HINDUSTAN ORGANIC CHEMICALS LIMITED

(A Govt. of India Enterprise)

58th ANNUAL REPORT 2018-2019

Phenol Complex at Kochi

Registered Office & Corporate Office Address: -
Hindustan Organic Chemicals Limited,
Office No: 401,402 and 403, 4th Floor, V Times Square, Plot No: 3, Sector 15,
CBD Belapur, NAVI MUMBAI - 400614.
PH: 022-27575268/69; Web Site: www.hoclindia.com; CIN : L99999MH1960GOI011895

स्वच्छ भारत
एक कदम स्वच्छता की ओर

HINDUSTAN ORGANIC CHEMICALS LTD. [CIN L99999MH1960GOI011895]

AUDITORS
Statutory Auditors (FY 2018-19)
M/s M.B.Agrawal & Co.,
Chartered Accountants, Mumbai

Branch Auditors – Kochi Unit
M/s BSJ & Associates,
Chartered Accountants, Kochi

Cost Auditors (FY 2018-19)
M/s. BBS & Associates
Kochi

Internal Auditors
a) Kochi Unit
M/s. Isaac & Suresh
Chartered Accountants, Kochi
b) Registered & Corporate Office
M/s. JMT & Associate
Chartered Accountants, Mumbai

BANKERS
State Bank of India

REGISTRAR AND SHARE TRANSFER AGENTS
M/s. BIGSHARE SERVICES PVT. LTD.
(w.e.f. 01-04-2016 onwards)
Registered Office : **Bigshare Services Pvt Ltd.**
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis, Makwana Road, Marol, Andheri East ,
Mumbai 400059 Maharashtra.
Tel: 022 62638200
Fax : 022 62638299
Email: investor@bigshareonline.com

CONTENTS

HINDUSTAN ORGANIC CHEMICALS LTD. [CIN L99999MH1960GOI1011895]

REGISTERED & CORPORATE OFFICE (w.e.f July, 2018 and due to shifting of Registered Office of the Company from Rasayani to CBD Belapur):

Office Nos. 401,402 &403, 4th Floor,
"V- Times Square", Plot No.3, Sector-15,
CBD, Belapur, Navi Mumbai- 400614,
Maharashtra

MANUFACTURING FACILITIES AT KOCHI :
Ambalamugal, P. O., Dist. Ernakulam,
Kerala, PIN - 682 302.
Tel : (0484) 2720911 / 2720912 / 13
Fax : (0484) 2720893
E-mail :kochi@hocl.gov.in

REGIONAL & MARKETING OFFICES
DELHI :
Core-6, Scope Complex,
1st Floor, Lodi Road, New Delhi - 110 003.
Tel : (011) 24361610 / 24364690 Fax : (011) 24360698
Subsidiary Company

HINDUSTAN FLUOROCARBONS LTD.
303, Babukhan Estate, Bashirbagh, Hyderabad - 500 001
Tel : (040) 23241051 / 23237125. Fax : (040) 23296455
E-Mail : hiflon@hotmail.com

BOARD OF DIRECTORS

SHRI S.B. BHIDE (DIN: 05323535)	Chairman & Managing Director Additional charge of Director Finance (from 08/02/2018 upto 06/08/2019)
SHRI C. P. BHATIA	Director (Finance) w.e.f. 07/08/2019
SMT. ALKA TIWARI, AS&FA (DIN: 03502306)	Director (Govt. Nominee) (From 29/01/2019)
Ms. MEENAKSHI GUPTA, AS&FA (DIN: 07686646)	Director (Govt. Nominee) (upto 28/01/2019)
SHRI SAMIR KUMAR BISWAS, JS (DIN: 01664091)	Director (Govt. Nominee)
Ms. LATA ALKER (DIN: 07767534)	Independent Director (from 21/02/2017)
SHRI MUKESH PAREEK (DIN: 07758639)	Independent Director (from 21/02/2017)
Ms. PUSHPA TRIVEDI (DIN: 01388230)	Independent Director (Tenure ended on 14/06/2019)
SMT. SUSHEELA S. KULKARNI	Company Secretary

AUDIT COMMITTEE [A.C.] OF THE BOARD

Ms. PUSHPA TRIVEDI,
Independent Director
Chairperson, Audit Committee [upto 14-06-2019],

SMT. LATA ALKER,
Independent Director
Member, A.C.

SMT. SUSHEELA S. KULKARNI, C.S.
Secretary to Audit Committee

SHRI MUKESH PAREEK,
Independent Director
Audit Committee

SHRI C. P. BHATIA
Director (Finance)
Invitee A.C. [w.e.f. 09-08-2019]

STAKEHOLDERS RELATIONSHIP COMMITTEE (Constituted on 13-02-2019)

SHRI MUKESH PAREEK,
Chairperson, S.R.C.

MS. LATA ALKER,
Member, S.R.C.

SHRI C. P. BHATIA
Director (Finance)
Member, S.R.C. [w.e.f. 09-08-2019]

Ms. PUSHPA TRIVEDI,
Member, S.R.C.

SHRI S. B. BHIDE
Member, S.R.C.

SMT. SUSHEELA S. KULKARNI
Secretary to S.R.C.

NOMINATION & REMUNERATION COMMITTEE

SHRI MUKESH PAREEK,
Chairperson, N& R Committee

MS. LATA ALKER,
Member, N&R Committee

SHRI C. P. BHATIA
Director (Finance)
Member, N & R Committee [w.e.f. 09-08-2019]

Ms. PUSHPA TRIVEDI,
Member , N&R Committee

Mr. S.B. BHIDE, CMD
Member, N & R Committee

SMT.SUSHEELA S. KULKARNI, C.S.
Secretary to the Committee

CORPORATE SOCIAL RESPONSIBILITY & S.D. COMMITTEE

SMT. LATA ALKER,
Chairperson, CSR & SD Committee

SHRI MUKESH PAREEK,
Member, CSR & SD Committee

SHRI C. P. BHATIA
Director (Finance)
Member, CSR & SD Committee [w.e.f. 09-08-2019]

Ms. PUSHPA TRIVEDI,
Member, CSR & SD Committee

Mr. S.B. BHIDE, CMD
Member, CSR & SD Committee

SMT. SUSHEELA S. KULKARNI, C.S.
Secretary to the Committee

SHARE TRANSFER COMMITTEE

SHRI S.B. BHIDE
CMD , Chairperson, STC

SHRI C. P. BHATIA
Director (Finance)
Member, STC [w.e.f. 09-08-2019]

SMT. SUSHEELA S. KULKARNI
CS, Member, STC & Secretary to the Committee

NOTICE

Notice is hereby given that the 58th Annual General Meeting (AGM) of the Members of the Company will be held on Thursday, the 26th September, 2019 at 2.00 p.m. at The Institute of Engineers (India) Auditorium Hall- 1st Floor, Plot No: 106, Sector-15, CBD Belapur, Navi Mumbai- 400614 to transact the following:-

ORDINARY BUSINESS:

1. To consider and to adopt the Standalone & Consolidated Audited Financial Statements comprising the Balance Sheet as at 31st March, 2019, the Profit & Loss Account for the year ended on that date, Cash Flow Statement, Schedules and Notes to Accounts attached thereto, together with the Directors' Report and the Auditors' Report along with the Report of the Comptroller & Auditor General of India.
2. To appoint a Director or any other Director (as may be appointed by the GOI vide its Order) in place of Shri Samir Kumar Biswas (DIN: 01664091), J.S. , who retires at this AGM.
3. To re-appoint Ms. Alka Tiwari (DIN: 03502306), AS&FA, as per GOI Order, who retires at this AGM and being eligible offers herself for re-appointment.
4. To approve the remuneration of Rs.2,00,000/- to be paid as statutory audit fees to M/s. BSJ & Associates, Chartered Accountants, Kochi (Firm Registration Number [SR1972]) appointed as Statutory Auditor by C&AG for the Financial Year 2019-20 and to authorise and to ratify the actions of the Board of Directors of the Company to fix the other fees, if any, payable to the Statutory Auditors and /or Branch Auditors of the Company, for the Financial Year 2019-20.

SPECIAL BUSINESS:

5. To consider and ratify remuneration to be paid to M/s. BBS& Associates, Cost Accountants, Kochi (Firm Registration No.17045) as Cost Auditors of the Company for the FY 2019-20 for audit of Cost Accounts Records of the Company and if thought fit to pass the following Resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Company hereby ratifies the remuneration, at a consolidated fee of Rs. 42,000/- for Cost Audit & for issuing Compliance Certificates/digital signature certifications etc. and Rs. 5,000/- for assisting in & e-filing of cost audit reports related XBRL e-Forms in respect of Kochi Unit Products and Rs. 5,000/- towards out of pocket expenses plus taxes at actual/as may be applicable for the company for the financial year ending 31st March 2020 to M/s. BBS & Associates, Cost Accountants, Kochi (Firm Registration No. [17045]) as Cost Auditors of the Company for the FY 2019-20.

By Order of the Board of
Hindustan Organic Chemicals Ltd.
Sd/-
(Susheela S.Kulkarni)
Company Secretary
[FCS 5145]

Place : Belapur
Date : 09/08/2019

Registered Office :
401, 402, 403, 4th Floor, V-TIMES SQUARE Plot No. 3
Sector 15, CBD Belapur Navi Mumbai Thane MH 400614 IN

NOTES :

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

   Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company carrying voting Rights may appoint a single person as proxy, who shall not act as proxy for any other Member.

   The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this report. Proxies submitted on behalf of limited companies, societies, etc. must be supported by an appropriate resolution / authority, as applicable.
2. The explanatory statements pursuant to Section 102 of the Companies Act, 2013 in respect of Item No. 5, is appended to this Notice.
3. Shareholders may contact the Company's Registrar & Transfer Agent at the following address:

   Bigshare Services Pvt Ltd., 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai 400059, Maharashtra.

   Tel: 022 62638200, Fax : 022 62638299.

   Members can also correspond with the RTA at their email id: investor@bigshareonline.com

   Company [through RTA] will be sending communications with respect to below mentioned important points along with this 58th AGM Notice.

   Important information:

   i) Pursuant to SEBI circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018, shareholders holding shares in physical form whose folio do not have / have incomplete details with respect to PAN and bank particulars are mandatorily required to furnish the PAN and bank details to the Company / Registrar & Transfer Agent (RTA)

   ii) SEBI Gazette Notification dated June 08, 2018, shares in physical form will not be transferred after December 05, 2018. Hence, in your interest, it is advised to get your shares dematerialised at the earliest.
4. The Register of Members and Share Transfer Books of the Company will remain closed **from Friday, the 20th September, 2019 to Thursday, the 26th September, 2019 (both days inclusive)**.
5. Shareholders/Proxies should bring their attendance slip, duly filled in, at the meeting.
6. Shareholders are requested to intimate immediately any change in their addresses registered with the Company, their PAN, KYC details immediately to the RTAs [as above in note no.3] as per RTA's letter attached to this 58th AGM Notice.
7. Shareholders, who hold shares in the dematerialised form, are requested to bring their depository account number for identification.
8. As per Section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, electronic copies of the Annual Report 2018-2019 and the Notice of the 58th AGM are sent to all members whose email addresses are registered with the Company/Depository Participants(s). For members who have not registered their email addresses, physical copies of the Annual Report 2018-2019 and the Notice of the 58th AGM are sent in physical mode.
9. All documents referred to in the accompanying Notice and Explanatory statement shall be open for inspection at the Registered Office of the Company during the office hours on all working days up to the date of the Annual General Meeting of the Company.

Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and any amendments thereto, Secretarial Standard 2 on General Meetings ("SS-2") and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Shareholders are informed that the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL)

The instructions for members for voting electronically are as under:-

All grievances connected with the facility for voting by electronic means may be addressed to Mr.Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (E), Mumbai – 400013, or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

In case of members receiving e-mail / physical copy:

(A) The voting period begins on Friday, the 20th September, 2019 at 09.00 a.m. and ends on Wednesday, 25th September, 2019 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 19th September, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(B) Any person, who acquires shares of the Company and becomes shareholder of the Company after 16th August, 2019, i.e. the date considered for dispatch of the notice and holding shares as of the cut-off date i.e. 19th September, 2019, and not updated their PAN may obtain the login ID and sequence number by sending a request at investor@bigshareonline.com

i. Log on to the e-voting website www.evotingindia.com

ii. Click on Shareholders/Members

iii. Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. This sequence number is given on the bottom of the attendance slip.
Dividend Bank Details OR Date of Birth (DOB)	● Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. ● If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Shareholders holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN of "Hindustan Organic Chemicals Limited" on which you choose to vote.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

(D) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility. The Facility for Voting at meeting venue shall be decided by the company through "Ballot Paper"

(E) The shareholders/members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

(F) The " remote e- voting " end time shall be 5:00 p.m. on the date preceding the date of Annual General Meeting.

(G) M/s. S. N. Ananthasubramanian& Co., Company Secretaries have been appointed as the Scrutinizer for providing facility to the members/shareholders of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

(H) Alternatively 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) who are authorized to vote, to the Scrutinizer through e-mail to [snaco2019@gmail.com;] and to the Company at cs@hoclindia.com;

"Declaration of Results"

(A) The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the Annual General Meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

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

(C) All grievances connected with the facility for voting by electronic means may be addressed to Mr.Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (E), Mumbai – 400013., or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

(D) The map for location of venue of AGM is given below.:

(E) MAP

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

ITEM NO. 5 of the Notice

In accordance with the provisions of Section 148 of the Companies Act, 2013 ("the Act") and 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 products and services specified under Rules issued in pursuance to the above Section.

The Cabinet Committee on Economic Affairs approved closing down of the operations of Rasayani Unit at its meeting held on 17-05-2017. As Kochi unit of the Company continues to be in operation, the Board decided at its meeting held on 28/05/2019 to appoint cost auditor for Kochi Unit of the company for the year 2019-20.

The Board of Directors of the Company approved the appointment of M/s. BBS & Associates, Cost Accountants, Kochi (Firm Registration No.17045) as Cost Auditors of the Company to conduct cost audit of cost records maintained by the Company for the financial year 2019-20at a consolidated fee of Rs. 42,000/- for Cost Audit & for issuing Compliance Certificates/digital signature certifications etc. and Rs. 5,000/- for assisting in & e-filing of cost audit reports related XBRL e-Forms in respect of Kochi Unit Products and Rs. 5,000/- towards out of pocket expenses plus taxes at actual/as may be applicable for the company for the financial year 2019.20.

M/s. BBS & Associates, Cost Accountant have furnished certificates regarding their eligibility for appointment as Cost Auditors of the Company in accordance with the provisions of Section 148 of the Act, read with the Rules, the remuneration payable to the cost Auditor has to be ratified by the shareholders of the Company.

Accordingly, consent of the Members is sought for the said purpose.

The Directors recommend this resolution for approval of shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution as set out in Item 5 except to the extent of Shares held by them in their individual capacity.

By Order of the Board of

Hindustan Organic Chemicals Ltd.

Sd/-

(Susheela S.Kulkarni)

Company Secretary

[FCS5145]

Place : Belapur

Date : 09/08/2019

Registered Office :

401, 402, 403, 4th Floor, V-TIMES SQUARE Plot No. 3,

Sector 15, CBD Belapur Navi Mumbai Thane MH 400614 IN

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of my Colleagues on the Board and myself, I extend a warm welcome and sincere gratitude, to all of you present here at this 58th Annual General Meeting of your Company. The Annual Report of the Company, containing the Audited Annual Accounts together with the Directors' Report and Auditors' Report for the year 2018-19 and the AGM Notice to the Shareholders are in your hands for some time and with your permission, I take them as read.

PERFORMANCE:

I must now share with you, in brief, the status of our Company's performance during the year 2018-19.

The production and sales figures are contained in the Directors' Report before you and hence not repeated.

I am happy to inform you that in the first full year of operations of the Phenol Plant after stabilization, has achieved a record production of 31991 MT (80 %) Phenol at Kochi. Even in the absence of working capital limits sanctioned by the Banks, the company could mobilize advance from major customers and achieve higher capacity utilization compared to previous year. During the year under review, your Company could achieve sales turnover of Rs. 471.99 Crores.

The Company has implemented majority of the decision taken by the Government related to approved restructuring plan like completion of sale of 289 acre of land to BPCL (out of 442-acre sale approved by the Government). In addition, the company has completed sale of 85 acre of land (out of 242-acre sale approved by the Government). As per the approved restructuring plan the company has disposed of the closed plants at Rasayani.

With the redemption of the Bonds and repayment of working capital dues to Banks, and VRS to surplus manpower, the company could achieve cost reduction and improve the performance of the Kochi unit.

During the year, your Company earned a Net Profit (after tax) of Rs.50.11 crore as against loss of Rs.203.45 crore incurred during the previous year.

I wish to inform you that with the successful implementation of the restructuring plan approved by the Government and with the help and support from various Ministries, mainly Department of chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers, and other ministries like, Ministry of Finance, Ministry of Commerce & Industries, the company is on the path to recovery and with continuation of the anti-dumping duty support on Phenol and Acetone of the company and reduction in interest cost (with the repayment of Government loan) the company will continue to be in Profits.

FUTURE PLAN & REVIVAL / TURN AROUND PLAN:

Restructuring Plan.

Rasayani Unit

Out of the 442-acre, sale of 289 acre has been completed and survey of the land has been completed during the year and the sale of balance land is in progress. In addition, sale of 85 acre of land (out of 242 acre of land sale approved by Government) to BPCL has been completed and the dues to BPCL and employees and vendors, has been fully settled.

Kochi Unit

The company could mobilize advance payments from major customers to in the absence of sanctioned working capital limits and ensure continuous operation of the Phenol / Acetone plant.

CORPORATE SOCIAL RESPONSIBILITY

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 neighboring villages, rendering assistance in different forms. As per Department of Public Enterprise (DPE) Guideline on Corporate Social Responsibility (CSR), Company had constituted Board level Corporate Social Responsibility (CSR) and Sustainability Development (SD) Committee. During the Year 2018, the CSR and SD Committee was reconstituted comprising of 3 Independent Directors & one Executive Director of the Board of the Company. The terms of reference of the said CSR and SD Committee included among others, CSR as per Section 135 of the Companies Act,2013 and Rules 2014 thereunder, along with Schedule Vll,etc.

Though the Company is not required to carry out any CSR activities due to incurring losses, in view of closure of Rasayani unit, Company has donated Rasayani unit's old used tables, fans, chairs and cupboards etc. to Zilla Parishad Schools and other educational institutions and charitable trusts etc. Company has also donated the books in Library to Marathwada University.

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 under form No. 23 for its employees. 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.

HOC Kochi unit had received pollution control award among very large-scale industries from Kerala State Pollution Control Board for substantial and sustained efforts in pollution control in 2012.

