



**Form No. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

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

To,

The Members,

HINDUSTAN ORGANIC CHEMICALS LIMITED

(CIN: L99999MH1960GOI011895)

401, 402, 403, 4th Floor, V-TIMES SQUARE,

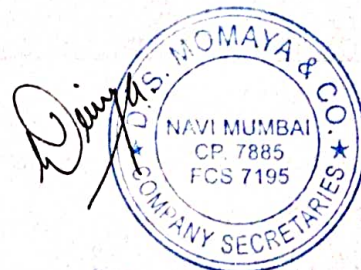
Plot No. 3, Sector 15, CBD Belapur,

Navi Mumbai, Thane - 400614.

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

We note that 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 **HINDUSTAN ORGANIC CHEMICALS LIMITED** books, papers, minute books, forms and returns filed and scanned copies of the documents, evidences of submission provided and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on **31st March, 2022** 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, 2022** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing- **Not applicable to the Company during the financial year under review;**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009 (upto 10th November, 2018 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2018 (with effect from 11th November, 2018)- **Not applicable as there was no reportable event during the financial year under review;**
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations,2014- **Not Applicable as the Company has not issued any shares/options during the period under review;**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations,2008- **Not Applicable as the Company has not issued and listed any debt securities during the period under review;**



- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- **Not applicable to the Company;**
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- **Not Applicable as the Company has not delisted its equity shares from stock exchange during the period under 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:
- Petroleum Act, 1934 and Rules, 2002;
 - Manufacture, Storage and Import of Hazardous Chemicals (Amendment) Rules, 2000;
 - The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008;
 - Inflammable Substance Act, 1952;
 - Dangerous Machines (Regulation) Act 1983
 - Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010;
 - The Factories Act, 1948;
 - The Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013

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

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



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

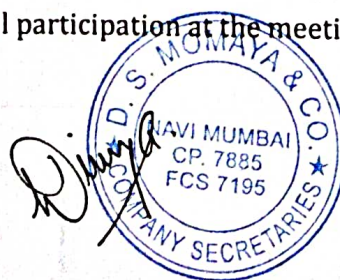
We further report that, the Board of Directors of the Company was not duly constituted as the company does not have requisite number of Independent Directors on its Board due to vacancy arises out of end of the term of existing Independent Directors from February 21, 2020 onwards. It was observed that during the period under review from 01-04-2021 to 23-12-2021 no Independent Directors were on the Board of the Company. The Company, being 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. After several requests made by the Company to the Ministry, two independent Directors were appointed through Govt. Order dt. 24-12-2021. There is a vacancy of one (1) more Independent Director. The Company still awaits the appointment of One Independent Women Director on the Board by the Administrative Ministry.

We further report that as per the Market Capitalization for the year 2021-22, the Company stands on the rank 1627. Hence as it is within the top 2000 companies, the company is required to have minimum 6 directors on the Board. But as on March, 31 2022 the Company is having only 5 directors on the Board.

Consequently the Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee (NRC) are not duly constituted with right mix of Independent Directors in compliance with relevant Regulations of SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015 & Companies Act 2013.

During the period under review it was observed that prior to the appointment of two independent directors i.e. before 28-01-2022 none of the Committees existed between 01-04-2021 to 27-01-2022 on the Board due to the vacancy of Independent Directors. On such appointment of two Independent Directors, the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee were reconstituted at the Board Meeting of the Company held on 28-01-2022. However, the Audit Committee although reconstituted, consists only two independent directors which is not in compliance with Regulation 18 of SEBI LODR Regulations which states that the Audit Committee shall have minimum three directors as members. Similarly, the NRC of the Company comprises two independent directors and one executive director which are not in compliance with Regulation 19 of SEBI LODR Regulation which states that all directors of the committee shall be non-executive directors.

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



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

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


We further report that 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.

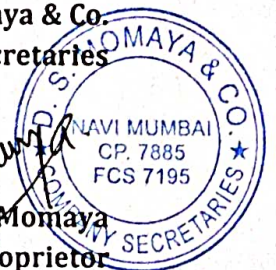
This report is to be read with our letter of even date which is annexed as Annexure hereto and forms part to this report.

Place: Navi Mumbai
Date: 17/05/2022
UDIN : F007195D000333587

For D. S. Momaya & Co.
Company Secretaries


CS Divya Momaya
Proprietor

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, 2022 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.

Place: Navi Mumbai

Date: 17/05/2022

**For D. S. Momaya & Co.
Company Secretaries**


**CS Divya Momaya
Proprietor**

FCS No. 7195/ CP No. 7885

