefits Expense as per Annexure 2	92.28	167.66
Amounts recognized in other comprehensive income	-101.38	-40.99
Sub-total	437.17	2389.72
Benefits paid by the company	0	-52.66
Benefits settled (Rasayani Unit)	0	0
Contributions to plan assets	-580.17	-1280
Closing provision in the books of accounts	-143	1057.06
Reconciliation of Assets Ceiling		
Opening Value of Assets Ceilng	0	0
Interest on Opening Value of Assets Ceiling	0	0
Loss/Gain on Assets due to surplus/Deficit	0	0
Closing Value of Plan Assets Ceiling	0	0
6. Composition of the Plan assets		
	%	%
Government of India Seccurities	0	0
State government seccurites	0	0
High Quality Corporate Bonds	0	0
Equity shares of listed companies	0	0
Property	0	0
Special Deposit Scheme	0	0
Policy of Insurance	100	100
Bank Balance	0	0
Other Investments	0	0
Total	100	100
7. Bifurcation of liability as per schedule III		
Current liability	-143.01	65.83
Non - Current liability	0	380.42
Net Liability	-143.01	446.25
8.Principle acturial assumptions		
Discount Rate	7.3% pa	6.40%
Salary Growth rate	6.00% pa	7.00%
Withdrawal rates	3% at Younger ages	3% at Younger ages
	reducing to 1% at older ages	reducing to 1% at older ages
Rate of Return on Plan aaets	7.30%	5.60%
9.Expected Cash Flows based on past service liability		Rs. In Lakh
	Cash Flows	Distribution(%)
Year 1 Cash Flow	218.54	21.30%
Year 2 Cash Flow	297.82	7.40%
Year 3 Cash Flow	224.93	9.70%
Year 4 Cash Flow	234.48	7.20%
Year 5 Cash Flow	138.21	6.90%
Year 6 to Year 10	673.63	23.30%
The future accrual is not considerd in arriving at the above cash flows		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31.03.2023	As at 31.03.2022
The expected contribution for the next year is Rs 57.01 Lakh.		
The Average outstanding term of obligations (years) as at valuation date is 5.19 years		
10.Sensitivity to key assumptions		
Discount Rate Sensitivity		
Increase by 0.5 %	1546.07	1891.72
(% change)	-2.55%	-2.33%
Decrease by 0.5%	1628.93	1984.37
(% change)	2.68%	2.45%
Salary Growth rate Sensitivity		
Increase by 0.5 %	1606.01	1956.58
(% change)	1.23%	1.02%
Decrease by 0.5%	1565.91	1916.53
(% change)	-1.30%	-1.05%
Withdrawal rate(W R)Sensitivity		
W. R x 110%	1590.23	1939.82
(% change)	0.24%	15.00%
W. R x 90%	1582.63	1933.97
(% change)	-0.24%	-15.00%
A description of methods used for sensitivity analysis and its Limitations:		
Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.		
Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if the two or more variables are changed simultaneously.		
The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.		

Appendix A: Break-up of defined benefit obligation		Rs. In Lakh
Particulars	**As at 31.03.2023**	**As at 31.03.2022**
Vested	1,585.62	2,269.01
Non-vested	0.85	9.23
Total	**1,586.47**	**2,278.24**

Appendix B: Age wise distribution of defined benefit obligation		
Age (In years)	**DBO (in Rs. in lakh)**	
	As at 31.03.2023	**As at 31.03.2022**
Less than 25	-	-
26 to 35	7.99	16.61
36 to 45	180.06	208.81
46 to 55	801.35	923.87
56 and above	597.07	1128.95
Accrued gratuity for Left Employees	-	-
Total	**1586.47**	**2278.24**

Appendix C: Past service wise distribution of defined benefit obligation		
Age (In years)	**DBO (in Rs. in lakh)**	
	As at 31.03.2023	**As at 31.03.2022**
0 to 4	0.86	3.75
4 to 10	20.59	61.17
10 to 15	193.27	165.53
15 and above	1371.75	2047.79
Accrued gratuity for Left Employees	-	
Total	**1586.47**	**2278.24**

MAJOR RISK TO THE PLAN

A. Acturial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience:

Salary hikes that are higher than the assumed salary escalations will result into an increase in obligation at a rate that is higher than expected.

Particulars	As at 31.03.2023	As at 31.03.2022

Variability in mortality rates:

If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates:

If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Investment Risk

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C. Liquidity Risk :

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.

D. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The Summary of the assumptions used in the valuations is given below:

Financial Assumptions

Particulars	**As at 31.03.2023**	**As at 31.03.2022**
Discount rate	7.30%	5.60% p.a
Salary Growth rate	6.00%	7.00% p.a
Rate of Return on plan assets	Not applicable	5.60% p.a
Demographic Assumptions		
Withdrawal rates p.a		
Age Band	**As at 31.03.2023**	**As at 31.03.2022**
25 and below	3.00%	3.00%
25 to 35	2.50%	2.50%
35 to 45	2.00%	2.00%
45 to 55	1.50%	1.50%
55 and above	1.00%	1.00%
Mortality rates		
Sample rates p.a of Indian Assured Lives Mortality (2012-14)		
Age (In years)	**As at 31.03.2023**	**As at 31.03.2022**
20	0.09%	0.09%
30	0.10%	0.10%
40	0.17%	0.17%
50	0.44%	0.44%
60	1.12%	1.12%

Method of Valuation

Actuaries has used projected unit credit (PUC) Method to value the Defined benefit obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31.03.2023	As at 31.03.2022

31 PROPERTY, PLANT AND EQUIPMENT

a) Originally the Holding Company at Rasayani was in possession of land (as per revenue records) admeasuring 1012.355 acres. Out of the said land 251 acres were sold to BPCL and 20 acres were sold to ISRO during the year 2017-18, 38.687 acres were sold to BPCL in the year 2018-19. In the year 2019-20, 85.27 acres of land sold to BPCL and in 2020-21, 0.386 acre was sold to IOCL (Petrol pump area). Out of the said land, 65.840 acres (previous year 66.024 acres) includes 22.717 acres which has been idenitified as encroached, 32.547 acres has been given to MIDC, MSEB, HIL, MES etc, 10.576 acres of public road and hence considered at Nil value. The said encroachment has been determined on the basis of the survey carried out by the company through M/s. The Geo Tek vide their report dated April 24, 2019. The balance 551.172 acres of land has been revalued at the ready recknor rate or the agreed rate of sale to BPCL amounting to Rs. 832.95 crore.

b) As per the communication received from Municipal commissioner Panvel, regarding the actual area of plot No.11 & 12 of survey No.738 on which there is a public road passing through and thereby the total area of Panvel land available for sale has reduced from 8 acre to 7.09 acre. Accordingly the reserve price (fair value) has been reduced to Rs.158 crore. The said proposal of Govt of Maharashtra has been approved by HOCL Board in its meeting to be held on 09.11.2022. The company is in the process of obtaining necessary approval from Administrative Ministry.