HOC Kochi unit received safety awards from Dept. of Factories & Boilers, Govt. of Kerala for outstanding performance in industrial safety for the year 2012. No further awards received during the year 2018-19.

ISO CERTIFICATION :

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 18th June 2020 and ISO 14001 is valid up to 07th March 2022 audit for further extension is in progress.

INDUSTRIAL RELATIONS:

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

CORPORATE GOVERNANCE:

The Company has complied with the various requirement of Corporate Governance.

The details in this regard form part of this report in **Annexure IV**.

Recently, HOCL has been awarded 'Excellent' grade in Corporate Governance Report for the year 2018-19.

HINDUSTAN FLUOROCARBONS LIMITED (HFL) - SUBSIDIARY:

During the year, HFL has made Net Profit of Rs. 170.20 lacs from operations as against the net loss of Rs. 77.39 lacs of the previous year. During the year, the sales turnover was Rs. 3886.03 lacs as against Rs. 3685.36 lacs in the previous year. During the year under report production of PTFE was 37.79 Metric Tons as against 30.40 Metric Tons in the previous year. During the year, 1056 Metric Tons of CFM-22 was sold in the market against 1165 Metric Tons in the previous year and balance quantity was used as feed stock to manufacture various products including Fluoro Specialty Chemicals. Quality of all company's products continued to be well accepted by our customers. Company has achieved 94% capacity utilization as against 100 % in the previous financial year. The financial performance of the company improved during the year even though the Sales performance was more or less static compared to previous year.

ACKNOWLEDGEMENT:

I place on record my appreciation and gratitude to all the employees and other stakeholders who had extended their support and co-operation during the year. 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 and Bankers State Bank of India, and Central Bank of India, 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.

In conclusion, I am optimistic that the Company would sustain the achievement during the year in the years ahead.

S.B.Bhide
Chairman and Managing Director

DIRECTORS' REPORT

The Board of Directors presents herewith the 58th Annual Report of your Company along with the Audited Statement of Accounts for the financial year 2018-19.

1. **FINANCIAL RESULTS**

The financial results for the year ended 31.03.2019 with the comparative figures of company's operations for the previous year is as under:

(Rs. In Lakhs)

Particulars	**2018-19**	**2017-18**
Revenue from operations	47,199.01	24,232.94
Other Income	11,571.30	6859.97
Total	**58,770.31**	**31092.91**
Expenditure	51,514.51	50,760.99
Profit before Depreciation & Tax	**7255.80**	**(-)19668.08**
Less Depreciation	175.69	676.84
Profit /(Loss) before Exceptional Items and Tax	**7080.11**	**(-)20344.92**
Less : Exceptional Items	-	-
Less :(1) Current Tax	-	-
(2) Deferred Tax	**2069.00**	-
Profit/(Loss) for the Period after Tax	**5011.11**	**(-)20344.92**
Other Comprehensive Income:		
(i) Items that will not be reclassified to profit or loss	0.00	0.00
a) Revaluation of Plant, property & equipments	(569.17)	12478.07
Less: Deferred Tax assets	(36.00)	(2,793.25)
b) Provision for duties& taxes	381.22	-
c) Changes in defined benefit plan	(156.89)	873.02
Other Comprehensive Income for the year, Net of Tax	**-380.84**	**10,557.84**
Total Other Comprehensive Income for the year	**4630.27**	**(9787.08)**

Note : The Audited Financial Statements approved by the Board on 28th May 2019, was revised based on the provisional comments issued by Director General Audit, Mumbai (O/o. Director General Audit and Member Audit Board I Mumbai) and approved by the Board on 29th July 2019.

2. **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 is provided in the Annual Report.

3. **DIVIDEND**

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.

4. **CHANGE IN NATURE OF BUSINESS IF ANY**

Closure of Company's Rasayani Unit and consequent shifting of the Registered Office of the Company from Rasayani [Raigad District] to CBD Belapur [Thane District], within the same ROC, Mumbai.

As per the Govt. approved HOCL Restructuring Plan, comprising among other approvals, included closure of Company's Rasayani unit, sale of part of Rasayani land of the Company to BPCL. Consequently, on closure of Rasayani unit, the Corporate Office was shifted w.e.f. 2nd July, 2018, and w.e.f. 26/9/2019, Company's Registered Office was shifted from Rasayani to office Nos. 401, 402 & 403, 4th Floor, V Times Square, Plot No.3, Sector-15, CBD Belapur, Navi Mumbai, PIN-400614, Thane District, within the same ROC, Mumbai.

As per the approval of Government of India (viz. Govt.), the operation of all the plants at Rasayani Unit (except C NA / N204 plant along with the manpower transferred to ISRO) has been closed. In Kochi unit, two plants (Phenol and Hydrogen Peroxide plants) are operational.

Further during the year under review, out of the balance +/-191 acres of land approved for sale to BPCL (442-251 acre), sale of 38.687 acres has been completed for which an amount of Rs.53.62 Crore after deducting 1% TDS, was received from BPCL. After adjustment of part amount towards BPCL raw material supplies principal dues, the balance amount received from BPCL has been utilised partially to pay off the other liabilities and payment of salary dues of Kochi unit employees.

Subsequently, during 2018, Government has also approved the sale of +/-10% 242 acres of land at Rasayani to BPCL for Rs.381.27 Crore +/- . During the year out of the 242 acres of land approved for sale, sale of 85.27 acres has been completed during the current year (on 13th May, 2019), for which, BPCL, has paid an amount of Rs.135.81 crore(net of 1% TDS). After adjustment of the raw material supplies secured dues towards interest accrued (DPC), amounting to Rs.57.62 crore, on the Principal amount and GST @18% amounting to Rs.10.37 crore, balance amount of Rs. 67.82 crore was received on 13th May, 2019. Part of sale proceeds amounting to Rs.13.19 crore was utilised to pay off Govt. Plan Loan , where charge was created on the immovable properties of the company and balance to clear other liabilities to the extent possible.

5. **FINANCIAL HIGHLIGHTS**

During the year 2018-19 the Company registered an impressive growth of 94.78% under Revenue. The Gross Income of the Company stood at Rs. 58,770.31 Lakhs as against Rs. 31,092.91 Lakhs,achieved during the previous year. The Profit before tax for the year 2018-19 was Rs.7080.11 Lakhs as against the loss of Rs.20344.92 Lakhs (reinstated as per Ind AS) incurred during the corresponding period of last year.

6. **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:

29th May 2018, 10th August 2018, 14th November 2018, 13th February 2019.

Other details are furnished in the Corporate Governance Report in Annexure IV to this Report.

7. **CORPORATE GOVERNANCE**

The Company has complied with the various requirement of Corporate Governance under provisions of Companies Act 2013, under SEBI LODRRs and various Rules / Regulations made there under. The details in this regard forms part of Corporate Governance Report as Annexure IV to this report.

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

HOCL being a CPSU governed by the DPE, Guidelines on the Annual Evaluation of Performance of Board, its committees and of individual Directors have been carried out by the Administrative Ministry (DCPC).

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

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

i Govt. has appointed Mrs. Alka Tiwari AS & FA in the Ministry of Chemicals & Fertilizers as Govt Nominee Director in place of Ms. Meenakshi Gupta w.e.f 29-01-2019 for a period of three years or till the date of superannuation or till further orders, whichever is the earliest.

Mrs. Alka Tiwari, AS & FA in the Ministry of Chemicals & Fertilizers Govt Nominee Director HOCL retires by rotation at this Annual General Meeting (58th AGM) of the Company and being eligible offers herself for re-appointment.

ii GOI has appointed Shri Chander Prakash Bhatia (Ex GM (Fin.) REC) as Director (Finance) on the Board of HOCL vide GOI Order No. 51011/1/2018-CHEM. III-CPC dated 16th July, 2019 w.e.f. the date of assumption of charge of the post, till the age of superannuation (31.07.2021) or until further orders, whichever is earlier. Shri Chander Prakash Bhatia assumed the charge of Director (Finance), HOCL on 07-08-2019.

iii Tenure of Mrs Pushpa Trivedi Independent Director was ended on 14-06-2019

iv Mr. S. B. Bhide CMD, HOCL also holds the Additional charge of Director Finance HOCL from 18-02-2018 upto 06-08-2019.

v Shri Samir Kumar Biswas, Joint Secretary, Govt Nominee Director retires at the 58th AGM and Govt Order is awaited.

10. COMPOSITION OF AUDIT COMMITTEE (AC) AND NON ACCEPTANCE OF ANY RECOMMENDATIONS OF AC (only for public and listed companies)

The Audit Committee is in existence during the year in compliance with the Companies Act, 2013 and LODRRs. Details of Composition, meetings of Audit Committee are provided in Corporate Governance Report in Annexure IV to this Report.

11. DIRECTOR’S RESPONSIBILITY STATEMENT

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

a. That in the preparation of the annual accounts for the year ended 31st March, 2019; the applicable accounting standards had been followed along with proper explanation relating to material departures.

b. 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, 2019 and the profit or loss of the Company for that period.

c. 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.

d. That the annual accounts for the year ended 31st March, 2019 had been prepared on a going concern basis.

e. 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.

12. INDEPENDENT DIRECTORS DECLARATION –

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

13. DISCLOSURE ON REAPPOINTMENT OF INDEPENDENT DIRECTORS –not applicable.

14. COMPANIES POLICY ON DIRECTOR’S APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF DIRECTORS ETC.

Company being a CPSE and 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 directors of the DC&PC and the prescribed DPE Guidelines are being followed. The Terms and Conditions of appointment of Independent Directors and other directors are as per the Goverment Orders and are disclosed on the Company’s website.

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

Company being a CPSE which is under the supervision, control and directions of the DC&PC, the prescribed DPE Guidelines are being followed in respect of employee’s remunerations and DPE Guidelines as well as CVC Guidelines are being followed, as regards to the other prescribed perquisites

16. AUDITORS

a) M/s. M.B.Agarwal & Co, Chartered Accountants were appointed as **Statutory Auditors** of your Company for Rasayani unit / Corporate office for FY 2018-2019 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

b) M/s. BSJ & Associates, Chartered Accountants were appointed as **Branch Auditors of your Company for Kochi Unit** for FY 2018-2019.

M/s. BBS & Associates, Cost Accountants carried out the cost audit for applicable businesses during the year. The Board of Directors have appointed M/s. BBS &Associates, Cost Accountants as Cost Auditors of your Company for FY 2018-2019. A proposal for ratification of remuneration of the Cost Auditor for the financial year 2019-20 is placed before the shareholders.

c) i) M/s. JMT & Associates, Chartered Accountants were appointed as Internal Auditor of your Company for Rasayani unit / Corporate office FY 2018-2019.

ii) M/s. Isaac & Suresh, Chartered Accountants were appointed as the Internal Auditors of Company’s Kochi unit for the FY 2018-19.

17. SECRETARIAL AUDITOR

The Board has appointed **S.N. Ananthasubramanian & Co**, Practising Company Secretary to conduct Secretarial Audit for the FY 2018-2019. The Secretarial Audit Report for the Financial Year ended March 31, 2019 is annexed to this Report as Annexure and complied with Section 204 of Companies Act and Regulation 24A of SEBI LODRRs. The replies to observations forms part as Annexure to this Report. The Company also obtained Annual Secretarial Compliance Report form the same PCS S. N. Ananthasubramanian & Co. for the year 2018-19 under Regulation 24A of LODRRs**.**

18. 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 under form no. 23 for its employees. 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.

HOC Kochi unit received pollution control award among very large scale industries from Kerala State Pollution Control Board for substantial and sustained efforts in pollution control during the earlier years.

HOC Kochi unit received safety awards from Dept. of Factories & Boilers, Govt. of Kerala for outstanding performance in industrial safety for the year 2012. No further awards received during the year 2018-2019.

19. INDUSTRIAL RELATIONS:

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

20. 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.

However, the cumulative investment on the Subsidiary Company Hindustan Fluorocarbons ltd., 31.3.2019 stood at Rs.11.06 Crore. In addition, the company has given Secured Loan of Rs.35.10 Crores to HFL [on the security of HFL Land] and Company has also extended Corporate Guarantee to the working Capital loan to the subsidiary company HFL. The investments made in HFL during earlier years under section 186 of the Companies Act 2013, were shown in the financial statements.

However, as the MDI Project was abandoned long ago, the subsidiary company HOCL Chematur Ltd's. name was struck off w.e.f. December, 2018 under section 248 of the Companies Act,2013, after following due procedures there under.

As per Govt. approval, the investment of the Company in the Equity of the Company's subsidiary, Hindustan Fluorocarbons ltd. was set out for disinvestment during 2018. However as no bids were received, Govt. has directed for the sale of HFL Land and to give VRS to the employees etc. The action plan thereof is in progress.

21. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

1. Details of Contracts or arrangement or transactions not at arm's length basis: - None
   a) Name(s) of related party and nature of relationship
   b) Nature of Contracts/arrangements/transactions
   c) Duration of contracts/arrangements/transactions
   d) Salient terms of the contracts or arrangements or transactions including the value if any
   e) Justification for entering into such contracts or arrangements or transactions date (s) of approval by the Board
   f) Amount paid as advances, if any
   g) Date on which a special resolution was passed in general meeting as required under first proviso to section 188
2. Details of material contracts or arrangements or transactions at arm's length basis:- None.
   a) Name(s) of related party and nature of relationship
   b) Nature of contracts/arrangements/transactions
   c) Duration of contracts/arrangements/transactions
   d) Salient terms of the contracts or arrangements or transactions including the value, if any:
   e) Date(s) of approval by the Board if any:
   f) Amount paid as advance, if any:]

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

There were no qualifications, reservations or adverse remarks made by the Auditors in their Audit report.

The Secretarial Auditors of the company have submitted their Secretarial Audit Report for the year 2018-19 and management replies to the audit observations thereof are annexed to the Directors' Report and forming part of 58th Annual Report of the Company.

23. AMOUNTS IF ANY WHICH IT PROPOSES TO CARRY TO RESERVES

In view of the accumulated losses incurred during the previous years, no amounts are transferred to reserves

24. 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

During the year under review, out of the balance +/-151 acres of land approved for sale to BPCL (442-251 acre), sale of 38.687 acres has been completed for which an amount of Rs.53.62 Crore after deducting 1% TDS, was received from BPCL. After adjustment of part amount towards BPCL raw material supplies principal dues, the balance amount received from BPCL has been utilised partially to pay off the other liabilities and payment of salary dues of Kochi Unit employees. Further out of the 242 acres of land approved for sale in the year 2018, sale of 85.27 acres has been completed on 13th May, 2019, for which, BPCL, has paid an amount of Rs.135.81 crore (net of % TDS). BPCL has paid balance amount of Rs. 67.82 crore, on 13th May 2019, after adjustment of the raw material supplies secured dues towards interest accrued (DPC), amounting to Rs.57.62 crore, on the Principal amount and GST @18% amounting to Rs.10.37crore. Part of sale proceeds amounting to Rs.13.19 crore was utilised to pay off Govt.Loan, where charge was created on the immovable properties of the company. The balance amount was utilised to clear other liabilities to the extent possible.

25. 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 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.

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

A. Conservation of energy***: Nil***
   i. The steps taken or impact on conservation of energy ***: Nil***
   ii. The steps taken by the company for utilizing alternate sources of energy and ***: Nil***
   iii. The capital investment on energy conservation equipment***: Nil***

B. Technology Absorption **:Nil**
   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***

27. 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.
- Acute working capital shortage affecting 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.

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

HOC Chematur Ltd. (Company), a Joint Venture subsidiary abandoned the proposed MDI Project in the earlier years and Company has applied to the Registrar of Companies (ROC/MCA) for striking off the name of the Company under the Early Exit Scheme of the MCA during the year 2017-18. ROC/MCA has approved the striking off the name of the Company vide ROC/MCA Notice of Striking off and Dissolution order dated 06/12/2018. Hence AOC-1 in respect of the Company (HOC Chematur Ltd.) is not being furnished.

29. 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 neighboring villages, rendering assistance in different forms.

Your Company is not required to carry out any CSR activities on account of losses incurred in the previous Financial Year 2017-18 and carry forward of the accumulated losses in the Year 2018-19. However Company has recognized its social obligations and extended the following during the year under review.

On closure of Rasayani Unit, Company has donated Rasayani unit' sold used tables, fans, chairs and cupboards etc. to Zilla Parishad Schools and other educational institutions and charitable trusts etc during the year under review.

- As a part of social obligation the company is extending need based assistance to deserving students along with SC/ST students for their School / Graduate education.
- Vocational training facilities to the wards of employees of the company in the nearby Engineering / Management colleges for enhancing skill / knowledge.
- Engaging professional students of ICAI/ICSI who have completed intermediate level as trainees for imparting practical knowledge of company working by paying stipend.

Further during the Previous Year (2017-18) in view of closure of Rasayaniunit, Company has donated Rasayani unit's Library books valuing Rs. 3.19 lakhs (WDV) to Dr. Babasaheb Ambedkar Marathwada University, Aurangabad, as a CSR activity, as these books will be useful to the students community at the university.

30. DISCLOSURES PRESCRIBED IN TERMS OF SECTION 67 (only for public and listed companies)- N.A.

31. DEPOSITS : Nil

During the period under review, the Company has not invited or accepted any deposits either from the directors or from shareholders of the Company.

32. 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:

The Joint Secretary (Industrial Relations), has passed the Order on 13-02-2019 for the Closure of Company's Rasayani Unit with effect from 13-03-2019 in accordance with sub-section (1) of Section 25(O) of the Industrial Disputes Act 1947.

Except the above, there is no other order passed by the Regulators/ Courts/Tribunals in respect to the Company during the financial year.

33. 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, your 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.

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.

INTERNAL FINANCIAL CONTROLS

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.

34. 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. And therefore, Vigilance Mechanism is being handled by the Vigilance Department and the Company has already adopted a Vigilance Manual in pursuance of CVC Guidelines. Vigilance Manual is available on Company's Website.

