



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

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021

[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 have conducted online verification & examination of records, as facilitated by the Company, due to Covid-19 and subsequent lockdown situation in Maharashtra for the purpose of issuing this Report.*

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 the **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



**31<sup>st</sup> March, 2021** 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 **31<sup>st</sup> March, 2021** 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 10<sup>th</sup> November, 2018 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2018 (with effect from 11<sup>th</sup> 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 10<sup>th</sup> of September 2018) and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (from 11<sup>th</sup> 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 Trans boundary 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 compliance 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 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. Consequently the Audit Committee, Stakeholders Relationship Committee and Nomination and Remunerations Committee 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. The Company, being Public Sector Undertaking, such appointment of adequate number of Independent Directors on the Board of the Company is to be done by the Ministry and such Appointment are awaited. The Company has also written so many time letters to Ministry to appoint adequate number of Independent directors on their Board.***

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 of COVID-19 guidelines issued by Government has duly complied by the Company.**

**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, tax auditors and designated professional.**



**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**, as per the Restructuring Plan of Hindustan Organic Chemicals Limited approved by the Department of Chemicals & Petrochemicals, Ministry of Chemicals and Fertilizers, Government of India vide letter dated 25 May, 2017 to Sale the land at Rasayani, Maharashtra during the year under review, 85.27 Acres of land was further sold to BPCL on "as is where is basis" at value of INR 137.18 Crores.

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. except,
- a. Pursuant to Postal Ballot Resolution dated 30th March, 2020, the Company had received approval of shareholders to Sell or otherwise dispose of the whole or substantially the whole of the Undertaking of the Company viz. Hindustan Fluorocarbons Ltd. (HFL) (Subsidiary of HOCL) under section 180(1)(a) as per Letter from Government of India (Ministry of Chemicals And Fertilizers, Department of Chemicals & Petrochemicals) vide File No. P. 51015/06/2019-Ch. III dated 29-01-2020 informing decisions of CCEA directing closure of Hindustan Fluorocarbons Limited and in this respect, various steps are being carried out by HFL during the year 2020-2021 and HFL is in the Process of Closure.
  - b. On receipt of Govt. loan during May/June, 2020, VRS was introduced and implemented in Hindustan Fluorocarbons Limited (HFL), Subsidiary Company of the Company, leaving only the skeletal staff as per Govt. directions/approvals. The VRS Scheme -2020 was implemented and 64 employees were relieved during May 2020, June 2020 and July 2020 at the total compensation cost of Rs. 42.90 Crores.
  - c. The company also completed sale of 85.27 Acres of Land at 'Rasayani' to BPCL for Rs. 137.18 Crores and 16800 Sq. Ft. of Land to IOCL for Rs. 75 Lakhs during the year under review.



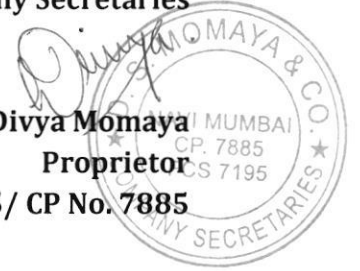
- (ii) During the year, there were no other instances of
- Public/Right/Preferential issue of shares / debentures/sweat Equity, etc.
  - Redemption / buy-back of securities
  - Merger / amalgamation / reconstruction, etc.
  - Foreign technical collaborations.

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: 31/05/2021**  
**UDIN : F007195C000397178**

**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, 2021 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: 31/05/2021

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

**CS Divya Momaya  
Proprietor**

**FCS No. 7195/ CP No. 7885**