32 INVESTMENT

a) The Holding Company has an investment of Rs.1106.00 lakh (previous year Rs.1106.00 lakh) in the equity share of subsidiary company M/s. Hindustan Fluorocarbons Ltd. (HFL) which is under BIFR since 1994. The net worth of the Company based on its latest audited balance sheet as at 31st March, 2023 is negative. Market value of the shares (face value Rs.10) as on 31.03.2023 was Rs.8.91 lakh (Previous year Rs.9.57 lakh). Provision has been made in the books towards diminution in the value of these investments amounting to Rs.47.56 (Previous year Rs.272.08 lakh). Government of India has decided to close down M/s.HFL as per CCEA decision on 29.01.2020. An amount of Rs.75.87 crore (Rs.73.70 crore on 26.05.2020 and Rs.2.17 crore on 15.03.2022) has been released by Government of India as interest free loan to meet the VRS expenses and for clearing dues to Bank and suppliers.

b) During the year 2007-08, the Modified Draft Rehabilitation Scheme (MDRS) for revival of subsidiary - Hindustan Flurocarbon Ltd. (HFL) was approved by BIFR for implementation. As part of implementation of MDRS, HOCL had waived interest of Rs.2260.26 lakh accumulated on loan given to HFL and converted the unsecured loan amounting to Rs.2744.07 lakh as Zero Coupon Loan (ZCL), into secured loan by on HFL creating first charge on immovable property (land 84.31 acre valued to the extent of Rs. 2035.25 lakh as per Govt. rate) in favour of HOCL. This loan was payable in 7 equal annual instalments commencing from 2010-11, aggregating to Rs.2744.07 lakh (Previous year Rs.2744.07 lakh) which has become due and payable in full. Further, the Company had given loans to HFL aggregating to Rs. 453.01 lakh (Previous Year Rs. 453.01 lakh) 10.25% to 14.50% which has become payable in full. This loan is also secured by first charge on the HFL immovable property. A provision was made for the shortfall in the security to the extent of Rs.2122.34 lakh including interest (loan Rs.1161.82 lakh and interest Rs.960.52 lakh) as on 31st March, 2021. As per the valuation report by an external registered independent valuer having professional qualification the value of the secured property is Rs.10196.76 lakh as on date (previous year Rs.10196.76 lakhs)

33 EARNING PER SHARE — Rs. In Lakh

Earnings per share has been calculated as follows:	As at 31.03.2023	As at 31.03.2022
Net Profit/(Loss) after Tax (Rs. in Lakh)	-5533.72	-3231.69
Weighted average number of equity shares	67173100	67173100
Nominal Value per equity share (Rs.)	10	10
Basic / Diluted Earning per equity share (Rs.)	-8.24	-4.81

34 SEGMENT REPORTING.

Since the company is manufacturing only Chemicals, there are no separate reportable primary and secondary segments and all the chemicals manufactured by the company are considered to have been representing as single reportable segment. The requirements of Accounting Standard 17 with regard to disclosure of segmental results are therefore considered not applicable to the company.

Particulars	As at 31.03.2023	As at 31.03.2022

35 BALANCE CONFIRMATION

Balances of trade receivables, trade payables, loans, advances, other current assets and borrowings are subject to confirmation / reconciliation and subsequent adjustments except in cases where confirmation has been received.

36 Contingent Liabilities & Commitments(to the extent not provided for)

I) Contingent Liabilities	**As at 31.03.2023**	**As at 31.03.2022**
a) Claims against the Company not Acknowledged as debts:		
i) Income Tax Claims	91.99	91.99
ii) Excise duty / Service tax	104.63	104.63
iii) Gratuity for School teachers	75.31	75.31
iv) Other claims (Legal cases)	334.69	286.36
v) Rental claim Harchandrai House	6219.08	5949.98
vi) JNPT lease rent	3318.86	2974.52
vii) Damages on Delayed payment of PF with interest	94.89	94.89
viii) Penal interest on Govt. Loans	8258.81	7119.24
ix) Interest on interest on Govt. Loan	52435.82	40113.98
x) Nilima Chemical Corporation	16.00	-
Sub-total	**70950.08**	**56810.90**
b) Bank Guarantees issued from Banks	2645.80	116.69
II) Commitments:		
Estimated amount of Contracts remaining to be executed on capital account and not provided for:	11.77	36.27

a) Claims against the Company not Acknowledged as debts:

i) Income Tax Claims: Rs.91.99 Lakh

There are various appeals for Assessment years are pending before authorities i.e. ITAT, High Court and other forums. The Company is awaiting for hearing, the details are as follows

A Y 2002-03 Rs. 70.49 Lakh and AY 2011-12 Rs.21.50 Lakh.

The above assessments are under disputes at various appellate authorities. The company has not acknowledged the debts and the interest / penalty that would be leviable on the claims are not ascertainable.

ii) Excise duty / Service tax

The Holding Company has ongoing disputes with Central excise authorities relating to the period 2006-07, amounting to Rs.104.63 Lakh. Company has filed Appeals at various Tribunals.