EXTRACT OF ANNUAL RETURN

Form No. MGT -9

As on the financial year ended 31.03.2019

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L99999MH1960GOI011895
ii)	Registration Date	12/12/1960
iii)	Name of the Company	HINDUSTAN ORGANIC CHEMICALS LTD.,
iv)	Category/Sub-Category of the Company	CPSU
v)	Address of the Registered Office and contact Details	Office Nos. 401, 402 & 403, 4th Floor, "V- Times Square, Plot No.3, Sector-15, CBD, Belapur, Navi Mumbai- 400614
vi)	Whether Listed Company	Yes
vii)	Name, Address and contact details of Registrar and Share Transfer Agent, if any	M/s. Bigshare Pvt. Ltd., 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East , Mumbai 400059 Maharashtra. Tel: 022 62638200 Fax : 022 62638299 Email: investor@bigshareonline.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMAPANY:

Sl. No.	Name and description of main products/services	NIC Code of the product/ service	% of total turnover of the company
1	Phenol	29071110	70
2	Acetone	29141100	20
3	Hydrogen Peroxide	28470000	7
4	By Products		3

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and address of the company	CIN/GIN	Holding/ subsidiary/ Associate	% of shares held	Applicable section
1	Hindustan Fluorocarbons Ltd	L25206AP1983LC004037	Subsidiary	56.43	

Statement Showing Shareholding Pattern

Category of Shareholder	No. of Shares held at the beginning of the year: 01/04/2018				No. of Shares held at the end of the year : 31/03/2019				% Change
	Demat	Physical	Total Shares	Total %	Demat	Physical	Total Shares	Total %	
(A) Shareholding of Promoter and Promoter Group2									
Indian									
(a) INDIVIDUAL / HUF	0	0	0	0	0	0	0	0	0
(b) Central / State government(s)	39481500	0	39481500	58.78	39481500	0	39481500	58.78	0.00
(c) BODIES CORPORATE	0	0	0	0.00	0	0	0	0.00	0.00
(d) FINANCIAL INSTITUTIONS / BANKS	0	0	0	0.00	0	0	0	0.00	0.00
(e) ANY OTHERS (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
(i) GROUP COMPANIES	0	0	0	0.00	0	0	0	0.00	0.00
(ii) DIRECTORS RELATIVES	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (A)(1) :	39481500	0	39481500	58.78	39481500	0	39481500	58.78	0.00
Foreign									
(a) BODIES CORPORATE	0	0	0	0.00	0	0	0	0.00	0.00
(b) INDIVIDUAL	0	0	0	0.00	0	0	0	0.00	0.00
(c) INSTITUTIONS	0	0	0	0.00	0	0	0	0.00	0.00
(d) QUALIFIED FOREIGN INVESTOR	0	0	0	0.00	0	0	0	0.00	0.00
(e) ANY OTHERS (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (A)(2) :	0	0	0	0.00	0	0	0	0.00	0.00
Total holding for promoters									
(A)=(A)(1) + (A)(2)	39481500	0	39481500	58.78	39481500	0	39481500	58.78	0.00
(B) Public shareholding									
Institutions									
(a) Central / State government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(b) FINANCIAL INSTITUTIONS / BANKS	1100	11400	12500	0.02	1100	11400	12500	0.02	0.00
(c) MUTUAL FUNDS / UTI	0	0	0	0.00	0	0	0	0.00	0.00
(d) VENTURE CAPITAL FUNDS	0	0	0	0.00	0	0	0	0.00	0.00
(e) INSURANCE COMPANIES	0	0	0	0.00	0	0	0	0.00	0.00
(f) FII'S	0	0	0	0.00	0	0	0	0.00	0.00
(g) FOREIGN VENTURE CAPITAL INVESTORS	0	0	0	0.00	0	0	0	0.00	0.00
(h) QUALIFIED FOREIGN INVESTOR	0	0	0	0.00	0	0	0	0.00	0.00
(i) ANY OTHERS (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
(j) FOREIGN PORTFOLIO INVESTOR	0	0	0	0.00	0	0	0	0.00	0.00
(k) ALTERNATE INVESTMENT FUND	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (B)(1) :	1100	11400	12500	0.02	1100	11400	12500	0.02	0.00
Non-institutions									
(a) BODIES CORPORATE	3365755	39202	3404957	5.07	2540037	38505	2578539	3.84	(1.23)
(b) INDIVIDUAL									
(i) (CAPITAL UPTO TO Rs. 1 Lakh)	15877458	1714783	17592241	26.19	15329265	1637033	16966298	25.26	(0.93)
(ii) (CAPITAL GREATER THAN Rs. 1 Lakh)	5345428	14800	5360228	7.98	6994295	14800	7009295	10.43	2.45
(c) ANY OTHERS (Specify)									
(i) TRUSTS	126285	0	126285	0.19	53335	0	53335	0.08	(0.11)
(ii) CLEARING MEMBER	417264	0	417264	0.62	235063	0	235063	0.35	(0.27)
(iii) NON RESIDENT INDIANS (NRI)	3836	339800	343636	0.51	85424	333300	418724	0.62	0.11
(iv) NON RESIDENT INDIANS (REPAT)	382616	0	382616	0.57	352418	0	352418	0.52	(0.04)
(v) NON RESIDENT INDIANS (NON REPAT)	49773	0	49773	0.07	63355	0	63355	0.09	0.02

(vi) DIRECTORS RELATIVES	0	0	0	0.00	0	0	0	0.00	0.00
(vii) MARKET MAKER	500	0	500	0.00	500	0	500	0.00	0.00
(viii) EMPLOYEE	0	0	0	0.00	0	0	0	0.00	0.00
(ix) OVERSEAS BODIES CORPORATES	0	1100	1100	0.00	0	1100	1100	0.00	0.00
(x) UNCLAIMED SUSPENSE ACCOUNT	0	0	0	0.00	0	0	0	0.00	0.00
(xi) IEPF	0	0	0	0.00	0	0	0	0.00	0.00
(d) QUALIFIED FOREIGN INVESTOR									
	0	0	0	0.00	0	0	0	0.00	0.00
	500	0	500	0.00	700	0	700	0.00	0.00
SUB TOTAL (B)(2) :	25569415	2109685	27679100	41.21	25654365	2024735	27679100	41.21	(0.00)
Total Public Shareholding									
(B)=(B)(1) + (B)(2)	25570515	2121085	27691600	41.22	25655465	2036135	27691600	41.22	(0.00)
(C) Shares held by Custodians and against which Depository Receipts have been issued									
(a) SHARES HELD BY CUSTODIANS									
	0	0	0	0.00	0	0	0	0.00	0.00
(i) Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(ii) Public	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (C)(1) :	0	0	0	0.00	0	0	0	0.00	0.00
(C)=(C)(1)	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A) + (B) + (C)	65052015	2121085	67173100	100.00	65136965	2036135	67173100	100.00	(0.00)
NOTES :									
1) NAME,NUMBER OF SHARES HELD & PERCENTAGE OF ENTITIES / PERSONS HOLDING MORE THAN 1% OF THE TOTAL SHARES OF THE COMPANY IS AS PER ANNEXURE									

V. SHAREHOLDING PATTERN :

i. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2018			Share holding at the end of theYear 31/03/2019			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / Encumber-red to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ Encumb-ered to total shares	
1	President of India	39481500	58.7758	0.0000	39481500	58.7758	0.0000	0.0000
	Total	39481500	58.7758	0.0000	39481500	58.7758	0.0000	0.0000

ii. Change in Promoter's Shareholding (please specify, if there is no change)- No/Nil

iii. Shareholding Pattern of top ten shareholders(other than Directors, Promoters and Holders of GDRs and ADRs)

TOP TEN NON PROMOTERS MOVEMENT

Sr. No	NAME	No. of Shares at the begining/ End of the year	Date	Increase/ Decrease in share-holding	Reason	Number of Shares	Percentage of total shares of the company
1	SUDHABEN PRAFULCHANDRA VAIDYA	45,000	31-Mar-18	0	Transfer	45,000	0.07
			18-May-18	20000	Transfer	65,000	0.10
			25-May-18	84500	Transfer	1,49,500	0.22
			1-Jun-18	57500	Transfer	2,07,000	0.31
			8-Jun-18	-5000	Transfer	2,02,000	0.30
			24-Aug-18	30000	Transfer	2,32,000	0.35
			31-Aug-18	188250	Transfer	4,20,250	0.63
			7-Sep-18	11000	Transfer	4,31,250	0.64
			28-Sep-18	35000	Transfer	4,66,250	0.69
			19-Oct-18	25000	Transfer	4,91,250	0.73
			1-Feb-19	5000	Transfer	4,96,250	0.74
			22-Feb-19	22500	Transfer	5,18,750	0.77
			1-Mar-19	20000	Transfer	5,38,750	0.80
		5,38,750	30-Mar-19	0	Transfer	5,38,750	0.80
2	Indian Syntans Investments Private Limited	5,10,000	31-Mar-18	0	Transfer	5,10,000	0.76
		5,10,000	30-Mar-19	0	Transfer	5,10,000	0.76
3	SuvarnaKumariAgrawal	3,00,000	31-Mar-18	0	Transfer	3,00,000	0.45
			17-Aug-18	-100000	Transfer	2,00,000	0.30
			31-Aug-18	-200000	Transfer	0	0.00
			30-Mar-19	0	Transfer	0	0.00
4	VIRAJ T MAHADEVIA	0	31-Mar-18		Transfer	0	0.00
			15-Jun-18	10000	Transfer	10,000	0.01
			22-Jun-18	10000	Transfer	20,000	0.03
			24-Aug-18	180000	Transfer	2,00,000	0.30
			31-Aug-18	15000	Transfer	2,15,000	0.32
			23-Nov-18	15000	Transfer	2,30,000	0.34
			15-Feb-19	20000	Transfer	2,50,000	0.37
		2,50,000	30-Mar-19	0	Transfer	2,50,000	0.37
5	PRAFULLCHANDRA BAPPALAL VAIDAY	23,500	31-Mar-18	0	Transfer	23,500	0.04
			18-May-18	5000	Transfer	28,500	0.04
			25-May-18	12000	Transfer	40,500	0.06
			1-Jun-18	20000	Transfer	60,500	0.09
			8-Jun-18	-2500	Transfer	58,000	0.09
			24-Aug-18	56000	Transfer	1,14,000	0.17
			31-Aug-18	33000	Transfer	1,47,000	0.22
			14-Sep-18	4500	Transfer	1,51,500	0.23
			20-Sep-18	7000	Transfer	1,58,500	0.24
			26-Sep-18	15000	Transfer	1,73,500	0.26
			28-Sep-18	15000	Transfer	1,88,500	0.28
			12-Oct-18	1000	Transfer	1,89,500	0.28
			19-Oct-18	15000	Transfer	2,04,500	0.30
			1-Feb-19	5000	Transfer	2,09,500	0.31
			22-Feb-19	27500	Transfer	2,37,000	0.35
		2,37,000	30-Mar-19	0	Transfer	2,37,000	0.35
6	GINNI FINANCE PVT. LTD.	1,90,059	31-Mar-18	0	Transfer	1,90,059	0.28
			24-Aug-18	60000	Transfer	2,50,059	0.37
			31-Aug-18	-16360	Transfer	2,33,699	0.35
		2,33,699	30-Mar-19	0	Transfer	2,33,699	0.35
7	SMS HOLDINGS PVT LTD	1,60,000	31-Mar-18	0	Transfer	1,60,000	0.24
			31-Aug-18	-25000	Transfer	1,35,000	0.20

			12-Oct-18	35000	Transfer	1,70,000	0.25
			26-Oct-18	20000	Transfer	1,90,000	0.28
			2-Nov-18	26771	Transfer	2,16,771	0.32
			16-Nov-18	100	Transfer	2,16,871	0.32
		2,16,871	30-Mar-19	0	Transfer	2,16,871	0.32
8	GRACE R DEORA	1,75,418	31-Mar-18	0	Transfer	1,75,418	0.26
		1,75,418	30-Mar-19	0	Transfer	1,75,418	0.26
9	RAMESH S DAMANI	1,61,928	31-Mar-18	0	Transfer	1,61,928	0.24
			26-Sep-18	-20277	Transfer	1,41,651	0.21
		1,41,651	30-Mar-19	0	Transfer	1,41,651	0.21
10	R. B. K. SHARE BROKING LTD.	1,50,000	31-Mar-18	0	Transfer	1,50,000	0.22
			24-Aug-18	-25000	Transfer	1,25,000	0.19
		1,25,000	30-Mar-19	0	Transfer	1,25,000	0.19
11	ANAND PRAFULCHANDRA VAIDYA	18,000	31-Mar-18	0	Transfer	18,000	0.03
			18-May-18	5000	Transfer	23,000	0.03
			25-May-18	8500	Transfer	31,500	0.05
			1-Jun-18	21000	Transfer	52,500	0.08
			8-Jun-18	-2500	Transfer	50,000	0.07
			24-Aug-18	15000	Transfer	65,000	0.10
			31-Aug-18	20000	Transfer	85,000	0.13
			21-Sep-18	19500	Transfer	1,04,500	0.16
			26-Sep-18	5000	Transfer	1,09,500	0.16
			28-Sep-18	15000	Transfer	1,24,500	0.19
			19-Oct-18	15000	Transfer	1,39,500	0.21
			15-Feb-19	5000	Transfer	1,44,500	0.22
			22-Feb-19	5000	Transfer	1,49,500	0.22
		1,49,500	30-Mar-19	0	Transfer	1,49,500	0.22
12	TRISHAKTI POWER HOLDINGS PRIVATE LIMITED	1,35,000	31-Mar-18	0	Transfer	1,35,000	0.20
			12-Oct-18	-35000	Transfer	1,00,000	0.15
			9-Nov-18	-50000	Transfer	50,000	0.07
			16-Nov-18	-50000	Transfer	0	0.00
			30-Mar-19	0	Transfer	0	0.00
13	Adi Lim Bilimoria	1,24,100	31-Mar-18	0	Transfer	1,24,100	0.18
			6-Apr-18	-7	Transfer	1,24,093	0.18
			13-Apr-18	-10600	Transfer	1,13,493	0.17
			27-Apr-18	-900	Transfer	1,12,593	0.17
			1-Jun-18	1300	Transfer	1,13,893	0.17
			15-Jun-18	-500	Transfer	1,13,393	0.17
			22-Jun-18	-250	Transfer	1,13,143	0.17
			6-Jul-18	5400	Transfer	1,18,543	0.18
			27-Jul-18	-1100	Transfer	1,17,443	0.17
			3-Aug-18	4700	Transfer	1,22,143	0.18
			10-Aug-18	4700	Transfer	1,26,843	0.19
			17-Aug-18	100	Transfer	1,26,943	0.19
			24-Aug-18	-60750	Transfer	66,193	0.10
			31-Aug-18	-53093	Transfer	13,100	0.02
			7-Sep-18	-3250	Transfer	9,850	0.01
			14-Sep-18	-550	Transfer	9,300	0.01
			20-Sep-18	-1000	Transfer	8,300	0.01
			21-Sep-18	-500	Transfer	7,800	0.01
			26-Sep-18	800	Transfer	8,600	0.01
			28-Sep-18	9750	Transfer	18,350	0.03
			5-Oct-18	-2000	Transfer	16,350	0.02
			12-Oct-18	17444	Transfer	33,794	0.05
			19-Oct-18	-3667	Transfer	30,127	0.04
			26-Oct-18	-1250	Transfer	28,877	0.04
			2-Nov-18	3533	Transfer	32,410	0.05
			9-Nov-18	-6100	Transfer	26,310	0.04
			16-Nov-18	-11677	Transfer	14,633	0.02
			23-Nov-18	-900	Transfer	13,733	0.02
			30-Nov-18	-600	Transfer	13,133	0.02
			14-Dec-18	150	Transfer	13,283	0.02
			21-Dec-18	-3892	Transfer	9,391	0.01
			11-Jan-19	-6600	Transfer	2,791	0.00
			1-Feb-19	-2591	Transfer	200	0.00
			22-Feb-19	500	Transfer	700	0.00
			8-Mar-19	-100	Transfer	600	0.00
		600	30-Mar-19	0	Transfer	600	0.00
14	GOLDEN GOENKA CREDIT PRIVATE LIMITED	1,25,106	31-Mar-18	0	Transfer	1,25,106	0.19
			27-Apr-18	2500	Transfer	1,27,606	0.19
			30-Jun-18	5000	Transfer	1,32,606	0.20
			17-Aug-18	-30000	Transfer	1,02,606	0.15
			24-Aug-18	-35387	Transfer	67,219	0.10
			31-Aug-18	-12500	Transfer	54,719	0.08
			20-Sep-18	-25000	Transfer	29,719	0.04
			21-Sep-18	-10000	Transfer	19,719	0.03
			12-Oct-18	2500	Transfer	22,219	0.03
			16-Nov-18	-7023	Transfer	15,196	0.02
			23-Nov-18	-2500	Transfer	12,696	0.02
			30-Nov-18	5000	Transfer	17,696	0.03
		17,696	30-Mar-19	0	Transfer	17,696	0.03

iv. Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year: 1) Mrs. Susheela S.Kulkarni, CS	200	-	200	
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc) :	-		-	

VI. INDEBTEDNESS :

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rupees In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1319.00	49582.46	-	50901.46
ii) Interest due but not paid	2143.00	7975.01	-	10118.01
iii) Interest accrued but not due	0	2984.00	-	2984.00
Total (i+ii+iii)	3462.00	60541.47	-	64003.47
Change in Indebtedness duringthe financial year				
Addition	165	6355.75	-	6520.75
Reduction	-	-	-	-
Indebtedness at theend of the financial year				
i) Principal Amount	1319	49582.46	-	50901.46
ii) Interest due but not paid	2308	14340.51	-	16648.51
iii) Interest accrued but not due	-	2974.25	-	2974.25
Total (i+ii+iii)	3627	66897.22	-	70524.22

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Whole time Director, Managing Director and/or Manager: (Rupees In Lakhs)

SI No.	Particulars of Remuneration	Name of Whole-time Director/ Director	Total Amount
		S.B.Bhide	
1.	Gross Salary a) Salary as per provisions contained in section 17(1) of Income Tax Act, 1961	37.96	37.96
	b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	-	-
	c)Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission --As % of profit - Others, specify	-	-
5.	Others : retirement benefits	3.85	3.85
	Total(A)	41.81	41.81
	Ceiling as per the Act	41.81	41.81

B. Remuneration to other Directors: (Rupees In Lakhs)

Sl. No.	Particulars of Remuneration	Name of the Directors			
	[Sitting fees paid to NOIDs for attending the Meetings of the Board/Committees]	Ms. Pushpa Trivedi	Mr. Mukesh Parikh	Ms. Lata Alker	Total
1.	Independent Director • Fee for attending board committee meetings • Commission • Others, please specify	1.00	1.00	1.00	3.00
	Total (1)	1.00	1.00	1.00	3.00
2.	Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify	-	-	-	-
	Total (2)				
	Total (B)(1+2)	1.00	1.00	1.00	3.00
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				

D. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: (Rupees In Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary [Mrs. Susheela. S.Kulkarni]	CFO [Mr. P.O. Luise]	Total
1.	Gross Salary a)Salary as per provisions contained in section 17(1) of Income Tax Act, 1961	22.09	24.53	46.62
	b)Value of perquisites u/s 17(2) of Income Tax Act, 1961	-	-	-
	c)Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - As % of profit - Others, specify	-	-	-
5.	Others : retirement benefits	2.64	2.71	5.35
	Total	24.73	27.24	51.97

VIII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES : NIL

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

D. **ACKNOWLEDGEMENT**

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

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

Sd/-
S.B. Bhide
Chairman and Managing Director

Date: 28-05-2019
Place: CBD Belapur

Annexure I

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of 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 the 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:	1961.46
6. Reserves & surplus (Other Equity)	(6281.34)
7. Total assets:	6474.69
8. Total Liabilities:	10794.57
9. Investments:	NIL
10. Turnover (excluding GST)	3886.03
11. Profit before taxation:	170.20
12. Provision for taxation:	NIL
13. Profit after taxation:	170.20
14. Proposed Dividend:	NIL
15. % of shareholding:	56.43

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations:	NIL
2. Names of subsidiaries which have been liquidated or sold during the year:	NIL

Sd/-
S.B. Bhide
Chairman & Managing Director

Sd/-
Mukesh Pareek
Director

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Sd/-
P.O. Luise
Chief Financial Officer

As per our report of even date
For M.B. AGRAWAL & CO.
Chartered Accountants
ICAI FRN 100137W

Sd/-
Harshal Agrawal
Partner
Membership No.109438

Place: Mumbai
Date : 29.07.2019

Annexure – II

HINDUSTAN ORGANIC CHEMICALS LIMITED

REPRESENTATION OF SC, ST, AND WOMEN IN EMPLOYMENT

POSITION AS ON 31.03.2019

Category	Total	SC	ST	WOMEN
A	111	18	4	12
B	33	5	1	9
C	130	18	4	8
D	21	4	-	1
Total	295	45	9	30

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

Sd/-
S.B. Bhide
Chairman and Managing Director

Date: 28.05.2019
Place: CBD Belapur

Annexure – III

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.