The above assessments are under disputes at various appellate authorities. The company has not acknowledged the debts and the interest / penalty that would be leviable on the claims are not ascertainable.

iii) Gratuity for School teachers

Case filed by the teaching staff of HOC Rasayani School for the period upto March 1997, pending before Bombay High Court (Rs.75.31 Lakh).

iv) Other claims (Legal cases): Rs.321.23 Lakh.

a) Case filed by the Holding Company against the award passed by MAC Tribunel, Trichur in relation to Phenol Tanker accident in 1994 (Rs.118 Lakh)

b) ESI corporation has raised a demand for contribution during the period from 01.04.1992 to 31.10.1992 amounting to Rs.2.17 lakh (Holding Company). The matter is pending with ESI Court, Ernakulam, as desired by the ESI Court we had applied for exemption from ESI Act to the Govt. of India, hence no liability is created and a contingent liability to that extend is provided. ESI case of subsidiary company amounting to Rs.13.46 Lakh.

c.) HOCL filed appeal in High Court of Kerala against the order of the CAT giving direction to HOCL to pay the Salary arrears and other benefits of Sri P C James former employee and rework his gratuity, the estimated amount is Rs.48.33 lakhs.

d) The Holding Company had invited open tender for work of construction of "Civil and Structural works for Construction of Plant Building, Technical Service Building, R&D Building, etc of PU System House Project. Company had issued the Work Order to M/s Shetusha Engineers & Constructions Pvt. Ltd. (SECPL). On account of delay and other shortcomings in the completion, company had deducted Liquidated damages. SECPL objected for the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

said deductions and filed an Arbitration Application before the Hon'ble High Court, Mumbai. Later the M/s SECPL had unconditionally withdrawn the said Arbitration Application from the Court. Further, M/s SECPL had filed Suit before the Hon'ble High Court, Mumbai against the Company for passing the Decree against the Company towards payment of Rs.113.35 Lakh excluding interest.

e) The Holding Company invoked the peformance gurantee given by M/s Vakharia Construction Company, Mumbai (VCC) to whom civil contracts had been alloted as the contract works were not completed as per the terms of the work order. The matter was referred to arbitration and later went to the High Court. The court ordered the company to deposit Rs.12 lakhs and M/s VCC is allowed to withdraw the amount on submission of bank gurantee. The appeals filed before the Hight Court were dismissed. Now M/s VCC raised demand for bank gurantee commission paid to the bank and interest at the rate of 18% as the money decree passed by the Trial Court in favour of VCC was stayed due to filing civil application by the company. The liability estimated on this is Rs.39.38 lakhs and the matter is pending before court of law and accordingly shown under contigent liabilities.

v) Rental claim Harchandrai House Rs.6219.08 Lakh

As the company has not vacated the office premises taken on lease from M/s Harchandrai & Sons as per their notice they initiated legal proceedings and stopped to accept the lease rent. The company vacated the office premises during the year 2014. The rent not accepted by the landlord till the vacation of the office premises amounting to Rs.580.80 lakhs has been provided in the accounts. Landlords filed the Mesne Profit Application before Small Causes Court, Mumbai for Mesne profit for the period from 01/06/2000 to till the possession of the said premises. The Mense profit application filed by M/s.Harchandrai & Sons is allowed by the Court of Small Causes, Mumbai on 02.05.2022 directing the Company to pay the mesne profit @Rs.138/- per sq.ft. for the period from 01/06/2000 to 31/12/2006, for subsequent period @Rs.274/-per sq.ft. together with an interest@9% p.a. The total amount as per Order of Small Causes court, Mumbai for mesne profit for the period from 01/06/2000 to 31/03/2014 and interest thereon upto 31-03-2023 works out to Rs.6982.86 lakh(previous year Rs.6713.75 lakhs). The valuer appointed by HOCL has submitted his report and the average rate is assessed @Rs.48.91 per sq.ft. which is not considered by the Small Causes Court, Mumbai. As per the legal opinion, the company had filed appeal against the Order and the Company is of the opinion that there is uncertainties in crystalisation of demand other than the amount calculated as per the report of the HOCL valuer assessing mesne profit @Rs.48.91 per sq.ft. The amount of mesne profit calculated based on the report of HOCL valuer @ Rs.48.91 per sq.ft is Rs.763.78 lakh has already been provided in the books of account for the year 2021-22. The difference amount of Rs.6219.08 lakh (6982.86-763.78) is shown as contingent liability.

vi) JNPT lease rent: Rs.3318.86 Lakh

The Company has entered into MoU with Jawaharlal Nehru Port Trust (JNPT) to hand over the land alloted to the company for setting up Liquid Tank Farm on lease bais along with assets of the company 'as is where is basis'. The JNPT raised a demand of Rs.4124 lakhs towards lease rentals and other charges. The company has instituted arbitral proceedings and Arbitral Tribunal issed the awared in favour of the company. The assets of the company valued as per the MoU at Rs.1638.50 lakhs and same is agreed and paid by M/s.JNPT. The undisputed amount of lease rent payable by the Company to JNPT was computed on a mutual understanding between the Parties on the basis of arbitral award is Rs. 805.13 lakhs and the same is paid by the Company. The disputed amount includes lease rentels Rs.2974.51 lakhs, water charges 0.65 Lakh, way leave charges Rs.297.09 Lakhs and Service tax of way leave charges Rs.46.61 lakhs. The company has shown balance amount of demand of JNPT after adjusting undispute lease rental paid as contingent liability since the appeal filed against the arbitral awards pending for hearing before High Court and the company is of the opinion that no provision is required as there is uncertainities in crystatlisation of demand at this stage of litigation.

vii) Damages on Delayed payment of PF with interest (Subsidiary company): Rs.94.89 Lakh

The holding Company has written to Central Provident Fund Commissioner for waiver of damages for delayed payment of PF dues during the period 2000-01 to 2010-11 considering the fact that the company was a BIFR referred Company.

viii & ix) Interest at higher rate on Govt. Loans: Rs.8258.81 Lakh and Interest on defaulted interest Govt. Loan 52435.82 lakhs

The Government of India reserves the right to raise the rate of interest in respect of loans granted to the company, in case of default of repayment of principal on the due date and also charge interest at rate on default in any of the payment of interest due. As there is default in payment of principal loan as well as interest due thereon, the company, in anticipation that the Government of India may demand higher rate on principal and interest on interest outstanding, arrived the additional interest liability and shown as contingent laibility. As on March 31st 2023 no demand was received from GOI towards the interest at the higher rate and interest on defualted interest.

x) Nilima Chemical Corporation

This Civil Suit is filed by M/s Nilima Chemical Corporation in the year 1996 before the First Court of the Asstt. District Judge, 24 Parganas (South), West Bengal, India.