The feed stock prices in India which is based on petroleum feed stock prices are significantly higher as compared to major exporting countries. The capability of chemical manufacturing units to earn a reasonable return has been largely affected by global competition and tightening of parameters like rationalized duty structure and strict quality controls. Moreover, the capacity of the domestic Industry is small as compared to the competitors abroad. The domestic manufacturers in Indian Industry are in a disadvantageous position with regard to overhead costs.

In order to prevent dumping and to reform the sector to enable it to meet global competition, active follow up is made with the Govt. of India for continuation of/levy of anti-dumping / safe guard duties as per WTO Guidelines.

KEY OPPORTUNITIES INCLUDE

Consequent to the closure of Rasayani unit as per the Government approved restructuring plan, the Registered and Marketing offices have been shifted to CBD Belapur . In Kochi unit, two plants (Phenol and Hydrogen plant) are operational. Operations of Rasayani unit have been closed & closure of Rasayani unit has been approved by Ministry of Labour and order to the effect was issued by Joint Secretary (Industrial Relations) vide letter dated 13th February 2019.

Out of the balance 191 acre, of land for sale to BPCL, 38 acre was registered during the year and BPCL has recovered the loan principal amount in full, and balance amount was utilised to pay the salary dues of Kochi employees. All liabilities of Employees of Rasayani & Kochi Unit have been cleared.

The Phenol Plant at Kochi unit achieved a capacity utilization of 80 % during the year in spite of working capital constraints by mobilizing advance payments from major customers.

KEY THREATS INCLUDE

The Company continues to face working capital constraints. Competition from imports for the main products Phenol and Acetone, consequent to expiry of Anti-dumping duty on imports from USA and Taiwan, even though antidumping duty is in place from other importing countries.

Volatility in raw material prices due to fluctuating crude prices.

SEGMENTWISE PERFORMANCE

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

Product Segment	Year ended 31/03/2019			Year ended 31/3/2018		
	Target	Actual	Percentage	Target	Actual	Percentage
	MT	MT	Achieved	MT	MT	Achieved
Chemicals	40100	58910	146.91%	46600	37224	79.88

PRODUCT WISE PERFORMANCE (Production of Main Products)

Sr. No.	Name of Product	Installed Capacity	F.Y. 2018-19	F.Y. 2017-18
			Actual	Actual
		(MT)	(MT)	(MT)
1.	Di-Nitrogen tetroxide	Nil	Nil	416
2.	Phenol	40000	31991	17191
3.	Acetone	24640	20130	10609
4.	H2O2	10450	6789	9008

OUTLOOK AND INITIATIVES FOR THE CURRENT YEAR

The transfer of C NA / N204 plant has been completed and the disposal of all plant and machinery at Rasayani is complete. Out of balance 191 acre of land to BPCL additional 38 acre sale has also been completed. The transfer of 1000 sq. mtr of plot to NALCO has been completed. Further sale of unencumbered land though NBCC is in progress.

SOME RISKS & CONCERNS.

- Competition from cheaper Imports of main product Phenol and Acetone.
- Volatility in raw material feed stock prices based on fluctuations in crude prices.
- Huge investments required for revamp / replacement / modernization of the old plants.
- Transfer of balance land (191 acre) to BPCL and receipt of funds for settling the liabilities of the company.
- Sale of balance unencumbered land at Rasayani after receipt of NOC from Government of Maharashtra.
- Non-Availability of working capital from Banks for continuous operation of the Plants at Kochi.
- High interest costs, high employees' remuneration.

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 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 18th June 2020 and ISO 14001 is valid up to 07th March 2022 audit for further extension is in progress.

REVIEW OF FINANCIAL PERFORMANCE :

During the year 2018-19 the Company's total revenue registered an impressive growth of 91%. The Gross income of the Company stood at Rs. 587.70 crore as against Rs.310.93 crore achieved during the previous year. The Profit before Tax for the year 2018-19 was Rs.70.80 crore as against (-) Rs. 203.45 crore (loss) incurred during the corresponding period of last year.

As per the approval of Government of India, the operation of all the plants at Rasayani Unit (except C NA / N204 plant transferred to ISRO, along with the manpower) has been closed. In Kochi Unit, two plants (Phenol and Hydrogen plant) are operational.

The operation of the Phenol Plant at Kochi unit was restarted during the year in spite of working capital constraints by mobilizing advance payments from major customers. The plant operations have been stabilized and achieved 80% capacity utilization during the year under review.

INFORMATION TECHNOLOGY – 2018-19

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 needs. Company is in the process of implementing Tally Erp 9 at Kochi Unit.

Management ensures continual effort in the ever changing technological environment, for improving and meeting with requirement like data security, information available, transparency and accuracy. Company is using open tendering / e-Tendering solution being provided by National Informatics Centre (NIC).

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
Hindustan Organic Chemicals Ltd.

Sd/-
(S.B. Bhide)
Chairman & Managing Director

Place: CBD, Belapur
Date: 28-05-2019

Annexure IV
CORPORATE GOVERNANCE REPORT AS PER SCHEDULE V OF THE LODRRs FOR F.Y – 2018-19

"**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 31-03-2019 the Board of HOCL consisted of 6 members with 1 Executive Director (i.e. CMD, HOCL), 2 Government Nominee Directors and 3 Non Official Independent Directors and all are acknowledged as leading professionals in their respective fields.

Our Company-[HOCL] is a Govt. of India Undertaking (a CPSE) and 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 31-03-2019, the Composition of HOCL Board also comprised 3 Independent Directors constituting 50% of the Board's Composition and in compliance with Regulation 27 of the LODRRs.

Composition of the Board:-

As on 31-03-2019 the Board of Directors of the company consists of 6 Directors viz. Mr. Subodh Balkrishna Bhide (Chairman & Managing Director), Mrs. Alka Tiwari, Additional Secretary & Financial Adviser (Govt. Nominee Director), Mr. Shri Samir Kumar Biswas, Joint Secretary (Govt. Nominee Director), Ms. Pushpa Trivedi(Tenure ended on 14-06-2019), Professor, IIT Bombay (Independent Director), Mr. Mukesh Pareek (Independent Director) & Ms. Lata Elker (Independent Director).

Further Mr. S. B. Bhide also holds the Additional charge of Director Finance HOCL w.e.f. 18-02-2019 upto 06-08-2019.

Recently during the year 2019-20 vide Govt. Order dated 16-07-2019 Mr. Chander Prakash Bhatia has been appointed as Director (Finance) in HOCL, who has assumed the charge on 07-08-2019.

With the above position of the Composition of the Board of Directors, the Company is presently complying with the provisions Companies Act, 2013 and Regulation 27 of the Listing Regulations LODRRs with Stock Exchanges and also as on 31.03.2019.

(b) Number of other board committees in which a director is a member or chairperson (FY 2018-19) as on 31-03-2019:

Title (Mr./ Ms)	Name of the Director Category (Chairperson/ Executive/Non Executive/ independent/ Nominee) &	No of Directorship in listed entities including this listed entity (Refer Regulation 25(1) of Listing Regulations)	Number of memberships in Audit/ Stakeholder Committee(s) including this listed entity (Refer Regulation 26(1) of Listing Regulations)	No of post of Chairperson in Audit/ Stakeholder Committee held in listed entities including this listed entity (Refer Regulation 26(1) of Listing Regulations)
Mr.	Subodh Balkrishna Bhide Chairman & Managing Director, Executive	2	3	4
Ms.	Meenakshi Gupta (*) Govt.Nominee Director	5	0	0
Ms.	Alka Tiwari Govt.Nominee Director	3	2	0
Mr.	Samir Kumar Biswas Govt. Nominee Director	2	0	0
Ms.	PushpaTrivedi Independent Director	2	3	2
Ms.	Lata Alker Independent Director	1	2	1
Mr.	Mukesh Pareek Independent Director	1	2	1

(*) Govt. has appointed Mrs. Alka Tiwari as Govt Nominee Director in place of Ms. Meenakshi Gupta w.e.f 29-01-2019.

(c) Changes in the Board of Directors/KMP during the year 2018-19.

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

i Govt. has appointed Mrs. Alka Tiwari, AS & FA in the Ministry of Chemicals & Fertilizers as Govt Nominee Director in place of Ms. Meenakshi Gupta w.e.f 29-01-2019 for a period of three years or till the date of superannuation or till further orders, whichever is the earliest.

Mrs. Alka Tiwari, AS & FA in the Ministry of Chemicals & Fertilizers Govt Nominee Director HOCL retires by rotation at this Annual General Meeting (58th AGM) of the Company and being eligible offers herself for re-appointment.

ii GOI has appointed Shri Chander Prakash Bhatia (Ex GM (Fin.) REC) as Director (Finance) on the Board of HOCL vide GOI Order No. 51011/1/2018-CHEM. III-CPC dated 16th July, 2019 w.e.f. the date of assumption of charge of the post, till the age of superannuation (31.07.2021) or until further orders, whichever is earlier. Shri Chander Prakash Bhatia assumed the charge of Director (Finance), HOCL on 07-08-2019.

iii Tenure of Mrs Pushpa Trivedi Independent Director was ended on 14-06-2019.

iv Mr. S. B. Bhide CMD, HOCL also holds the Additional charge of Director Finance HOCL from 18-02-2018 upto 06-08-2019.

v Shri Samir Kumar Biswas, Joint Secretary, Govt Nominee Director retires at the 58th AGM and Govt Order is awaited.

(c1) Brief resume of Directors appointed, work experience etc.:

Mrs. Alka Tiwari, AS & FA Ministry of Chemicals & Fertilizers (M of C & F) - Govt. Nominee Director of HOCL. (w.e.f. 29-01-2019)

- **Qualification:** IAS, M.A. Psychology, M.Sc Project Management, University of Manchester, LLB.
- **Business / Occupation:** Govt. Service. AS & FA in (M of C & F)
- **Experience:** An IAS Officer of Jharkhand Cadre. Presently working as Additional Secretary & Financial Advisor in the Ministry of Chemicals & Fertilizers. Also worked in the Jharkhand State in the field of rural development, finance, taxation and forest & environment. Also worked as Advisor, NIti Aayog handling Financial resources and Educational sectors.

ii **Shri. Chander Prakash Bhatia**- Director Finance of HOCL (w.e.f. 07-08-2019)

- **Qualification:** B.Com (Hons.), Chartered Accountant (CA) and a Fellow member of The Institute of Chartered Accountants of India.
- **Business / Occupation:** Service
- **Experience:** Having 34 years of post qualification experience and also having experience in various financial and executive roles e.g. HOD internal Audit, Corporate Accounts, Taxation, Treasury Function, Cash & Establishment Function and Sanction, appraisal, documentation, disbursement of Loan Proposals etc. He has also worked for 21 years on various positions in KRIBHCO and 13 years in REC (Rural Electrification Corporation Ltd).

(d) 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. S. B. Bhide	4	Yes
Ms. Meenakshi Gupta	3	No
Ms. Alka Tiwari(*)	1	(NA)
Mr. Samir Kumar Biswas	4	No
Ms. Pushpa Trivedi	4	Yes
Ms. Lata Alker	3	No
Mr. Mukesh Pareek	4	No

(*) Govt. has appointed Mrs. Alka Tiwari as Govt Nominee Director in place of Ms. Meenakshi Gupta w.e.f 29-01-2019.

(f) Number of meetings of the board of directors held during the Yr 2018-19 and the dates on which Board Meetings were held;-

The Board of the Company met 4 times during the financial year 2018-19 on the following dates:

29th May 2018, 10th August 2018, 14th November 2018 & 13th February 2019.

(g) Disclosure of relationships between directors inter-se; -None / -- Not applicable.

(h) Number of shares and convertible instruments held by non-executive directors; --- Nil

Web link where details of familiarization programmes imparted to independent directors is disclosed. -- www.hoclindia.com

3. Audit committee:

(a) Composition, Name of Members and Chairperson;

Board has re-constituted the Audit Committee and as on 31-03-2019, the Audit Committee comprised of 3 members viz. Ms. Pushpa Trivedi (Independent Director) as Member and Chairperson of the Audit Committee, Ms. Lata Alker(Independent Director), and Mr. Mukesh Pareek (Independent Director) as Members of the Audit Committee. Further Mrs. Susheela S. Kulkarni, Company Secretary acts as Secretary of the Audit Committee. .

(b) Brief description of terms of reference;-

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 2018-19 and the on which the Committee Meetings were held:

The Audit Committee of the Company met 4 times during the financial year 2018-19 on the following dates:

29th May 2018, 10th August 2018, 14th November, 2018, & 13th February 2019.

Audit Committee	No. of Audit Committee Meetings attended
Ms. Pushpa Trivedi	4
Mr. Mukesh Pareek	4
Ms. Lata Alker	3

4. Nomination and Remuneration Committee:

On 29-05-2017 Board constituted a Nomination and Remuneration Committee (SRC) comprising of 3 NOIDs and one Executive Director (being a listed Co.) viz. Mr. Mukesh Pareek, Independent Director- chairman of the Committee, Mr. S. B. Bhide, Chairman & Managing Director- Member, Ms Pushpa Trivedi, Independent Director (Tenure ended on 14-06-2019) –Member, Ms. Lata Alker, Independent Director- Member with Mrs. Susheela S. Kulkarni, CS, HOCL as Secretary to the Committee.

Brief description of terms of reference ;

In pursuance of the Provisions under the Companies Act, 2013 (Sec.178) and SEBI's LODRRs (Part D for Reg. 19(4) & 20(4), 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 SEBI's LODRRs, 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 or 2 directors whichever is more and committee to meet (half yearly) minimum twice a year or at such intervals as the Committee members may mutually decide. As regards to the other provisions regarding Committee Meetings,

However, apart from the Company by 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;

In pursuance of applicable provisions (Sec.178) under the Companies Act, 2013 and (Regulation 19) of the LODRRs of SEBI and other applicable provisions /Regulations there under, Board constituted a Nomination and Remuneration Committee of the Board comprising of: Mr. Mukesh Pareek, Independent Director as Member and Chairman of the Committee along with Ms. Lata Elkar, Ms. Pushpa Trivedi Independent Directors (i.e. Non-Executive Directors) and Mr. S.B.Bhide, CMD, HOCL (Executive Director) as Members of the Committee, with Mrs. Susheela S. Kulkarni, CS, HOCL as Secretary to the Committee.

(c) Meeting and attendance during the year; 10-08-2018 and 13-02-2019 which attended by all the committee members in both the meeting.

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

5. Remuneration of Directors:

(a) All pecuniary relationship or transactions of the non-executive directors vis-à-vis the listed entity shall be disclosed in the annual report; -- None

(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; -- Yes 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 / payable to the Directors for the year ended 31-03-2019 are as follows:

Sr. No.	Name of the Directors	Salary including Benefits Amt. Rs. (in Lakhs):	Sitting Fees to NOIDs Amt. Rs. (in Lakhs):	Total Amt. Rs. (in Lakhs):
1.	Shri. S.B. Bhide, CMD	41.81	--	41.81
2.	Ms. Meenakshi Gupta, SS&FA	N.A	--	Nil
3.	Ms. Alka Tiwari, SS&FA	N.A	--	Nil
4.	Shri S.K. Biswas, JS	N.A	--	Nil
5	Ms. PushpaTrivedi, NOID	N.A	1.00	1.00
6.	Mr, MukeshPareek, NOID	N.A	1.00	1.00
7.	Ms. Lata Alker, NOID	N.A	1.00	1.00

Upto August, 2018, Company's Independent Directors were paid sitting fees @ of Rs. 5,000/- per Director/Board Meeting/Committee Meeting and thereafter w.e.f November 2018 @ of Rs 10,000/- per Director/ Board Meeting/Committee meeting for attending the meetings.

The details of the sitting fees paid to the Independent Directors during the year 2018-19 is as follows:

Name of the Independent Director Sitting Fees [Rs. In lakhs]

1. Ms. Pushpa Trivedi, NOID 1.00
2. Mr, Mukesh Pareek, NOID 1.00
3. Ms. Lata Alker, NOID 1.00

(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

6. Performance evaluation criteria for independent directors:

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

7. Separate Meeting of Independent Directors:

As provided under Section 149(8) read with Schedule IV of the Companies Act,2013 and also as per Regulation 25(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations,2015, Separate meeting of Independent Directors was held on 29th March, 2019 and attended by all the 3 Independent Directors of the Board of the company.

8. Stakeholders Relationship Committee (constituted on 13-02-2019):

Section 178 of the Companies Act, 2013 and Regulation 20 of the LODRRs [of SEBI] mandates for the constitution of a Stakeholders Relationship Committee (SRC) comprising of the Independent Director [i.e. a non- executive director] as the Chairperson of the Committee and such other members as may be decided by the Board. The said Stakeholders Relationship Committee shall resolve the grievances of the security holders.

Accordingly on 13-02-2019 Board constituted a Stakeholders Relationship Committee comprising of Mr. Mukesh Pareek, Independent Director as Chairperson of the Committee, Ms. Pushpa Trivedi and Ms. Lata Alker, Independent Directors and Mr. S.B. Bhide, CMD, HOCL as Members of the Committee. Further as per procedure, Company Secretary to act as Secretary to the Committee.

There were 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, all the related jobs are being handled and dealt with suitably by the company's RTAs.

(a) Brief description of terms of reference :

i) The Committee shall consider and resolve the grievances of security holders of the company;

ii) The Committee to meet on quarterly basis or once/ twice in a year or on need basis;

iii) Company Secretary to act as Secretary to the Committee;

iv) The quorum of the Meeting is 1/3 of the composition of the Committee or two Members, whichever is more.

v) The Committee shall also consider and resolve the grievances of the security holders of the Company including complaints related to the transfer of shares, non- receipt of declared dividends [if any], etc.;

vi) Such other terms or matters which may be within the purview of the Committee as may be decided by the Board or the Committee.;

(b) The meeting of Stakeholders Relationship Committee was held on 13-02-2019 and was attended by all the Committee members.

9. Share Transfer committee (constituted under Regulation 40 of the LODRRs):

To approve physical transfer of shares and other transactions as mentioned under Regulation 40 of the LODRRs.

(a) name of the director heading the committee:- Shri. S.B. Bhide, 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 LODRRs and with suitable explanations to the Exchanges].

Company has a Share Transfer Committee comprising of (functional directors) Shri S. B. Bhide, CMD as Chairman and Mrs. S. S. Kulkarni, Company Secretary, as its members. The quorum of the committee is Two Members.

(b) Name and designation of compliance officer :-

Mrs. Susheela S. Kulkarni, 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 LODRRs 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 rematerialisation 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.

The Committee met 30 times during the year. The details are as under: -

06-04-2018, 20-04-2018, 16-05-2018, 28-05-2018, 4-06-2018, 18-06-2018, 21-06-2018, 02-07-2018, 10-07-2018, 19-07-2018, 09-08-2018, 16-08-2018, 17-08-2018, 24-08-2018, 10-09-2018, 01-10-2018, 12-10-2018, 25-10-2018, 06-11-2018,14-11-2018, 23-11-2018, 04-12-2018, 16-01-2019, 28-01-2019, 08-02-2019, 25-02-2019, 11-03-2019, 25-03-2019, 29-03-2019, and 30-03-2019.

No. of Pending Share Transfers

As on 31st March, 2019 there is no Share transfer case pending (as confirmed by RTA).

(c) Complaint Status for the period 01-04-2018 to 31-03-2019:

(i) Number of shareholders' complaints received during the year 2018-19-- 8 Nos.

(ii) Number of shareholders' complaints received and disposed off during the year 2018-19-- 8 Nos.

(iii) Number not solved to the satisfaction of shareholders - Nil

(iv) Number of pending complaints at the end of the year ended 31-03-2019 - Nil

10. Risk Management Committee: Not Applicable.

11. CSR & Sustainability Development Committee: (Not Applicable)

However, as per Department of Public Enterprise (DPE) Guideline on Corporate Social Responsibility (CSR), Company had constituted Board level Corporate Social Responsibility (CSR) and Sustainability Development (SD) Committee. The CSR and SD Committee was constituted comprising of 3 Independent Directors, viz. Ms. Lata Alkar, as Member and Chairperson of the Committee, Ms. Pushpa Trivedi, Shri Mukesh Pareek, Independent Directors & one Executive Director of the Board of the Company viz. Shri S.B. Bhide, CMD, HOCL. The terms of reference of the said CSR and SD Committee included among others, is as per Section 135 of the Companies Act, 2013 and Rules 2014 thereunder, alongwith Schedule Vll,etc. Though the Company is not required to carry out any CSR activities on account of accumulated losses, in view of the company's closure of Rasayani unit, Company has donated Rasayani unit's old used tables, fans, chairs and cupboards etc. to Zilla Parishad Schools and other educational institutions and charitable trusts etc.

12. General body meetings:

(a) location and time, where last three annual general meetings held;

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

Particulars	FY 2015-2016	FY 2016-2017	FY 2017-2018
Date and	29-09-2016	27-09-2017	26-09-2018
Time	3.00 p.m.	3.00 p.m.	3.00 p.m
Venue	Rasarang Hall Dr.Kasbekar Park At PO :Rasayani, Dist.Raigad Pin - 410 207	Rasarang Hall Dr.Kasbekar Park At PO :Rasayani, Dist.Raigad Pin - 410 207	Rasarang Hall Dr.Kasbekar Park At PO :Rasayani, Dist.Raigad Pin - 410 207

(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 –

(2017-18 and 2018-19) - Yes. During the previous year (2017-18), 2 Resolutions u/Sec. 180 were passed through Postal Ballot and during the year 2018-19, 1 Resolution pursuant to Regulation 24(6) of SEBI (Listing Obligations and Disclosure Requirements) has been passed through Postal Ballot.

Details of Resolutions passed:

A. During the Financial Year 2018-19:

1. To consider and to approve subject to approval of the Central Government and all such other approvals as may be required in this regard the proposal for sale or dispose of 66.13 acres of land of Hindustan Fluorocarbons Limited(HFL) (Subsidiary) situated at Rudraram, Mamidipally and Edthanoor Village, Sangareddy District, Telangana on 'as is where is basis'.

Details of voting pattern :-

Both Postal Ballot Voting & E-Voting was kept open for a period of 30 days as per Postal Ballot Regulation 22 of LODRRs.

(a) Person who conducted the postal ballot exercise :- Company.

(b) Whether any special resolution is proposed to be conducted through postal ballot:- No.

(c) Procedure for postal ballot :-

In pursuance of Section 130 of the Companies Act, 2013 and Rule 22 in Postal Ballot Procedure of the Rules framed under Companies Act, 2013 [i.e. Rule 22 of the Company (Management and Administration) Rules, 2014]

B. During the financial year 2017-18:

1. To consider and to approve the proposal for sale of 242 +/-10% acres of Company's land at Rasayani, Maharashtra to BPCL, on '*as is where is basis*', at consolidated sale amount of Rs. 381.2949 +/-10% Crores and subject to Government approval .

2. a) In order that during surveying the Company's 442 acres (i.e. 442 acres of HOCL land sale to BPCL approved by the shareholders vide postal ballot notice dated 8-2-2017) of land area, as there is likely hood of variation [during survey of land area], to consider and subject to Government approval, to approve the proposal for sale of the variation of 442 +/- 3% acres of land sale to BPCL.

b) It has been observed that some public roads in many survey nos. are also forming part of the said area of land sale of 442 +/- 3% acres to BPCL. The area occupied by public roads is 7.238 acres. Therefore, to consider and subject to Government approval, to approve the proposal for sale of an additional area totaling to 7.238 acres of land of public roads will also be sold to BPCL without any additional payment by BPCL to the company.

Thus for a) & b) above, the Company's sale of land to BPCL, area for registration would be 442 +/-3% acres and 7.238 acres of land.

Details of voting pattern :-

Both Postal Ballot Voting & E-Voting was kept open for a period of 30 days as per Postal Ballot Regulation 22 of LODRRs .

(c) Person who conducted the postal ballot exercise :- Company.

(d) Procedure for postal ballot.

In pursuance of Section 130 of the Companies Act, 2013 and Rule 22 in Postal Ballot Procedure of the Rules framed under Companies Act, 2013 [i.e. Rule 22 of the Company (Management and Administration) Rules, 2014]

13. **CEO/CFO certification for Financial Year ending on 31st March, 2019.**

This is to certify that:

A. Financial statements and the cash flow statement for the year have been revised 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 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.

	Sd/-	Sd/-
Place: Belapur CBD	P.O. Luise	S.B.Bhide
Date: 28-05-2019	Chief Financial Officer	Chairman and Managing Director

14. Code of Conduct for Directors and Senior Management Personnel:

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 – www.hoclindia.com. (Due to technical error, the Code is currently not viewable on the company website and therefore setting up new website is in process). All Directors and Senior Management Personnel have complied with the code and the compliance 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 2018-19.

Sd/-

Place: Mumbai S.B.Bhide

Date: 28-05-2019 Chairman and Managing Director

15. Means of communication:

(a) Quarterly results;

- These Quarterly, half-yearly reviewed and annual audited financial results of the Company are also submitted to the Stock Exchanges immediately after they are approved by the Board.

(b) newspapers wherein results normally published;

- The results are published in a Regional Language News Papers (Navashakti) and English National Daily (The Free Press Journal) as per the requirements under the Listing Regulations with the Stock Exchanges.

(c) Any website, where displayed;

- The quarterly, half-yearly reviewed and annual audited financial results are regularly posted by the Company on its website: www. hoclindia.com

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

(e) Presentations made to institutional investors or to the analysts. – No

- Management Discussion and Analysis Report forms part of this Annual Report.
- Whenever a Director is appointed or re-appointed, Stock Exchanges are intimated through Fax/Speed Post/Courier Service. - Yes, through on line filing of the e-filing portal of the Exchange (BSE & NSE).

16. General shareholders information:

Company (HOCL) CIN:- L99999MH1960GOI011895

Compliance Officer: Smt. Susheela S. Kulkarni, Company Secretary is the Compliance Officer of the Company under relevant Regulations of the Listing Regulations. (LODRRs).

Company's Website: www.hoclindia.com

Registered & Corporate Office Address: Office Nos.: 401,402,403, 4th Floor, "V- Times Square", Plot No.3, Sector-15, CBD, Belapur, Navi Mumbai- 400614, Maharashtra.

(a) The schedule of the current-58th Annual general meeting (AGM) of the Company - date, time and venue;

Annual General Meeting:

Date &Time: Thursday, 26th September, 2019 at 2 p.m.

Venue : The Institute of Engineers (India) Auditorium Hall, 1st Floor,
Belapur Local Centre, Office: Plot No: 106, Sector-15,
CBD Belapur, Navi Mumbai- 400614

(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) (i) 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;: Bombay Stock Exchange Ltd.[BSE]; Payment towards Annual Listing fees for the year 2019-20 amounting to Rs. 3,54,000/- was paid on 20th April, 2019 through RTGS to Stock Exchange (BSE) and duly complied with the same.

(ii) Earlier in 2016-17 (w.e.f.30-01-2017), in pursuance of Regulation 6(a) of the SEBI (DES) Regulations, 2009, Company has voluntarily delisted its Equity shares from the National Stock Exchange of India Ltd.(NSE), as a measure of economy overall , which was duly acknowledged by the NSE on 31-1-2017 and approved by NSE vide letter dated 02-08-2017.

(e) Stock /script code; **Stock 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; (2018-19)

Month	Monthly Highest	Monthly Lowest
April, 2018	28.50	23.15
May, 2018	25.70	22.55
June, 2018	26.85	19.50
July, 2018	21.90	17.00
August, 2018	43.55	19.70
September, 2018	40.30	29.75
October, 2018	31.45	25.00
November, 2018	36.00	26.65
December, 2018	29.80	25.00
January, 2019	28.90	23.60
February, 2019	25.65	19.00
March, 2019	26.30	21.75

(g) 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; None /N.A.

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

M/s. Bigshare Services Pvt. Ltd. –

(j) Share transfer system;

The Company's Share Transfer Committee is authorised 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.

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 rematerialisation 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: 31-03-2019; (NSDL-CDSL-Physical)

Shareholding of Nominal		No.of Shareholders	Percentage of Total	Share Amount	Percentage of Total
Rs.	Rs.			Rs.	
1	5000	43347	86.8329	65695580	9.7800
5001	10000	3260	6.5304	28158830	4.1920
10001	20000	1626	3.2572	25962380	3.8650
20001	30000	534	1.0697	13944930	2.0760
30001	40000	261	0.5228	9671070	1.4397
40001	50000	260	0.5208	12541950	1.8671
50001	100000	350	0.7011	26525450	3.9488
100001	99999999999	282	0.5649	489230810	72.8314
TOTAL		**49920**		**671731000**	**100.0000**

(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 and Central Depositories Services (India) Ltd. (NSDL), 96.97% of the share capital of the Company has been dematerialized as on 31st March 2019 - total accounts dematerialized is 34,059 involving 6,51,36,965 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.	Kochi	Phenol Complex

p) Address for correspondence :-

(a) Registered & Corporate Office at: 401,402,403, 4th Floor, V Times Square, Sector-15, CBD, Belapur, Navi Mumbai-400614

(b) R&T Agents address :

M/s. Bigshare Services Pvt. Ltd.

1st Floor, Bharat Tin Works Bldg., Opp. Vasant Oasis, Makwana Road,

Marol, Andheri (East), Mumbai 400 059 ,Maharashtra.

17. Performance in comparison to broad based indices:

Period	Sensex	BSE-PSU Index	HOCL Price Rs. (BSE)
March 2018	32,968.68	7,858.02	23.15
March 2019	38,672.91	7,640.47	23.00

18. Other Disclosures:

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

  [There was no materially significant related party transaction with its Directors/or the Management or Subsidiary or relatives that may have potential conflict with the interests of Company at large] ;

- Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years; - None, as suitable explanations were submitted from time to time to the Exchange (BSE).

- **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 www.hoclindia.com , as per LODRRs. No person has been denied access to the Audit Committee.

(c) **Trading in your Company's shares by Directors:**

None of the Directors holds shares in your Company.

- **Policy for determining material subsidiaries**

➢ **Criteria for determining Materiality of Subsidiaries:**

i. A subsidiary of HOCL shall be considered 'material' if the income or net worth of the concerned subsidiary exceeds twenty percent of the consolidated income or net worth respectively, of HOCL and its subsidiaries, in the immediately preceding accounting year.

ii. Further, HOCL shall not dispose off shares in its material subsidiary which would reduce its shareholding (either on its own or together with subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without the approval of the Central Govt. and without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by the Govt./by a Court/tribunal.

iii. Further, selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of the Central Govt. and the approval of shareholders by way of special resolution, unless the sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/ Tribunal.

The policy for determining material subsidiaries is disclosed on the website www.hoclindia.com

19. 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.

20. Management Discussion & Analysis Report:

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

Further it is affirmed that no personnel has been denied access to the audit committee;

- Details of compliance with mandatory requirements and adoption of the non-mandatory requirements; - Yes. – Duly effected as applicable and are provided in this report;
- Web link where policy for determining 'material' subsidiaries is disclosed;

  -- www.hoclindia.com .The information/documents required to be hosted on the website of the Company under the provisions of the Act and LODR were hosted as prescribed.
- Web link where policy on dealing with related party transactions; N.A.
- Disclosure of commodity price risks and commodity hedging activities. N.A.

21. Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed. - Not applicable. [as all compliances as in (2) to (10) above were duly complied with.] ;

As on 31-03-2019 all applicable compliances in connection with the Board's composition, other relevant and applicable compliances etc. were complied with all the requirements of the Listing Regulations entered into with the Stock Exchanges .

(i) Company Secretary responsibility statement under Corporate Governance Compliances- Submitted

(ii) 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.- Yes, as applicable.

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. - Yes.

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. – Yes- Through placing on company website & uploading on BSE portal regularly/quarterly/half yearly/yearly.

C. **Modified opinion(s) in audit report**

The listed entity may move towards a regime of financial statements with unmodified audit opinion.- Will be complied with accordingly.

However Auditors have given Unmodified Opinion for FY (2018-19)

D. **Separate posts of chairperson and chief executive officer**

The listed entity may appoint separate persons to the post of chairperson and managing director or chief executive officer.- However in the case of our company Govt. has appointed Chairman & Managing Director (also a Chief Executive Officer) in view of the fact that, the power to appoint all the Director at the Board of the company vests with the GOI/President of India as per company's Articles of Association,

E. **Reporting of internal auditor**

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

22. Declaration to be added that the Company has made adequate disclosures required under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations , provided the Company has made disclosures.

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.

23. **Details of unclaimed Shares**: Nil

24. Details of status of listing fees paid:

Presently Company's Equity Shares are listed with BSE Ltd.

Accordingly payment towards Annual Listing fees for the year 2019-20 for Rs. 3,54,000/- was paid on 20th April, 2019 through RTGS to Stock Exchange (BSE) and duly complied with the same.

25. Secretarial Audit Report:

The Board has appointed M/s S.N. Ananthasubramanian & Co, Practising Company Secretary to conduct Secretarial Audit for the FY 2018-2019. The Secretarial Audit Report for the Financial Year ended March 31, 2019 is annexed to this Report as Annexure and complied with Section 204 of Companies Act and Regulation 24A of SEBI LODRRs, the replies to observations from Auditor forms part as Annexure to the Directors Report. The Company also obtained Annual Secretarial Compliance Report form M/s S. N. Ananthasubramanian & Co. for the year 2018-19.

26. Training of Board Members:

The Company (HOCL) being a PSU/Govt Co., the DPE is organising the training & orientation programme for the Independent Directors in the CPSE's. Accordingly during the year 2018-19, DPE has organised several training & orientation programme for the Independent Directors and all the 3 Independent Directors on Companies' Board have attended the said training & orientation programme.

Training Programmes conducted for Directors:

The Training Programme for new Board members (Functional, Government, Nominee and Independent) includes following Programmes :

- Risk Profile of the Business of Company
- Responsibility of respective Director and the manner in which such responsibilities are to be discharged.
- Corporate Governance
- Model Code of Busines Ethics and Conduct

27. Book Closure Date:

The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 20th September, 2019 to Thursday, the 26th September, 2019 (both days inclusive) for the purpose of Annual General Meeting (AGM) of the company to be held on 26th September, 2019.

28. Policy for Determining Materiality of Evens or Information

Company has adopted a policy or Determination of Materiality of Evens or Information in terms of Regulation 30 of LODRRs of SEBI.

The Policy is disclosed on the website of the Company - www.hoclindia.com.

29. Compliance of DPE Guidelines on Corporate Governance for the CPSEs

Company (HOCL) being a CPSU is required to comply the Department of Public Enterprice (DPE) set out guidelines on Corporate Governance.

And in this respect the Quarterly Reports (SER-Self Evaluation Report) are being submitted to the DCPC, Administrative Ministry and Annual SARs are also submitted to the DPE.

Recently the Company (HOCL) has been awarded "Excellent" Grade in Corporate Governance Compliance Report for the year 2018-19.

Sd/-
For Hindustan Organic Chemicals Ltd.,
(Mrs. Susheela S. Kulkarni)
Company Secretary

Date: 28-05-2019

Annexure-V

Corporate Governance

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of **Hindustan Organic Chemicals Limited**

1. This certificate is issued in accordance with the terms of our engagement with Hindustan Organic Chemicals Limited (the Company/ HOCL).

2. The Corporate Governance Report prepared by the company contains as required by the provisions of chapter IV of Securities and Exchange Board of India (Listing Obligations Requirements) Regulation, 2015, as amended ('Listing Regulation') ('Applicable Criteria') for the year ended March 31, 2019.

3. The report is required by the company to be annexed with the Directors' Report, in terms of para E of schedule V to the aforesaid Listing Regulation, for future being sent to the shareholder of the company.