Brief Facts of the Matter:- HOCL was supplying the material to M/s Nilima Chemical Corporation ("NCC") against the bank guarantee ("BG") provided/submitted by NCC. During the course of business, NCC had failed to pay the overdue amount towards the supply of the material and hence on 15th May 1996 HOCL had written a letter to the concerned bank namely Vijaya Bank to enforce the BG to square up the overdue of the HOCL by NCC. Subsequently, Vijay Bank released the funds of/from the BG in favour of HOCL. Thus, being aggreived with this step/decision NCC filed the Civil Suit for passing the decree of an amount of Rs.3,90,681.90 before the First Court of the Asstt. District Judge, 24 Parganas (South). This Suit was decreed ex-parte and the Advocate of NCC informed Company vide his letter dated 24th Novmeber 2011 that they are executing the said Decree. Subsequently, HOCL had filed Misll. Case No.156 of 2011 for setting aside the said Decree and/or Suit be heard on merits. HOCL also filed the Caveat in the said matter on 25th August 2011. Company had also filed affidavit for opposing the Title Execution Case No. 11 of 2014. Now, the said case is pending before the Court for hearing. This Execution Application is filed by NCC against HOCL for execution of the Decree passed in 45 of 1996 (Ex-parte). This matter was came up for hearing on 10th November 2021 on this date the Advocate for HOCL Mrs. Saroj Tulsian tried to seek adjournment but Court declined the request for adjournment and matter was partly heard on 10th November 2021.

xi) The amount of claims in respect of legal cases filed against the Company for labour matters relating to regular and retired employees and not acknowledged as debts is not ascertainable.

xii) The differential interest @ 2.75% (14.25%-11.50%) on Govt. Plan loan is not provided in the books as GoI had freezed interest up to 31.3.2019.

b) Bank Guarantees issued Rs.2645.80 Lakh

The Company has submitted bank guarantees to Kerala State Electricity Board amounting to Rs.101 lakh, BPCL Rs.5100 lakh, OMPL Rs.1000 lakh and Rs.1.06 Lakh to others. The company does not expect any outflow in respect of the above.

Contingent liability and commitments has been shown against bank guarantees issued to BPCL Rs.1645.80 lakh and OMNPL Rs.1000.00 lakh only.

Work order issued for the following contracts. Rs. in lakh

	2022-23	2021-22
a) 2x15 KVA UPS for Phenol plant	0	21.61
b) Restoration charge/Licence fee/performance guarantee for road cutting permission from concerned authorities	0	14.66
c. Purchase order issued for Air conditioner, Induction Motor and Heavy Duty Lathe	11.77	
Total	**11.77**	**36.27**

37 Disclosure relating to error or omission as per Ind AS 8

The following expenditure/income had been incorrectly accounted during the year 2022-23 due to error. The comparative expenditure/income in the financial statement of the year 2021-22 have been restated to correct the errors. The effect of the restatement on the financial statement is summarised below. the financial statement is summarised below.

(Rs. In lakh)

Description	As at 31.03.2023	As at 31.03.2022
Increase in Other Income	11.25	33.72
Increase in Other Expenses	(10.61)	(6.44)
Decrease in Other Expenses		22.64
Increase in Other Expenses (Refer Note 26)	(295.00)	
Total	**(294.36)**	**49.92**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2022-23	2021-22
Income tax laiblity		
(Increase)/decrease in Equity	(294.36)	49.92
(Increase)/decrease in Earning Per Share	(0.04)	0.07
(Increase)/decrease in Diluted Earning Per Share	(0.04)	0.07

(1) Miscellaneous income relating to 2021-22 Rs.11.25 lakhs has been incorrectly accounted due to error as such the comparative amount for the year 2021-22 is restated as per Ind As 8 .

(a) Nature of the prior perid error : Miscellaneous Income

(b) Amount of correction : Rs.11.25 lakhs

(c) Financial line item affected: Note No.23 (Miscellaneous Income)

(2) Other miscellaneous expense includes Rs.2.57 lakhs towards reversal of delayed payment charges and Rs.8.04 lakhs towards late fee pertaining to 2021-22 has been incorrectly accounted due to error as such the comparative amount has been restated as per Ind As8.

(a) Nature of the prior perid error : Reversal of delayed payment charges

(b) Amount of correction : Rs.10.61 lakhs

(c) Financial line item affected: Note No.29 -Other Expense

(3) Employee benefits expense includes Rs. 295 lakhs towards salary arrears up to 31.03.2022 has been incorrectly accounted due to error as such the comparative amount has been restated as per Ind As8.

(a) Nature of the prior perid error : Employee benefits expense

(b) Amount of correction : Rs.295 lakhs

(c) Financial line item affected: Note No.26 - Employee Benefits Expense

38 RELATED PARTY DISCLOSURE AS PER Ind- AS 24

Since Government of India owns 58.78% of the Company's equity share capital (under the administrative control of Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals), the disclosures relating to transactions with the Government and other Government controlled entities have been reported in accordance with para 26 of Ind AS 24. List of related parties where control exists and also related parties with whom transactions have taken place and relationships:

Rs. In lakh

Sr. No.	Name of the Related Party Relationship	Relationship	Details of Transaction	Amt. of Transaction during 2022-23	Outstanding at the end of the year (31.03.2023)	Amt. of Transaction during 2021-22	Outstanding at the end of the year (31.03.2022)
1	Hindustan Flurocarbon Ltd. (HFL)	Subsidiary company with 56.43% share holding.	Interest on loan given to HFL	63.62	4272.13	63.62	4214.87
2a	Bharat Petroleum Corporation Ltd	Controlled by Government of India.	Purchase of Raw materials (LPG, Benzene, FO, H2 & LNG)	37659.45	3462.27	22883.56	3051.35
2b	Bharat Petroleum Corporation Ltd	Controlled by Government of India.	Sale of Finished Goods (H2O2)	43.00	29.08	15.07	22.84
4a	Indian Oil Corporation Limited	Controlled by Government of India.	Purchase of Raw materials/ Fuel	6130.67	-59.52	478.67	0.00
4b	Mangalore Refinery and Petrochemicals Limited	Subsidiary of ONGC	Purchase of Raw materials (Benzene)	5496.25	0.00	0.00	0.00
Trust constituted by the Company							
6	HOCL Group Gratuity Trust	-do-	Investment and interest on investment	682.19	1729.48	610.89	1490.61

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Rs. in Lakh

	Short-term employee benefits	Post-term employee benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
2022-23						
A. Remuneration to Whole time Director, Managing Director and/or Manager:						
Shri. Sajeev B, CMD	36.80	4.56	0.00	0.00	0.00	41.36
Shri. Yogendra Prasad Shukla (From 04.07.2022)	21.68	2.90	0.00	0.00	0.00	24.58
B. Remuneration to Other Directors						
i) Govt. Nominee Directors						
Shri Sanjay Rastogi (AS&FA)	0.00	0.00	0.00	0.00	0.00	0.00
Shri Kanishk Kant Srivastava.	0.00	0.00	0.00	0.00	0.00	0.00
ii) Independent Directors						
Dr. Bharat J. Kanabar	1.10	0.00	0.00	0.00	0.00	1.10
Shri Pratyush Mandal	1.10	0.00	0.00	0.00	0.00	1.10
C. Key Managerial Personnel						
Shri. Subramonian H	13.10	1.76	0.00	0.00	0.00	14.86
Shri. P.O. Luise, CFO (up to 04.08.2022)	9.29	1.22	0.00	0.00	0.00	10.51
Total	**83.07**	**10.44**	**0.00**	**0.00**	**0.00**	**93.51**
2021-22						
A. Remuneration to Whole time Director, Managing Director and/or Manager:						
Shri. S.B. Bhide, CMD (upto 31.7.21)						
Shri. Sajeev B, CMD (from 6.9.2021)	29.91	1.48	0.00	0.00	0.00	31.39
B. Remuneration to Other Directors	20.74	2.45	0.00	0.00	0.00	23.19
i) Govt. Nominee Directors						
Shri. Satendra Singh, ASFA (C&F)						
Shri. Samir Kumar Biswas, JS	0.00	0.00	0.00	0.00	0.00	0.00
ii) Independent Directors	0.00	0.00	0.00	0.00	0.00	0.00
(Sitting fee paid to NOIDs for attending the Meetings of the Board/ Committees)						
Dr. Bharat J. Kanabar	0.60	0.00	0.00	0.00	0.00	0.60
Shri Pratyush Mandal	0.60	0.00	0.00	0.00	0.00	0.60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		Short-term employee benefits	Post-term employee benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
C. Key Managerial Personnel							
	Shri. P.O. Luise, CFO	33.97	3.39	0.00	0.00	0.00	37.36
	Mrs.S.S. Kulkarni,CS (upto 28.02.22)	36.45	3.53	0.00	0.00	0.00	39.98
	Shri. Subramonian H (from 1.3.2022)	1.06	0.14	0.00	0.00	0.00	1.20
	Total	**123.33**	**10.99**	**0.00**	**0.00**	**0.00**	**134.32**

Note:

In the ordinary course of its business, the Company enters into transactions with other Government controlled entities (not included in the list above). The Company has transactions with other Government-controlled entities,including but not limited to the followings: followings:

Sales and purchases of goods and ancillary materials; Rendering and receiving of services; Receipt of dividends; Loans and advances; Depositing and borrowing money; Guarantees and Uses of public utilities.

These transactions are conducted in the ordinary course of business on terms comparable to those with other entities that are not Government controlled entities.

Note-39 Financial Instruments

39a. Fair Value measurement hierarchy

A **Level 1 — I**ncludes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV. Company do not have any such investment

Level 2 — The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 — If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted

equity securities, contingent consideration and indemnification asset

B Financial assets and liabilities measured at fair value-recurring fair value measurements :

Rs. In Lakh

	As at 31st March, 2023				As at 31st March, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets :								
Loans	-	-	22.35	22.35	-	-	21.01	21.01
Trade Receivables	-	-	1936.87	1936.87	-	129.16	735.12	864.28
Investments		-	5.00	5.00		-	5.00	5.00
Cash and cash equivalents	-	262.35	4359.01	4621.36	-	154.79	2014.53	2169.32
Bank balance other than cash		2,820.93	12371.47	15192.40		79.85	11496.20	11576.05
Other Financial Assets	-	10.98	358.29	369.27	-	68.92	316.25	385.17
Total Financial assets	0.00	3094.26	19052.99	22147.25	0.00	432.72	14588.11	15020.83
Financial liabilities								
Non Cumulative Preference share			27000.00	27000.00	0.00		27000.00	27000.00
Borrowings		9167.00	45256.46	54423.46	0.00	9167.00	45256.46	54423.46
Trade payables		15.94	4052.02	4067.96	0.00	48.37	4096.34	4144.71
Other current financial liabilities		835.79	46070.59	46906.38	0.00	836.59	40395.78	41232.37
Total Financial liabilities			122379.07	132397.80	0.00	10051.96	116748.58	126800.54

39b. Categories of Financial Instrument

A Fair Values hierarchy :

	As at 31st March, 2023				**As at 31st March, 2022**			
	FVTPL	**FVOCI**	**Amortised Cost**	**Total**	FVTPL	FVOCI	Amortised Cost	Total
Financial assets :								
Loans			22.35	22.35			21.01	21.01
Trade Receivables			1936.87	1936.87			864.28	864.28
Investments			5.00	5.00			5.00	5.00
Cash and cash equivalents			4621.36	4621.36			2169.32	2169.32
Bank balance other than cash			15192.40	15192.40			11576.05	11576.05
Other Financial Assets			369.27	369.27			385.17	385.17
Total Financial assets			**22,147.25**	**22,147.25**	0	0	**15020.83**	**15020.83**
Financial liabilities								
Non Cumulative Preference share			27000.00	27000.00			27000.00	27000.00
Borrowings			54423.46	54423.46			54423.46	54423.46
Trade payables			4067.96	4067.96			4144.71	4144.71
Other current financial liabilities			46906.38	46906.38			41232.37	41232.37
Total Financial liabilities			**1,32,397.80**	**1,32,397.80**	**0**	**0**	**126800.54**	**126800.54**