4. We have examined the compliance of condition of Corporate Governance by the company for the year ended on March 31, 2019, as stipulated in

   - Regulation 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and schedule V to the SEBI Listing Regulations

   - And the Guidelines on Corporate Governance for Central Public Sector Enterprises (guidelines) as issued by the Department of Public enterprises (DPE) of Ministry of Heavy Industries and Public Enterprises, Government of India.

Management's Responsibility

5. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

6. The Management along with the Board of Directors are also responsible for ensuring that the company complies with the conditions of Corporate Governance as stipulated in the Listing Regulation, issued by the Securities and Exchange Board of India.

Auditor's responsibility

7. Our responsibility is to express a reasonable assurance in the form of an opinion whether the company has complied with the specific requirements of the Listing Regulation referred to in paragraph 6 above.

8. We have carried out an examination of the relevant records of the company in accordance with the Guidance Note on Certificate of Corporate Governance issued by the Chartered Accountants of India (the "ICAI"), the standards on Auditing specified under 143 (10) of the Companies Act 2013, in so far applicable for purpose of this certificate and as per the Guidance Note on Reports or Certificate for Special Purpose issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

9. The procedures selected depend on the auditor's judgment, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include.

   I. Reading and understanding of the information prepared by the company and included in its Corporate Governance Report;

   II. Obtained and verified that the composition of the Board of Directors w.r.t executive directors has been met throughout the reporting period.

   III. Obtained and read the minutes of the following meeting held in the Financial Year 2018-19:

      a) Board of Directors meetings;

      b) Audit Committee meetings;

      c) Stakeholder Relationship Committee meetings;

      d) Nominations and Remunerations Committee meetings;

      f) Independent Directors meeting;

   IV. Obtained necessary representations and declarations from directors of the company including the independent directors; and

   V. Performed necessary inquiries with the Management and also obtained necessary specific representations from Management.

10. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further our scope of work under this report did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any of the financial information, or the financial statements of the company taken as a whole.

11. We have complied with the relevant applicable requirements of the Standards on Quality Control (SQC) 1, Quality Control for Firms that Perform Audit and Reviews of Historical Information, and Other Assurance and related Services Engagements.

Opinion

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

    a. *The company has not formulated on Archival policy as prescribed under the provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 (LODR)*

    b. *The company has not made some of the necessary intimations / disclosures to the stock exchange under LODR within the prescribed time limit.*

    we certify that the Company, has in all material respects, complied with the conditions of Corporate Governance as stipulated Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Paragraphs C, D and E of Schedule V to the SEBI Listing Regulations for the year ended March 31,2019 as well the Guidelines issued by the DPE subject Guidelines

Other matters and Restriction on Use

13. We further state that such compliance 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.

14. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to whom it is shown or into whose hands it may come with without our prior consent in writing. We have no responsibility to update this report for events and circumstance occurring after the date of this report.

For **M. B. Agrawal & Co.**
Chartered Accountants
Firm RegistrationNo.100137W

Sd/-
Harshal Agrawal
Partner
Membership No.:109438

Place : Mumbai
Dated: August 23, 2019
UDIN: 19109438AAAADN9787

Annexure VI

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

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

To,

The Members,

HINDUSTAN ORGANIC CHEMICALS LIMITED

CIN: L99999MH1960GOI011895

401, 402, 403, 4th Floor,
V-TIMES SQUARE Plot No. 3,
Sector 15, CBD Belapur,
Navi Mumbai 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** (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 the Company was registered as a Sick Company vide BIFR Order No. Case No.501/2014 dated 30th September, 2014. The Company has informed that the Department of Chemicals & Petrochemicals, Ministry of Chemicals and Fertilizers, Government of India vide letter dated May 25, 2017 informed the Company that Cabinet Committee on Economic Affairs has approved a Restructuring Plan of Hindustan Organic Chemicals Limited.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, during the audit period covering the financial year ended on **31st March 2019**, the Company has 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 our observations stated elsewhere in this report*** made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2019** according to the provisions of:

i. The Companies Act, 2013 (the Act) and the Rules made thereunder and the applicable provisions of Companies Act, 1956;

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 the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **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, 2015;

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 (Share Based Employee Benefits) Regulations, 2014 - **Not applicable as the Company has not issued any shares/ options to Directors/ employees under the said Guidelines/ Regulations, during the financial year under review**;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 -**Not applicable as the Company has not issued and listed any debt securities during the financial year 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 as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;**

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable as the Company has not delisted / proposes to delist its equity shares from any stock exchange, during the financial year under review and**

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (upto 10th September 2018) and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (with effect from 11th September 2018) - **Not applicable as the Company has not bought back/proposes to buy-back any of its securities during the financial year under review.**

vi. The Management has informed that the following laws are specifically applicable to the Company:

a) Petroleum Act, 1934 and Petroleum 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) The Poisons Act, 1919 and Maharashtra Poisons Rules, 1972.

f) Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010;

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

(i) Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI);

(ii) SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (LODR) and the Listing Agreement entered into with BSE Limited.

During the year under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards etc., mentioned above subject to the following:

1. ***The Company has not formulated an Archival Policy as prescribed under the provisions LODR;***

2. ***The Company has not made some of the necessary intimations / disclosures to the stock exchanges under LODR within the prescribed time limit;***

3. ***Not complied with some of the provisions of Secretarial Standards issued by the ICSI.***

We further report that: -

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent 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 dissenting members views are captured and recorded as part of the Minutes.

  We further report that based on 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 meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines: -
- As informed to us and also reported in the compliance reports placed before the Board from time to time, the Company has defaulted on various Statutory Payments.

- The Company has responded to notices for demands, claims, penalties etc., levied by various statutory/regulatory authorities and initiated actions for corrective measures, wherever found necessary.

  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 May 25, 2017, the following activities/ events have taken place during the year under review:

- Process for sale of HOCL Land at Rasayani admeasuring 16800 sq. ft. area to M/s Indian Oil Corporation Limited on "as is where is basis" at consolidated amount of Rs. 75,00,000/- has been initiated ;
- Sale of land at Rasayani, Maharashtra admeasuring to 442 +/- 3% acres and 242 +/- 10% acres of land to BPCL on "as is where is basis";
- Sale /Transfer of Company's plot of land admeasuring 1,000 Sq. meters at Kharghar, Navi Mumbai, Maharashtra to NALCO.

  We further report that during the audit period 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 the following:

- The registered office of the Company has been shifted from Rasayani, District- Panvel to 401, 402, 403, 4th Floor, V-Times Square, Plot No.3, Sector 15, CBD Belapur, Navi Mumbai – 400614, Maharashtra, with effect from 26th September, 2018;
- Receipt of the Order of the Joint Secretary (Industrial Relations) permitting closure of HOCL Rasayani unit with effect from 13th March, 2019 in accordance with sub-section (1) of section 25-O of the ID Act 1947;

  The Report is to be read with our letter of even date which is annexed as Annexure A hereto and forms an integral part of this report.

For S. N. ANANTHASUBRAMANIAN & CO.
Company Secretaries
Firm Registration No. P1991MH040400

Malati Kumar
Partner

ACS : 15508
COP No : 10980

Date : 27th May, 2019
Place : Thane

As per the Secretarial Audit Report-Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards etc. mentioned therein subject to the following -FY- 2018-19.

1.	The Company has not formulated an Archival Policy as prescribed under the provisions of LODRRs.	All the relevant and applicable Policies are already in place at our HOCL Web site.
2.	The Company has not made some of the necessary intimations / disclosures to the stock exchanges under LODRRs within the prescribed time limit.	Duly complied with all the quarterly Compliances reports along with relevant explanations for non -compliance (if any reg. Independent Directors, Audit Committee etc.) duly submitted copies of our quarterly compliance reports were also submitted for verification during audit period.
3.	Non-Compliance with some of the provisions of Secretarial Standards issued by ICSI.	Duly complied with SS-1 & SS-2 issued by ICSI.

For Hindustan Organics Chemicals Limited

Date : 28-05-2019

[Company Secretary & Compliance Officer];

INDEPENDENT AUDITOR'S REPORT (REVISED)

To the Members of

Hindustan Organic Chemicals Limited

Report on the Audit of the Revised standalone financial statements

Opinion

We have audited the revised standalone financial statements of Hindustan Organic Chemicals Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of profit and loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the revised standalone financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid revised standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('IndAS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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 Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Evaluation of uncertain tax positions** The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes no. vii(c) of Annexure A to this Auditors Report	***Principal Audit Procedures*** Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We involved an external expert to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. The external expert also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2018 to evaluate whether any change was required to management's position on these uncertainties.
2	**Recoverability of Trade Receivables** As at March 31, 2019, current asset in respect of Trade Receivables in respect of *Rasayani Unit* includes recoverable amounting to Rs. 2,007.68 lakhs which are pending legal dispute. The above amount refers to the major portion of Trade Receivable. Refer Note no. 8 to the Revised standalone financial statements	***Principal Audit Procedure*** We have reviewed the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution.
3	**Reversal of penal interest on Government of India (GoI) Loan** The Company has reversed the provision for penal interest in respect of GoI Loan amounting to Rs. 2004.30 lakhs in respect of previous years. Re-instatement of interest on Government of India Loan of Rs. 758.97 lakhs written in the books of accounts in the earlier years(. Refer Note no. 13b(ii)and 25(i)of the revised standalone financial statements.	***Principal Audit Procedure*** We have reviewed the letter received by the Company from the Ministry of Petrochemicals, Government of India which clarified that the Penal interest and Interest on interest is payable only when the sanctioning authority uses its right to demand, apart from the same all interest is due and payable. We have obtained the said documentation from the management.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis Report including Annexures to Board's Report, Corporate Governance and Shareholder's information and the chairman's statement' but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

Responsibilities of Management and Those Charged with Governance for the Revised standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these revised standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with IndAS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

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.

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

Other Matter

We did not audit the financial statements/ information of Kochi unit included in the revised standalone financial statements of the Company whose financial statements/financial information reflect total assets of Rs. 24,016.42 lakhs (excluding inter branch balance) as at 31st March 2019 and total revenue of Rs. 47,199.01 lakhs and total comprehensive profit of Rs. 4,326.20 lakhs for the year ended on that date, as considered in the revised standalone financial statements. The financial statements/information of Kochi unit have been audited by the branch auditor whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branch, is based solely on the report of such branch auditor.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 to in those directions.
3. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

(c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

(d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.

(e) In our opinion, the aforesaid revised standalone financial statements comply with the IndASspecified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(f) As per the notification no. G.S.R. 463(E) dated June 05, 2015, the Government companies are exempted from provisions of section 164(2) of the Act. Accordingly, we are not required to report whether any director(s) are disqualified in terms of provisions contained in said section.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure C'.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 statements – Refer Note no. 36 to the financial statements;

   ii. The Company has entered into long term transmission contract with the Gas Authority of India Limited (GAIL) for transmission of Liquified Natural Gas in 2011 for a period of 15 years ending in 2026. Material foreseeable losses cannot be identified in the current scenario. The Company did not have any other derivative contract.

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

4. Based on the observations of the Comptroller and Auditor General of India, additions/revisions have been carried out. We give in Annexure D, the statements of the said additions/revisions which has been carried out.

For **M. B. Agrawal & Co.**
Chartered Accountants
(Firm's Registration No. 100137W)

sd/-
Harshal Agrawal
Partner
(Membership No. 109438)
UDIN : 19109438AAAACG4370

Place : Mumbai
Date : 29-July-2019

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 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 fixed assets:

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c. According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

ii. In respect of inventories:

a. The inventory has been physically verified by the management at reasonable intervals during the year.

b. The Company has maintained proper records of inventory. As explained to us, the discrepancies between the physical inventory and the book records were not material.

iii. According to the information and explanations given to us, the Company has granted secured and unsecured loans to one body corporate, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

a. The secured loan to one body corporate is interest free to the extent of Rs. 2744.06 lakhs under BIFR agreement and has varying interest rates on amount of Rs. 453.01 lakhs.

b. Both principal and interest on the above mentioned loan has not been received by the Company during the year as per stipulation.

c. In the above case, except follow up, the company has not taken any other steps for its recovery.

iv. The Company has not entered into any transaction regarding the provisions of section 185 and 186 of the Companies Act, 2013 except for guarantee given by the Holding Company of Rs. 603 lakhs for the loans taken by its subsidiary – Hindustan Fluorocarbons Limited, from bank. Based on the information and explanation given to us, the terms and condition of this guarantee are not prejudicial to the interest of the Holding Company.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

vi. We have broadly reviewed the books of accounts maintained by the company in pursuance to the rules made by the Central Government for maintenance of cost records under sub-section (1) of section 148 of the Act, for the certain products of the company and are of the opinion that prima facie and prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

c. Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2019 on account of dispute are given below:

Rasayani Unit:

Sr. No.	Name of Statue	Nature of Dues	Period to which the amount relates (F.Y.)	Amount of dispute (Rs. In lakhs)	Forum where the dispute is pending
1	Central Excise Act, 1944	Exemption not allowed	2006-07, 2007-08	104.63	Customs, Excise & Service Tax Appellate Tribunal
2	Finance Act, 1994	Credit disallowed	2006-07	9.34	CESTAT
3	Finance Act, 1994	Wrong classification	1999-2000	7.62	CESTAT
4	Finance Act, 1994	Service tax on canteen services	2006-07 to 2010-11	66.96	Commissioner of Service tax
5	Income Tax Act, 1961	Penalty dues	2001-02	Yet to be determined	High Court
6	Income Tax Act, 1961	Disallowances of expenses	2010-11	404.71	Commissioner of Income Tax (Appeals), Mumbai
7	Income Tax Act, 1961	Disallowances of expenses	2011-12	81.03	Commissioner of Income Tax (Appeals), Mumbai

Kochi Unit

Sr. No.	Name of Statue	Nature of Dues	Period to which the amount relates (F.Y.)	Amount of dispute (Rs. In lakhs)	Forum where the dispute is pending
1	Finance Act, 1994	Disallowance of service tax input credit on inter unit goods transfer	2003 to 2006	43.46	CESTAT, Bangalore
2	Finance Act, 1994	Disallowance of service tax input credit on Tyreretrading charges	2011-12	3.17	CESTAT, Bangalore
3	Finance Act, 1994	Disallowance of service tax input credit on employee transportation charges	2011-12	1.10	Commissioner (Appeals), Ernakulam
4	Finance Act, 1994	Disallowance of service tax input credit on tyre re-trading charges	2012-13	10.96	Commissioner (Appeals), Ernakulam

Sr. No.	Name of Statue	Nature of Dues	Period to which the amount relates (F.Y.)	Amount of dispute (Rs. In lakhs)	Forum where the dispute is pending
5	Finance Act, 1994	Disallowance of Cenvat credit	2006 to 2013	83.32	CESTAT, Bangalore
6	ESI Act	Demand of ESI	2004	2.17	ESI Court, Ernakulam
7	Central Sales Tax Act, 1956	Disallowance of Input Tax credit	2012-13	73.36	Deputy Commissioner (Appeals), Ernakulam
8	KVAT Act, 2003	Demand on assessment	2011-12	714.58	Deputy Commissioner (Appeals), Ernakulam
9	Central Sales Tax Act, 1956	Trade discount through Credit note disallowed	2005-06	53.71	Deputy Commissioner (Appeals), Ernakulam
10	Central Sales Tax Act, 1956	Trade discount through Credit note disallowed	2006-07	79.67	Deputy Commissioner (Appeals), Ernakulam
11	Central Sales Tax Act, 1956	Levy of interest	2006-07	11.87	Deputy Commissioner (Appeals), Ernakulam
12	Central Sales Tax Act, 1956	Trade discount through Credit note disallowed	2007-08	6.70	Deputy Commissioner (Appeals), Ernakulam
13	KVAT Act, 2003	Demand due to non submission of C Form	2011-12	102.76	Deputy Commissioner (Appeals), Ernakulam

viii. In our opinion and according to the information and explanations given to us, in absence of adequacy of funds the company has made default in repayment of dues to Government loan as per stipulation. Details of default made by the company are as follows :

(Rs. In lakhs)

Sr. no.	Amount of default as at March 31, 2019	Period of default
1	61.60	2002-03
2	152.60	2003-04
3	212.60	2004-05
4	268.50	2005-06
5	328.50	2006-07
6	388.50	2007-08
7	448.50	2008-09
8	804.50	2009-10
9	749.10	2010-11
10	749.10	2011-12
11	687.50	2012-13
12	828.50	2013-14
13	768.50	2014-15
14	412.00	2015-16
15	844.20	2016-17
16	1336.40	2017-18
17	8679.49	2018-19
Total	**17,660.09**	

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the revised standalone financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **M. B. Agrawal & Co.**
Chartered Accountants
(Firm's Registration No. 100137W)

sd/-
Harshal Agrawal
Partner
(Membership No. 109438)

Place: Mumbai
Date: 29-July-2019

ANNEXURE'B' TO THE INDEPENDENT AUDITOR'S REPORT

To the Members of Hindustan Organic Chemicals Limited for the year ended 31st March, 2019

(Referred to in paragraph 2 under Report on Other Legal and Regulatory Requirements)

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

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 the accounts along with the financial implications, if any, may be stated.

   Yes, all the accounting transactions are processed through IT systems. However, there are two IT systems in place i.e., TallyERP in Rasayani Unit and SAP in Kochi unit. The company does not have process of integrating the two systems, causing delay in preparation of financial statements. Consolidation of the Rasayani and Kochi unit as a whole is prepared using MS Office.

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 the company's inability to repay the loan? If yes, the financial impact may be stated.

   There are no loans which have been restructured during the year. A restructuring plan has been approved by the Government of India vide order dated May 22, 2017. As per restructuring plan, no waiver of interest or principal amount of loans has been granted. As per GoI letter no. P-51015/1/2019 – Ch. III dated 27/03/2019, it has been clarified that no penal interest or interest on interest has been charged by GoI. If they were to be charged, then interest on interest would amount to Rs. 312.73 crores and Penal interest would amount to Rs. 30.71 crores.

3. Whether funds received/receivable for specific schemes from central / state agencies were properly accounted for / utilized as per its terms and conditions? List the cases of deviation.

   No, the company has not received any fund for specific scheme from central / state agencies.

4. State areas of land under encroachment and briefly explain the steps taken by the Company to remove encroachments.

   As informed and as per the information and explanation available to us, in Rasayani Unit, land admeasuring 66.024 acres is under encroachment as per the report of the survey conducted by M/s. The Geo Tekdated January 14, 2019. Also, there is public road constructed approximating 10.776 acres. In the financial statements, the land at Rasayani to extent of 66.024 acres have not been revalued.