Additional information on entities included in consolidated Financial statements

Name of the entity	Net asset i.e total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs.lakhs)	As % of consolidated profit or loss	Amount (Rs. lakhs)	As % of consolidated other comprehensive income	Amount (Rs. lakhs)	As % of consolidated total comprehensive income	Amount (Rs. lakhs)
Indian								
1.Hindustan Fluorocarbons Ltd	217.95%	(7881.02)	20.86%	(612.87)	-0.29%	(4.19)	41.18%	(617.06)
Subsidiary								

Note No. 40 Financial risk management

i. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

a) Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the Company but as company balance in foreign currency hence comapny is not exposed to foreign currecncy exchange rate risk

b) Interest rate risk

The Company's investments are primarily in subsidiary through quoted equity share and unquated equity share of other entity therefore none of the investment activity is generating interest out of the investment. Hence, the Company is not significantly exposed to interest rate risk.

ii. Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

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Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, investments, cash and cash equivalents, bank deposits and other financial assets, company generating revenue for individually in excess of 10% or more of the Company's revenue for the year ended March 31, 2023 from the below mention customer.

Name of customer	Amt of revenue	% of total revenue
Pooja Petro Chemicals	18738.04	30%
Sonkamal Enterprises P Ltd	16300.52	26%
Ramesh Kumar & Company	9759.28	15%

Geographic concentration of credit risk

Geographical concentration of trade receivables, unbilled receivables (previous year: unbilled revenue) and contract assets is allocated based on the location of the customers.

iii. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The company manages liquidityrisk by maintaining adequate reserve, banking facilities and reserve borrowing fcailities, continuosly monitoring forecast and actual cash flow and by matching the maturiy profiles of financial assets and liabilties. As per CCEA approval for Shut-down of the company, HFL has received an amount of Rs.73.70 Crores for implementation of VRS/ VSS, Statutory dues, payment to suppliers/contractors/utilities and other dues. The proceeds from sale of Land, Building, Plant& Machinery and other assets shall be utilised for meeting its contractual obligations. Note no.37 about CCEA procedure for disinvestment and sanction of loan from GOI details that the Company has financial assets 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, 2023:

Particulars	Carrying Amount	Upto 1 Year	1 – 3 Years	More than 3 years	Total Contracted Cash Flows
Accounts Payable and Acceptances	15.94	15.94	-	-	-
Borrowings and interest thereon	14226.67	14226.67	-	-	-
Others	48.24	48.24	-	-	-
Total	14290.85	14290.85	-	-	-

The table below provides details of financial assets as at March 31, 2023:

Carrying Amount	**(Rs. Lakhs)**
Trade Receivable	129.16
Other financial assets	10.98
Total	**140.14**

i) The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2022:

Particulars	Carrying Amount	Upto 1 Year	1 – 3 Years	More than 3 years	Total Contracted Cash Flows
Accounts Payable and Acceptances	48.37	48.37	-	-	-
Borrowings and interest thereon	14,169.41	14,169.41	-	-	-
Others	49.05	49.05	-	-	-
Total	**14,266.83**	**14,266.83**	-	-	-

The table below provides details of financial assets as at March 31, 2021:

Carrying Amount	**(Rs. Lakhs)**
Trade Receivable	129.16
Other financial assets	68.92
Total	**198.08**

c) Fair value measurements

The subsidiary 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):

Particulars	As at 31.03.2023	As at 31.03.2022	Fair Value Hierarchy	Valuation techniques & keyinputs used
Borrowings	14,226.67	14,169.41	Level 2	Refer Note Below
Security Deposits	82.99	82.99	Level 2	Refer Note Below
Total	**14,309.66**	**14,252.40**		

* 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 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

	Fair Value Hierarchy	As at 31.03.2023		As at 31.03.2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at Amortized cost					
Trade Receivables	Level 2	129.16	129.16	129.16	129.16
Other Financial Assets	Level 2	10.98	10.98	68.92	68.92
Cash and cash equivalents	Level 2	262.35	262.35	154.79	154.79
Bank balances other than above	Level 2	2820.93	2820.93	2006.85	2006.85
Total		**3223.42**	**3223.42**	**2359.72**	**2359.72**

Financial Liabilities

	Fair Value Hierarchy	As at 31.03.2023		As at 31.03.2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Liabilities at Amortized cost					
• Borrowings	Level 2	14,226.67	14,226.67	14,169.41	14,169.41
• Other financial liabilities	Level 2	48.24	48.24	49.05	49.05
• Trade Payables	Level 2	15.94	15.94	48.37	48.37
Total		**14,290.85**	**14,290.85**	**14,266.83**	**14,266.83**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.41 Deferred Tax

For the Year 2022-23 **Rs. in Lakh**

	Opening Balance 01.04.2022	Recognisable in P & L	Reversal on account of Probability chcking of Future Profit	Recognised in P & L	Recognised in OCI	Closing Balance 31.03.2023
Deferred Tax Liability						
Reversal of deferred tax liability on disposal of revalued of PPE	(4,056.00)			-	-	(4,056.00)
Fair Value of Investment in HFL	(15.00)				(21.00)	(36.00)
	16,402.52				**281.00**	**16,683.52**
Deferred Tax Asset						
Depreciation	-	18.00	18.00	-	-	-
Provision for Leave Encashment	-	80.00	80.00	-	-	-
Voluntary Retirement Benefits (VRS/VSS)	-			-	-	-
Provision for Doubtful Debts	-	1.00	1.00	-	-	-
Provision for Doubtful Advances	-			-	-	-
Provision for Long Term Agreements	-			-	-	-
Provision for Obsolescence	-	-	-	-	-	-
Provision for Statutory claims	-			-	-	-
Accumulated Income tax loss to the extent of deferred tax liability	-			-	-	-
	-	**99.00**	**99.00**	**-**	**-**	**-**
Net Deferred tax liability	**16,402.52**			**-**	**281.00**	**16,683.52**