For **M. B. Agrawal & Co.**
Chartered Accountants
(Firm's Registration No. 100137W)
sd/-
Harshal Agrawal
Partner
(Membership No. 109438)

Place : Mumbai
Date : 29-July-2019

ANNEXURE 'C' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 3(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 Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Hindustan Organic Chemicals Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the revised standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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 control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M. B. Agrawal & Co.**
Chartered Accountants
(Firm's Registration No. 100137W)
sd/-
Harshal Agrawal
Partner
(Membership No. 109438)

Place : Mumbai
Date : 29-July-2019

ANNEXURE 'D' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 4 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Hindustan Organic Chemicals Limited of even date)

Based on the observations of the Comptroller and Auditor General of India, following additions/revisions have been carried out :

Additions/Revisions in the Accounts:

Sr. No.	Note No.	Subject
a.	21	**Other Income**
		Current Year Rs. 11792.50 lakhs is revised as Rs. 11571.30 lakhs. Previous Year Rs. 6638.77 lakhs is revised as Rs. 6859.97 lakhs. Net effect is Rs. 221.20 lakhs on account of Excess provision written back previously booked in FY 2018-19, now considered as prior period income and booked in FY 2017-18.
b.	4(A)	**Investments**

Sr. No.	Note No.	Subject
		Investments in Previous Year Rs. 889.80 lakhs is revised as Rs. 1,111.00 lakhs on account of above effect.
c.	12(b)	**Retained Earnings**
		Retained Earnings – Rs. (1,18,330.06) lakhs in previous year is revised as Rs. (1,18,108.86) lakhs. Net effect is Rs. 221.20 lakhs in previous year.
d.	16	**Deferred Tax Liabilities**
		Decrease in deferred tax liability in current year by Rs. 65 lakh on account of above revision. (Sr. No. a)
e.	**Cash Flow Statements**	
	The cash flow from operating activities is determined by adjusting profit or loss for the period as against previously done by adjusting Total Comprehensive income for the year.	
	Cash Flow statement changed on account of non-cash flow items previously not eliminated.	
	The components of Cash and Cash Equivalents are added as separate head below revised Cash Flow Statement.	
f.	36	**Contingent Liabilities and Commitments**
		Assessment demands raised by KVAT Authorities and adjusted against refunds due to the company amounting to Rs. 288.30 lakhs shown as Contingent Liability is removed from Contingent Liability and disclosed under Other Current Assets (Note no. 6b) Assessment demands made and not adjusted against refund due to the company amounting to Rs. 73.36 lakh has been disclosed under Contingent Liability. Current Year Contingent Liability is revised to Rs. 44,798.31 lakhs from Rs. 45,013.25 lakhs earlier.

For **M. B. Agrawal & Co.**
Chartered Accountants
(Firm's Registration No. 100137W)
sd/-
Harshal Agrawal
Partner
(Membership No. 109438)

Place : Mumbai
Date : 29-July-2019

REPORT OF THE C&AG SUPPLEMENTARY AUDIT - STANDALONE FY 2018-19

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 2019

The preparation of Financial Statements of Hindustan Organic Chemicals Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (the 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 Revised Audit Report dated 29 July 2019 which supersedes their earlier Audit Report dated 28 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit of the Financial Statements of Hindustan Organic Chemicals Limited for the year ended 31 March 2019 under Section 143(6)(a) of the Act. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the Financial Statements by the management, as indicated in Note No. 37B of the Financial Statements, to give effect to some of my audit observations raised during Supplementary Audit, I have no further comments to offer upon or supplement to the Statutory Auditors' Report under Section 143(6)(b) of the Act.

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

Sd/-
(Roop Rashi)

Director General of Commercial Audit and
Ex-officio Member, Audit Board-I, Mumbai.

Place: Mumbai
Date: 21 August 2019

Standalone Balance Sheet as at 31st March 2019

₹ in Lakhs

Particulars	Notes	As at 31.03.2019	As at 31.03.2018
ASSETS			
1. Non Current assets			
a) Property, Plant and equipment	3a	11,872.33	10,243.20
b) Investment Property	3b	95.15	5.08
c) Intangible assets	3c	-	-
d) Financial Assets			
i) Investments	4	1,111.00	1,111.00
ii) Loans	5a	401.89	117.63
e) Other Non-current assets	6a	217.48	131.45
Total Non-current assets		**13697.85**	**11608.36**
2. Current assets			
a) Inventories	7	4,734.61	5,731.34
b) Financial assets			
i) Trade Receivables	8	1,770.63	439.00
ii) Cash and cash equivalents	9a	3,130.89	7,646.31
iii) Bank balances other than (ii) above	9b	3,904.12	3,272.43
iv) Loans	5b	1,256.65	1,340.94
v) Other Financial assets	10	1,194.25	1,142.64
c) Non current assets held for sale	3d	1,17,845.61	1,25,710.98
d) Other Current assets	6b	4,235.82	5,867.15
Total Current Assets		**138072.58**	**151150.79**
Total Assets		**151770.43**	**162759.15**
EQUITY AND LIABILITIES			
1. Equity			
a) Equity Share capital	11	**6,726.96**	**6,726.96**
b) Other equity			
i) Securities Premium	12a	4,838.56	4,838.56
ii) Retained Earnings	12b	(1,07,372.44)	(1,18,108.86)
iii) Other comprehensive Income	12c	1,06,395.53	1,11,310.74
Total Other Equity		**3861.65**	**(1,959.56)**
Total Equity		**10588.61**	**4767.40**
2. Liabilities			
Non-current liabilities:			
a) Financial liabilities (Net)			
i) Borrowings	13a	24561.88	24557.26
b) Provisions (Long term)	15a	1007.14	1476.65
c) Deferred Tax liabilities	16	20900.52	19986.52
d) Net employee defined benefit liabilities	17	2306.38	2263.97
Total Non-current liabilities		**48775.92**	**48284.40**
Current liabilities:			
a) Financial liabilities			
i) Preference Share Capital	13c	27000.00	27000.00
ii) Trade payables	14	9800.11	17630.28
iii) Other current financial liabilities	13b	8679.49	8681.80
b) Provisions	15b	4870.44	6291.94
c) Net employee defined benefit liabilities	18	90.17	139.09
d) Other current liabilities	19	41965.69	49964.24
Total Current liabilities		**92405.90**	**109707.35**
Total equity and liabilities		**151770.43**	**162759.15**
Significant Accounting Policies	2		
Notes to the Standalone Financial Statements	1-41		

For and on behalf of the Board of Directors

Sd/-
S.B. Bhide
Chairman & Managing Director
DIN 05323535

Sd/-
Mukesh Pareek
Director
DIN 07758639

As per our report of even date
For M.B. AGRAWAL & CO.
Chartered Accountants
ICAI FRN 100137W

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Sd/-
P.O. Luise
Chief Financial Officer

Sd/-
Harshal Agrawal
Partner
Membership No.109438

Place: Mumbai
Date: 29.07.2019

Place: Mumbai
Date: 29.07.2019

Standalone Statement of Profit and Loss for the year ended 31st March 2019

₹ in Lakhs

Particulars	Notes	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
INCOME			
Revenue from operations-Sale of products	20	47199.01	24232.94
Other Income	21	11571.30	6859.97
Total Income		**58770.31**	**31092.91**
EXPENSES			
Cost of Materials Consumed	22	25517.54	13218.35
Changes in Inventories of Finished Goods and WIP	23	943.99	(836.16)
Employee Benefits Expenses	24	5512.75	18147.32
Finance Costs	25	6573.75	7541.65
Depreciation and amortization expenses	26a	175.69	425.81
Provision for impairment loss on fixed assets	26b	0.00	251.03
Other Expenses	27	12966.48	12689.83
Total expenses		**51690.20**	**51437.83**
Profit / (Loss) before exceptional items and tax		7080.11	(20344.92)
Less: Exceptional items		0.00	0.00
Profit / (Loss) before tax		**7080.11**	**(20344.92)**
(1) Current tax		0.00	0.00
(2) Deferred tax		(2,069.00)	0.00
Tax expenses:		(2,069.00)	0.00
Profit / (Loss) for the period		**5011.11**	**(20344.92)**
Other Comprehensive Income:			
(i) Items that will not be reclassified to profit or loss		0.00	0.00
a) Revaluation of Plant, property & equipments	12c	(569.17)	12478.07
Less: Deferred Tax assets	12c	(36.00)	(2,793.25)
b) Provision for duties& taxes	12c	381.22	-
c) Changes in defined benefit plan	12c	**(156.89)**	**873.02**
Other Comprehensive Income for the year, net of tax		**(380.84)**	**10557.84**
Total Comprehensive Income for the year		**4630.27**	**(9787.08)**
Earnings per equity share (in Rupees)			0.00
Basic (Face value of Rs. 10 each)		7.46	(30.29)
Diluted (Face value of Rs.10 each)		7.46	(30.29)
Significant Accounting Policies	2		
Notes to the Standalone Financial Statements	1-41		

For and on behalf of the Board of Directors

Sd/-
S.B. Bhide
Chairman & Managing Director
DIN 05323535

Sd/-
Mukesh Pareek
Director
DIN 07758639

As per our report of even date
For M.B. AGRAWAL & CO.
Chartered Accountants
ICAI FRN 100137W

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Sd/-
P.O. Luise
Chief Financial Officer

Sd/-
Harshal Agrawal
Partner
Membership No.109438

Place: Mumbai
Date: 29.07.2019

Place: Mumbai
Date: 29.07.2019

Statement of Changes in Equity for the year ended 31st March, 2019

A. Equity Share Capital

₹ in Lakhs

Description	For the year ended 31st March 2019	For the year ended 31st March 2018
	Equity shares of INR 10 each	
	Nos.	₹ In Lakhs
Issued, subscribed and fully paid		
At 1st April 2017	67173100	6726.96
Changes during the period	-	-
At 31 March 2018	67173100	6726.96
Changes during the period	-	-
At 31st March 2019	67173100	**6726.96**

B. Statement of Changes in Other Equity for the year ended 31st March , 2019

₹ in Lakhs

Description	Other Comprehensive Income	Securities Premium	Retained earnings	Total Other Equity
As at 1st April 2017	**1,38,692.90**	**4,984.31**	**(1,35,703.95)**	**7,973.26**
Profit for the period as restated	-		(20,344.91)	(20,344.91)
Securities premium utilised against Bond	-	(145.75)		(145.75)
Reserve transferred to Retained earning on sale of land	(37,940.00)		37,940.00	-
Other comprehensive income	13,351.09			13,351.09
Other comprehensive income- Deferred Tax Liabilities	(2,793.25)			(2,793.25)
As at 31st March 2018	**1,11,310.74**	**4,838.56**	**(1,18,108.86)**	**(1,959.56)**
Profit for the period			5,011.10	5011.1
Profit on sale of Land			5,725.32	5725.32
Reserve transferred to Retained earning	-5725.35			-5725.35
Other comprehensive income - cost of sale on revalued assets	-234.85			-234.85
Other comprehensive income- revaluation of assets	-334.32			-334.32
Provision for Duties & Taxes Receivable no longer required	381.22			381.22
Other comprehensive income - remeasurement of fair value of defind benefit obligation'	(156.90)			-156.90
Other comprehensive income- Deferred Tax Liabilities	1,155.00			1155.00
As at 31st March 2019	**1,06,395.53**	**4,838.56**	**(1,07,372.44)**	**3,861.66**

The accompanying notes are an integral part of these financial statements

Nature and purpose of reserves

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

Retained Earnings

The balance held in this reserve is the accumulated retained profit and is permitted to be distributed to shareholder as part of dividend.

Other Comprehansive Income

The company has chosen to recognise land at revalued model through other comprehensive income

For and on behalf of the Board of Directors

Sd/- **S.B. Bhide** Chairman & Managing Director DIN 05323535	Sd/- **Mukesh Pareek** Director DIN 07758639	As per our report of even date **For M.B. AGRAWAL & CO.** Chartered Accountants ICAI FRN 100137W
Sd/- **Mrs. Susheela S. Kulkarni** Company Secretary	Sd/- **P.O. Luise** Chief Financial Officer	Sd/- **Harshal Agrawal** Partner Membership No.109438
Place: Mumbai Date: 29.07.2019		Place: Mumbai Date: 29.07.2019

Standalone Cash flow Statement for the year ended 31st March 2019

₹ in Lakhs

Description	For the year ended 31st March 2019	For the year ended 31st March 2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) for the period	5,011.11	(20,344.92)
Adjustments for :		
Depreciation & Amortization	175.69	676.84
Interest Income	(333.79)	(154.42)
Interest Expense (excluding interest on GoI loan)	51.66	3,672.16
Profit on Sale of Assets	(3,508.56)	(3,013.26)
Tax Expense	1,191.00	-
Excess provision written back	-	(2,427.43)
Addition in revaluation of land value	(1,854.30)	
Adjustment in respect of change in value of assets held for sale	7,378.05	
Interest income from Subsidiary company		(63.62)
Effect of measurement of Financial Instruments at amortised cost	(380.84)	10,557.84
Operating Cash Flows before Working Capital changes (A)	**7,730.02**	**(11,096.81)**
Adjustments for		
(Increase)/Decrease in Inventories	996.62	(1,339.05)
(Increase)/Decrease in Trade receivables	(1,331.63)	53.62
(Increase)/Decrease in Loans and Other Financial Assets	(51.61)	(313.17)
(Increase)/Decrease in Loans and Other Bank balance	(631.69)	(3,272.43)
(Increase)/Decrease in Other Current Assets	1,631.33	(1,942.90)
(Increase)/Decrease in Other Non Current Assets	(86.03)	13.50
Increase/(Decrease) in Trade Payables	(7,830.28)	(1,478.16)
Increase/(Decrease) in Other Financial Liabilities	(2.32)	(9,560.88)
Increase/(Decrease) in Deferred tax Liabilities	914.00	2,793.25
Increase/(Decrease) in Deferred Govt grant	-	(1,801.94)
Increase/(Decrease) in Other Current Liabilities & Provisions	(9,896.08)	(6,214.15)
Cash Generated from Operations (Working Capital Changes) (B)	**(16,287.69)**	**(23,062.31)**
Net Cash flow from Operating activities (1) (A+B)	**(8,557.67)**	**(34,159.12)**
CASH FLOW FROM INVESTING ACTIVITIES :		
Change in fixed assets	(109.32)	
Interest Income	333.79	154.42
Sale of fixed assets	4,064.98	34,166.45
Net Cash flow from / (used in) Investing activities	**4,289.45**	**34,320.87**
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/Decrease in Secured Loans (Net of Repayments)	68.24	-
Increase/Decrease in Unsecured Loans (Net of Repayments)	(263.73)	35,961.04
Bond Issue expenses	-	(145.75)
Debenture repayment	-	(25,000.00)
Interest Paid	(51.66)	(3,672.16)
Net cash used in financing activities	**(247.15)**	**7,143.13**

₹ in Lakhs

Description	For the year ended 31st March 2019	For the year ended 31st March 2018
Net Increase Decrease in Cash and Cash Equivalents	(4,515.42)	7,304.84
Cash & cash equivalents at the beginning of the period	7,646.31	341.47
Cash & cash equivalents at the end of the period	**3,130.89**	**7,646.31**
Cash & cash equivalents as per above comprise of following		
a) Balances with banks (of the nature of cash and cash equivalents):		
Current accounts	392.68	4,214.83
Saving Account (Refer Note i)	136.08	130.77
Deposits with original maturity of less than three months	2,600.47	3,300.00
b) Cash on Hand	1.66	0.71
Total	**3,130.89**	**7,646.31**

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

For and on behalf of the Board of Directors

Sd/-
S.B. Bhide
Chairman & Managing Director
DIN 05323535

Sd/-
Mukesh Pareek
Director
DIN 07758639

As per our report of even date
For M.B. AGRAWAL & CO.
Chartered Accountants
ICAI FRN 100137W

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Sd/-
P.O. Luise
Chief Financial Officer

Sd/-
Harshal Agrawal
Partner
Membership No.109438

Place: Mumbai
Date: 29.07.2019

Place: Mumbai
Date: 29.07.2019

Notes to the Standalone Financial statements for the period ended 31st March, 2019

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 401, 402 and 403, 4th Floor, V Times Square, Sector 15, CBD Belapur, Navi Mumbai 400614 previous year at Rasayani, Raigad Dist. Maharashtra. 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 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 31.03.2019.

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, service level credits, 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 engage 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, 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 believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

Intangible assets: Amortisation over a period of 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) Non-Current assets 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 amortized 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 and SAP licence 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 andTransactions 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 propertyor, 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 andloss, 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 thestatement 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 theterms 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 amountrecognised 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 inthe 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 thatis 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 futureDeferred 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 thereportingdate.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 theoccurrence or non—occurrence of one or more uncertain future events not wholly within the control of the Companyor a present obligation that is not recognized because it is not probable that an outflow of resources will be requiredto settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot berecognized 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.

Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from April 1, 2019:

Ind AS - 116

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 16, effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

The Company is in the process of finalising changes to systems and processes to meet the accounting and reporting requirements of the standard. The company does not expect any significant impact from this pronouncement

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The company does not expect any impact from this pronouncement.

Ind AS 109 – Prepayment Features with Negative Compensation

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

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

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

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

NOTE 3 - Property, Plant and equipment **(₹ In Lakhs)**

Sl. No.	Description	GROSS BLOCK					DEPRECIATION / AMORTISATION / IMPAIRMENT					N ET BLOCK	
Item		As at 01.04.2018	Additions	Deletions	Adjustments	As at 31.03.2019	Up to 01.04.2018	Deletions	Adjustments	Provided during the year	Up to 31.03.2019	As on 31.03.2019	As on 31.03.2018
a.	**Property, Plant and equipment**												
1a	Land and Land Development	589.88	0.00	0.00	-11.63	578.25	0.00	0.00	0.00	0.00	0.00	578.25	589.88
1b.	-do- Revaluation	6861.37	1854.30	0.00	0.00	8715.67	0.00	0.00	0.00	0.00	0.00	8715.67	6861.37
1c	Leasehold Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1d	-do- Revaluation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.	Buildings	1419.41	0.00	0.00	-136.89	1282.52	859.15	0.00	-56.28	30.17	833.04	449.48	560.27
3.	Plant and Equipment	24851.10	11.28	0.00	0.30	24862.68	22676.03	0.00	-9.68	109.22	22775.57	2087.11	2178.78
4	Furniture, Fixtures and Equipments	105.29	6.28	0.00	0.00	111.57	98.91	0.00	0.00	8.36	107.27	4.30	6.38
5.	Vehicles	116.25	6.44	4.71	0.00	117.98	109.23	4.48	0.00	1.27	106.02	11.96	7.02
6.	Office Equipment	653.00	10.54	0.00	0.00	663.54	613.53	0.00	0.00	24.49	638.02	25.52	39.46
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
8.	Railway Sidings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub-total	34609.77	1888.84	4.71	-148.22	36345.68	24370.28	4.48	-65.96	173.51	24473.35	**11872.33**	**10243.20**
9.	Assets held for disposal	136478.82	17.22	13630.66	0.00	122865.38	10767.85	5782.64	34.56	0.00	5019.77	117845.61	125710.98
	Total	**171088.59**	**1906.06**	**13635.37**	**-148.22**	**159211.06**	**35138.13**	**5787.12**	**-31.40**	**173.51**	**29493.12**	**129717.94**	**135954.18**
	Capital work- in- progress	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b1.	**Investment property Land**	5.08	0.00	0.00	11.63	16.71	0.00	0.00	0.00	0.00	0.00	16.71	5.08
b2.	**Investment property Building**	0.00	0.00	0.00	136.89	136.89	0.00	0.00	56.28	2.17	58.45	78.44	0.00
	Total	**5.08**	**0.00**	**0.00**	**148.52**	**153.60**	**0.00**	**0.00**	**56.28**	**2.17**	**58.45**	**95.15**	**5.08**
	c) Intangible assets - Computer software	399.84	0.00	0.00	0.00	399.84	399.84	0.00	0.00	0.00	399.84	0.00	0.00
	G. Total	**171493.51**	**1906.06**	**13635.37**	**0.30**	**159764.50**	**35537.97**	**5787.12**	**24.88**	**175.68**	**29951.41**	**129813.09**	**135959.26**

1. Kochi unit of the 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.
2. Kochi unit of the company own 184 residential flats comprising of 155104 Sq. Ft. out of which 46594 Sq. ft. consisting of 55 flats has been earmarked as investment property for letting out.