For the Year 2021-22 **Rs. in Lakhs**

	Opening Balance 01.04.2021	Recognisable in P & L	Reversal on account of Probability chcking of Future Profit	Recognisable in P & L	Reversal on account of Probability chcking of Future Profit	Closing Balance 31.03.2022
Deferred Tax Liability						
Excess provision W/back	-			-	-	-
Reversal of deferred tax liability on disposal of revalued of PPE	(4,056.00)			-	-	(4,056.00)
Fair Value of Investment in HFL	(80.00)				65.00	(15.00)
	15,761.52			**-**	**641.00**	**16,402.52**
Deferred Tax Asset						
Depreciation	-	21.00	21.00	-	-	-
Provision for Leave Encashment	-	81.00	81.00	-	-	-
Voluntary Retirement Benefits (VRS/VSS)	-			-	-	-
Provision for Doubtful Debts	-	5.00	5.00	-	-	-
Provision for Doubtful Advances	-			-	-	-
Provision for Long Term Agreements	-			-	-	-
Provision for Stock Obsolescence	-	1.00	1.00	-	-	-
Provision for Statutory claims	-			-	-	-
		108.00	**108.00**	**-**	**-**	**-**
Net Deferred tax liability	**15,761.52**	**(108.00)**	**(108.00)**	**-**	**641.00**	**16,402.52**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42. Additional disclosures to Consolidated Financial Statements

Financial, Liquidity and Other Ratios

Ratios	Components of Numerator	Components of Denominator	For the Year ended 31.03.2023	For the Year ended 31.03.2022	% Variance	Explanation by Management
Current Ratio	Current Assets	Current Liabilities	0.95	0.99	-4.21%	-
Debt Equity Ratio	Total debt	Shareholders' Equity	24.10	20.28	18.81%	-
Debt Service Coverage Ratio	Earnings available for debt service	Debt service	0.00	0.02	-90.65%	Loss has increased during the year 2022-23 mainly due to interest on GOI loan and preference shares provided during the year. The subsidiary company has closed their operations during the year 2022-23.
Return on Equity Ratio	Net profit after tax	Shareholders' Equity	2.05	-2.42	-184.70%	Loss has increased during the year 2022-23 and interest on GOI loan and preference shares provided. The subsidiary compny has closed their operations during the year 2022-23
Inventory Turnover Ratio	Sales	Average Inventory	23.76	16.16	47.02%	Increase in sales of holding company.
Trade Receivables Turnover Ratio	Net Sales	Average Trade Receivables	45.08	70.18	-35.76%	Increase in sales of holding company.
Trade Payables Turnover Ratio	Net Credit Purchases	Average Trade Payables	10.14	9.58	5.76%	-
Net Capital Turnover Ratio	Net Sales	Working Capital	-9.70	-64.09	-115.13%	The holding company's Current liability has increased in 2022-23 due to the increase of interest due on govt. loan.
Net Profit Ratio	Net profit after tax	Net Sales	-0.09	-0.07	17.60%	
Return on Capital Employed	Profit Before Interest and Taxes (PBIT)	Capital Employed	-7.49	-93.25	-91.97%	Due to unfavourable market condition, which contributed to net loss of the company. Also there was a huge increase in the main raw mateial but the selling price could not have increase due to the unfavourable market conditins which resulted in net loss.
Return on Investment	Dividend	Share Price	-	-		

43. Notes to Statement of Profit and Loss and Other Comprehensive Income

a) The Company has elected to continue with the carrying value for all its Property, Plant and Equipment as of April 1, 2016 measured under Indian GAAP as deemed cost as of April 1, 2016 (transition date) except Freehold Land where fair value (circle rate) has been considered as deemed cost.

b) Under Indian GAAP, the Company measured financial assets at cost. As at the transition date, the company recognised the provision for expected credit loss for certain financial assets as per the criteria set out in Ind AS 101. All the financials liabilities have been carried at amortized cost and such differences have been appropriately addressed.

c) Represents Deferred Tax adjustments on the Ind AS transition adjustments. However considering the losses of the company no current tax impact was given.

d) The Company recognises costs related to its post-employment defined benefit plan on an actuarial basis both under Indian GAAP and Ind AS. Under Indian GAAP, the entire cost including actuarial gains and losses and return on planned assets are charged to profit or loss. Under Ind AS, actuarial gains and losses and return on planned assets recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income.

e) Consequential sum of the adjustments carried out in the other comprehensive income net of tax implications thereon.

f) The subsidiary company during the year under review, 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.

44 Non- Compliance of the SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015- as per Regulation 17(1)(b), the chairman being an executive director, at least half of the board of Directors should be comprised of Independent Directors. Currently, the Company does not have required number of Independent Directors on its board. Non- Compliance of the SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015 - as per the Regulation 17 (1) (a) of the SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015, Board of Directors shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the Board of Directors shall comprise of non-executive directors. Currently, the Company does not have woman director on its Board.

45 The holding Company has revalued its Property, Plant and Equipment and the revaluation is based on the valuation by a registered valuer (Mr. Er.S.Rajendraprasad, Wealth Tax No: Catogory No.1/3/Vol.II/2009-10.No:CC-CHN/TECH/RV/3/2009-10) as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

46 a) The Holding Company has reported net loss including other comprehensive income of Rs 4239.63 lakhs (Previous year net loss including other comprehensive income of Rs.1015.89 lakhs) Also the company has accumulated loss amounting to Rs 107078.48 lakhs (Previous year Rs.102056.08 lakhs) with a negative networth of Rs. 95512.95 lakhs (Previous year Rs.90490.55 lakhs). But its current assets exceeds its current liabilities by Rs.1879.87 lakhs (Previous year Rs.7204.31 lakhs). The company has a balance under current assets of cash and cash equivalents and other bank balances of Rs.16730.48 lakhs (Previous year Rs.13510.73 lakhs) as at the year end. After considering these conditions, the standalone financial result of the company have been prepared on going concern basis.

b) The company is in the process of implementation of the Govt. Approved restructuring plan vide order dated May 22, 2017, the company has closed the Rasayani Unit, plant and equipment scrapped has been disposed off. Sale of unencumbered land in Rasayani through NBCC and Panvel land through e-auction are in progress. The Phenol plant at Kochi is operational and was operating at 93% capacity in the current year as against 62% in the previous year. The production of acetone and phenol increased to 60656 MT in the current year from 40305 MT in the previous year. At the end of the financial year 2022-23, the EBIT for the year 2022-23 is Rs. 1666.29 lakhs (Previous Year 2021-22 Rs. 3932.38 lakhs)

47 Board recommended to implement salary revision of employees w.e.f. 25.01.2021 and the same was submitted to the Ministry of Chemicals and Fertilizers for approval. Company has provided Rs. 295 lakhs for the year 2021-22 and Rs.248.00 lakhs in the books of accounts towards provision for wage revision during the year 2022-23.

48 As per the letter dated 29.01.2020 from the Ministry of Chemicals and Fertilizers, Department of Chemicals & Petrochemicals, under which the Subsidiary Company functions, Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 22nd Jan, 2020 had approved the following:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

a) Shutting down the operations of the plant/unit of HFL & closure of the Subsidiary Company.

b) Separating the employees (regular and non-regular/adhoc) rendered surplus due to closure of plant through VRS/VSs, after payment of all their outstanding salary/wages and statutory dues, except for skeletal staff required to implement the full and final closure of the company. Employees not opting for VRS/VSS will be retrenched as per the provisions of Industrial Disputes Act, 1947.

c) Grant of interest free loan of Rs.77.20 crore by Govt. of India to Subsidiary Company to be utilized exclusively for closure related expenditure including (a) implementation of VRS/VSs for Subsidiary Company employees, their dues, statutory dues, payment to suppliers / contractors /utilities dues and repayment of SBI working capital loan (b) salary/wages and administrative expenses of Subsidiary Company 's skeletal staff to be temporarily retained for completing the closure of Subsidiary Company for two years.

d) Above interest free loan of Rs.77.20 crore will be repaid by Subsidiary Company to Govt. of India from the sale proceeds of land and other assets of the Subsidiary Company, as and when disposed off and after settling all the liabilities related to closure of the Subsidiary Company.

e) After settlement of all liabilities related to closure of Subsidiary Company and repayment of interest free loan of Rs.77.20 crores, surplus proceeds from disposal of land and other assets, if any, will be used for repayment of Subsidiary Company's outstanding Govt of India (Rs.15.80 crore) and interest thereon, with freezing of interest upto 31.3.2019. Full or part of the principal loan amount (Rs.15.80 crore) and interest thereon upto 31.3.2019 remaining unpaid due to insufficient sale proceeds is to be written off/waived.

f) for facilitating disposal of Subsidiary Company 's land, M/s NBCC (India) Ltd may be appointed as Land Management Agency (LMA) to manage and assist in the land disposal subject to outcome of the decision of Telangana Govt/TSIIC on purchasing land of HFL.

g) Disposal of plant/machinery and movable assets will be done by Subsidiary Company through e-auction by MSTC Ltd.

In pursuance of the said decision, HFL had received an amount of Rs.73.70 Crores on 26.05.2020 and Rs.2.17 crores on 15.03.2022 as interest free loan from GoI. As per the above CCEA Order and as at 31.03.2023, all the employees were relieved before 31.08.2022 except five skeleton staff who were transferred to the roll of HOCL in Sept 2022. All the undisputed dues except Govt. loans and HOCL loans were settled by utilising the interest free loan sanctioned by the Govt. of India. The total amount utilized upto 31.03.2023 was Rs.66.23 Crores. The balance amount will be utilized for settling the other dues and other operating expenditure for completing the closure of the Company. The said process is still going on.

49 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

50 No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

51 Relationship with Struck off Companies

During the financial year ended 31st March 2023 the company does not have any relationship with struck of companies.

Relationship with Struck off Companies as on 31st March 2022

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding	Relationship with the Struck off company, if any, to be disclosed
Access Services P Ltd	Security service	Rs.0.23 lakh	Creditor

52 No charge or satisfaction yet to be registered with ROC beyond the statutory period.

53 No Loans or Advances in the nature of loan is granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person during the year.

54 There is no capital- work- in progress as on 31.03.2023

55 There is no intangible assets under development

56 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 subsidiary 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	**01.04.2022**	**14169.41**
Increase in Working capital limits including interest		-
Increase in the loans from GOI		-
Interest for the reporting period		57.26
Other Ind AS adjustments		-
Closing Balance as on	**31.03.2023**	**14226.67**

57 No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made there under.

58 Company has no borrowings from banks or financial institutions on the basis of security of current assets.

59 The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

60 Company is not declared as a wilful defaulter by any bank or financial Institution or other lender.

61 Company has no transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961), unless there is immunity for disclosure under 11 any scheme and also shall state whether the previously unrecorded income and related assets have been properly recorded in the books of account during the year.

62 The Company is not required mandatorily to carry out any CSR activities on account of losses incurred during the previous years.

63 The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

64 The Consolidated financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors on 18.05.2023

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

For and On Behalf of Board of Directors

For Balan & Co.
Chartered Accountants
FRN 340S

Sd/-
Sajeev B.
Chairman and Managing Director
DIN 09344438

Sd/-
Joyal George, FCA
Partner
Membership No.: 228702
UDIN: 23228702BGXDRJ7779

Sd/-
Yogendra Prasad Shukla
Director (Finance)
DIN 09674122

Sd/-
Subramonian H.
Company Secretary
ACS: 28380

Place: Ernakulam
Date: 18.05.2023

Place: Ernakulam, Kerala
Date: 18.05.2023

NOTES

हिन्दुस्तान ऑर्गेनिक केमिकल्स लिमिटेड

HINDUSTAN ORGANIC CHEMICALS LIMITED

पंजीकृत और कॉर्पोरेट कार्यालय : पोस्ट बैग नंबर 18, अंबालामुगल पीओ, एर्नाकुलम जिला, केरल - 682 302,
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