Amounts recognised in profit or loss for investment properties	**31.03.2019**	**31.03.2018**
Rental income including contingent rent	61.34	50.19
Direct operating expenses from property that generated Rental Income	24.41	26.56
Direct operating expenses from property that did not generate rental income	0	0
Income from investment properties before depreciation	**36.93**	**23.63**
Depreciation	2.17	2.17
Income from investment properties	**34.76**	**21.46**

Fair value of investment property (Land)	As at 31.03.2019 (Rs. In Lakhs)
Investment property-Sterling Gas Ltd	80.25
Investment property-Township	271.04
Total	351.29

Estimation of fair value:

The fair value of investment property has been determined by an external independent property valuer having professional qualification. The fair value determined by Govt. has been used to determine fair value of investment property.

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 31.03.2019	As on 31.03.2018
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	115869.84	124792.54
Buildings		E-auction through MSTC	-do-	73.16	395.91
Plant and Equipment		-do-	-do-	263.66	302.77
Furniture, Fixtures and Equipments		-do-	-do-	0.95	111.14
Vehicles		-do-	-do-	0	10.87
Office Equipment		-do-	-do-	0	2.63
Railway Sidings		-do-	-do-	0	1.77
JNPT Tank farm-CWIP		Handing over to JNPT	-do-	1638.00	93.35
Total				**117845.61**	**125710.98**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Rs. in Lakhs

Description	As at 31.03.2019	As at 31.03.2018
Financial Assets		
4. Investments		
Non current		
Investment stated at Cost		
(A) Investments in Equity Instruments		
a. Investment in Subsidiaries (Quoted)		
11060000 (previous year 11060000) Equity Shares of Rs. 10 each fully paid in Hindustan Fluorocarbons Ltd.	1,106.00	1,106.00
Less: Provision for diminution of investment (Market value as on 31.03.2019 Rs.15.35, Previous Year Rs. 10.62 per share)	-	-
	1,106.00	**1,106.00**
b. Investments in Equity instruments in Joint Venture		
Subsidiary - Unquoted:		
0 (previous year 30000) Equity Shares of Rs. 10 each fully paid in HOC-Chematur Ltd.,	-	3.00
Less :- Allowances	-	3.00
	-	**-**
Investment in Unquoted Equity Shares of Kerala Enviro Infrastucture Ltd		
(50000 Unquoted Equity Shares @ Rs.10/-)	5.00	5.00
Less :- Provision for diminution of investment	-	-
	5.00	**5.00**
Total Non-Current Investments	**1,111.00**	**1,111.00**

Aggregate amount of quoted investments (Market Value)	1,697.71	1,174.57
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	-	-
Total Non-Current Investments	**1,111.00**	**1,111.00**

Provision for diminution of investment was created in 2014-15 when the market price was below the face value. Since the market value as on 31.03.2018 and as on 31.03.2019 were increased to Rs.10.62 and Rs.15.35 per share respectively, the provision made in 2014-15 has been written back and restated to the year 2017-18.

5a. Loans: Non-current

(A) Security Deposit		
a. Unsecured, Considered good	401.45	115.92
b. Doubtful	3.06	3.06
Less: Allowance for doubtul security deposit	(3.06)	(3.06)
	401.45	**115.92**
(B) Sundry loans		
Loans to employees		
a. Unsecured, Considered good	0.44	1.71
Total Non-current loans	**401.89**	**117.63**

5b. Loans (Current)

A) Current Loans and Advances to related parties		
Secured	**3,197.08**	**3,197.08**
(M/s. Hindustan Fluorocarbons Ltd.)		
Less: Provision for Doubtful recovery	2,007.07	1,943.45
Net amount	**1,190.01**	**1,253.63**
(B) Loans to employees		
a. Unsecured, Considered good	66.64	87.31
(C) Sundry loans		
Doubtful	171.08	171.08
Less: Allowance for doubtul sundry loans	171.08	171.08
	-	**-**
Total loans (Current)	**1,256.65**	**1,340.94**

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 mortgage in favour of the company on 84.31 acre of land at Rudraram Village, Medak Dist., Telengana state towards zero coupon loan Rs.2744.07 lakhs outstanding and the interest bearing loan of Rs.453.01 lakhs and interest accrued thereon amounting to Rs.845.25 lakhs. As per the currrent circle rate the value of the property/ security comes to Rs.2035.26, therefore provision for doubtful of recovery of loan amounting to Rs.2,007.07 lakhs (Previous year Rs.1943.45 lakhs) had been created during the year towards the shortfall in the value of security.

6a. Other Non-Current Assets

i) Deposits with customs, KSEB & BSNL	217.48	131.45
ii) Other Deposits	-	-
Total (Other Non-Current Assets)	**217.48**	**131.45**

6b. Other Current Assets **Rs. in Lakhs**

i) Deposits with the Collectorate of Central Excise and Customs	28.51	306.56
Less : Allowances	2.90	2.90
Sub-total	**25.61**	**303.66**
ii) Statutory receivables - Duties & Taxes	2,894.87	3,038.94
TDS Receivable (Land sale)	-	351.40
Sub-total	2,894.87	3,390.34
Less :- Allowances	66.38	471.23
Sub-total	**2,828.49**	**2,919.11**
iii) Advances to suppliers		
- Considered good	134.84	143.69
- Considered doubtful		
Less: Allowances for doubtful		
iv) Deposits	4.85	2.35
Less: Allowances for doubtful	1.80	1.80
Sub-total	**3.05**	**0.55**
v) Consideration of sale of Fixed Assets receivable	911.05	2,295.87
vii) Statutory receivables	196.86	85.44
vii) Other Advances Recoverable	35.98	43.85
viii) Accrued income on Employee Advances	38.74	53.32
ix) Accrued income on Deposits	61.20	21.66
x) Claim Receivable from Employees	-	-
Total (Other Current assets)	**4,235.82**	**5,867.15**

The company has ongoing disputes with Kerala State Value Added Tax authorities, amounting to Rs.288.30 Lakhs included in Note No.6b(ii) Statutory receivables - Duties & Taxes. The department has adjusted the same against refunds due to the company. Company has filed Appeals at various forums and based on the management evaluation and on the advice of the Tax consultants the amounts are receivable.

7. Inventories

a. Raw materials and components	574.87	907.84
Less: Allowances for obsolesence	-	-
	574.87	**907.84**
b. Work-in-Progress (WIP)	**789.40**	**930.81**
c. Finished goods	**1,208.65**	**2,011.23**
e. Store and spares	2,518.00	2,248.32
Less; Allowances for obsolesence	(356.31)	(366.86)
	2,161.69	**1,881.46**
Total	**4,734.61**	**5,731.34**

8. Trade receivables

Current		
Secured	1,440.76	0.87
Unsecured, Considered good	329.87	438.13
Doubtful	2,571.84	2,524.70
Less: Allowance for doubtful trade receivable	(2,571.84)	(2,524.70)
Less: Bills Receivables discounted	-	-
Total trade receivables	**1,770.63**	**439.00**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The disclosure of movement as required under Indian Accounting Standard 37

Allowance for doubtful Trade receivables	As at 31.03.2019	As at 31.03.2018
Provision at the beginning of the year	2524.70	2524.66
Provisions made during the year	47.16	0.04
Less: Released during the year	0.02	0.00
Provision at the end of the year	**2571.84**	**2524.70**

9a. Cash and cash equivalents

Current		
a) Balances with banks (of the nature of cash and cash equivalents):		
Current accounts	392.68	4,214.83
Saving Account (Refer Note i)	136.08	130.77
Deposits with original maturity of less than three months	2,600.47	3,300.00
b) Cash on Hand	1.66	0.71
Total	**3,130.89**	**7,646.31**

Note i : Balance in Saving account is earmarked for the rental dues of Harchandrai House as per the direction of Small Causes Court, Mumbai.

9b. Other Bank balances

Fixed Deposit against LC/BG	3,904.12	3,272.43
Fixed deposit for maturity of more than three months but less than 12 month	-	-
Total	**3,904.12**	**3,272.43**

10. Other Financial Assets

Current		
A) Interest receivable		
Unsecured, Considered good		
Accrued Interest on Employees Advances	-	22.87
Accrued Interest on Deposits	43.24	8.18
	43.24	**31.05**
Accrued Income from Township	5.53	26.53
Less : Allowances	5.53	7.25
	-	**19.28**
Total	**43.24**	**50.33**
B) Interest Receivables from related parties		
(M/s. Hindustan Fluorocarbons Ltd.)	845.25	781.62
(Secured)		
C) Receivable from ISRO (Reimbursement)	305.76	304.91
(Unsecured, Considered good)		
D) Miscellaneous advance recoverable		
a. Unsecured, Considered good		
b. Doubtful	-	5.78
Less: Allowance for doubtful other financial assets	-	-
	-	5.78
Total Other Financial Assets	**1,194.25**	**1,142.64**

11. Share Capital **Rs. in Lakhs**

Description	As at 31.03.2019		As at 31.03.2018	
	Nos.	Rs.	Nos.	Rs.
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**
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.

Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31.03.2019		As at 31.03.2018	
	No. In	% Holding	No. In	% Holding
Equity shares of INR 10 each fully paid: The Government of India	3,94,81,500	58.78%	3,94,81,500	58.78%

2) 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 Lakhs

Description	As at 31.03.2019	As at 31.03.2018
12. Other equity		
a) Securities Premium Reserve		
Opening balance	4,838.56	4,984.31
Increase/(decrease) during the year -	-	(145.75)
Closing balance	**4,838.56**	**4,838.56**
b) Retained Earnings		
Opening balance	(1,18,108.86)	(1,35,703.95)
Add: Profit/(Loss) for the year	5,011.10	(20,344.91)
Add: Profit on sale of Land	5,725.32	37,940.00
Closing balance	**(1,07,372.44)**	**(1,18,108.86)**
c) Other comprehensive income		
i) Revaluation of Property, plant & Equipments		
Opening balance	1,10,818.94	1,39,074.12
Add: Revaluation during the year	(334.32)	12,478.07
Less: Cost of sale of revalued assets	(234.85)	-
Less: Reserve transferred to Retained Earning	(5,725.35)	(37,940.00)
Less: Deferred Tax liability on account of revaluation during the year	(36.00)	(2,793.25)
Add: Reversal of Deferred Tax liability on account of sale	1,191.00	-
Closing balance	**1,05,679.42**	**1,10,818.94**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

ii) Provision for Duties & Taxes Receivable - Kochi		
Opening balance	(381.22)	(381.22)
Add:	-	-
Less:	381.22	-
Closing balance	**-**	**(381.22)**
iii) Changes in defined benefits plan		
Opening	873.02	-
Add:		873.02
Less:Re-measurement of defined benefit plan	(156.90)	-
Closing	**716.12**	**873.02**
Total - Other Comprehensive income	**1,06,395.53**	**1,11,310.74**
Total Other Equity	**3,861.65**	**(1,959.56)**

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.

13. Borrowings

13a. Non-current Borrowings

Term Loan		
Loans from Government of India	**24,561.88**	**24,557.26**
Other Loan	-	-
Total	**24,561.88**	**24,557.26**

13b. Other Current financial liabilities

Current maturities of Govt loan	8,679.49	8,681.80
Current maturities of Long term debt	**8,679.49**	**8,681.80**
Total Non-current Borrowings	33,241.37	33,239.06
13b) Less: Amount clubbed under “other current financial liabilities	8,679.49	8,681.80
Other payables	-	-
Non-current Borrowings (Net)	**24,561.88**	**24,557.26**
Aggregate Secured loans		
Aggregate Unsecured loans	33,241.37	33,239.06

Note:

i) There is a continuing default in repayment of loan from Government of India since the year 2002-03 and the overdue amount towards principal is Rs.17660.09 Lakhs (previous year Rs.8980.60 Lakhs) and for interest accrued is Rs.16648.53 Lakhs (previous year Rs.10118.01 Lakhs), these amounts are shown under ‘Other Current Liabilities’. Rs.8,679.49 Lakhs (previous year Rs.8681.36 Lakhs) maturing in next 12 months is shown under Other Current Liabilities as ‘current maturity of long-term borrowings’.

ii) During the previous financial years the company had made a provision in the books for penal interest on Government Loan amounting to Rs.2004.30 lakhs covering a period upto 31st March, 2018. However, during the current financial year based on the communication received from the Government of India that the loan sanctioning authority has never excercised its right to charge penal interest or interest on interest so we have reversed the entire penal interest amounting to Rs.2004.30 lakhs.

13c. Preference Share capital

Opening Balance	27000	27000.00
Increase/(decrease) during the year	-	-
Closing balance	**27000**	**27000.00**

Note

1. The preference shareholders have no voting rights.
2. The Government of India had released in earlier in the year 2006-17 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. 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. The first, second, third, forth & fifth installments of 20% i.e. Rs. 5400 each was due for redemption in financial year 2011-12, 2012-13, 2013-14, 2014-15 & 2015-16 respectively. At the request of the Company, Government of India has extended the commencement of redemption from financial year 2011-12 to financial year 2015-16 @ 25% each year. The Board has authorised the company to request the Govt. for further extension of the redemption date by another four years. As per the decision of the Government of India, the extension of redemption is subject 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.

14. Trade payables

Current - Trade Payable (Sundry Creditors)		
i) Outstanding dues of micro and small enterprises	100.44	26.16
ii) Outstanding dues of other than micro and small enterprises	9,699.67	17,604.12
Total	**9,800.11**	**17,630.28**

Amount due to Micro, Small and Medium enterprises:

Particulars		
a) i) Principal amount remaining unpaid as at the end of each accounting year	100.44	26.16
ii) Interest due thereon	-	-
iii) Interest accrued and remaining unpaid	-	-

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.

15. Provisions

15A. Long Term Provisions

Opening		
For Employee's Benefits - Leave encashment	983.59	954.42
Diff. in Fixed Assets	2.07	2.07
Provision for land Lease premium	490.99	-
Sub-total	**1,476.65**	**956.49**
Arising during the year		
For Employee's Benefits - Leave encashment	21.48	29.17
Diff. in Fixed Assets	-	-
Provision for land Lease premium	-	490.99
Sub-total	**21.48**	**520.16**
Utilised		
For Employee's Benefits - Leave encashment	-	-
Diff. in Fixed Assets	-	-
Provision for land Lease premium	490.98	
Sub-total	**490.98**	**-**
Closing		
For Employee's Benefits - Leave encashment	1,005.07	983.59
Diff. in Fixed Assets	2.07	2.07
Provision for land Lease premium	-	490.99
Total	**1,007.14**	**1,476.65**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

15 B. Short Term Provisions

Opening		
For Employees' Benefits (Gratuity & Leave)	339.36	6,534.65
For Employees Remuneration	20.81	144.04
For Interest to others	-	225.23
For Damages/Penalty/Penal Interest	5,931.77	6,473.69
Sub-total	**6,291.94**	**13,377.61**
Arising during the year		
For Employees' Benefits (Gratuity & Leave)	326.31	287.80
For Employees Remuneration	-	0.93
For Interest to others	-	-
For Damages/Penalty/Penal Interest	676.10	-
Sub-total	**1,002.41**	**288.73**
Utilised		
For Employees' Benefits (Gratuity & Leave)	358.10	6,483.08
For Employees Remuneration	-	124.16
For Interest to others	-	225.23
For Damages/Penalty/Penal Interest	2,065.81	541.92
Sub-total	**2,423.91**	**7,374.39**
Closing		
For Employees' Benefits (Gratuity & Leave)	307.57	339.36
For Employees Remuneration	20.81	20.81
For Interest to others	-	-
For Damages/Penality/Penal Interest	4,542.06	5,931.77
Total	**4,870.44**	**6,291.94**

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 lakhs.

b. Interest on default in repayment of Preference Share Capital @ 1 % for 3 year Rs.270 lakhs. Total impact on account of the above is Rs.675 Lakhs.

16. Deferred Tax liabilities

Opening balance	19,986.52	17,193.27
Income tax expense in the statement of Profit and Loss and Other Comprehensive statement comprise of :		
Current Tax	-	-
Deferred tax Assets/ liabilities	914.00	2,793.25
Total	**20,900.52**	**19,986.52**

17. Net employee defined benefit liabilities - Non current

Net employee defined benefit liabilities - Gratuity	**2,306.38**	**2,263.97**

18. Net employee defined benefit liabilities - Current

Net employee defined benefit liabilities - Gratuity	**90.17**	**139.09**
Total	**2,396.55**	**2,403.06**

19. Other current liabilities

Loan overdue- Loan from Government of India	17,660.09	17,662.40
Advances from customers	741.61	1,099.72
Deposits from Vendors / Customers	387.10	362.52
Interest accrued but not due	2,974.25	4,664.31
Interest accrued and due	16,648.51	10,118.01
Statutory Liabilities	452.27	377.05
Employee related liabilities	865.90	13,545.35
Payroll Recoveries Payable	12.26	23.11
Other Liabilities	2,223.70	2,111.77
Total other current liabilities	**41,965.69**	**49,964.24**

Rs. in Lakhs

Description	Year ended 31.03.2019	Year ended 31.03.2018

20. Revenue from operations - Sale of products (Manufactured)

Revenue disaggregation by class of products		
Phenol	33009.31	13413.78
Acetone	9582.98	5291.54
H2O2	3253.55	2940.53
H. E. of Cumene	837.34	473.29
Cumox Oil	515.83	179.45
Dinitrogen Tetro Oxide (N2O4)	0.00	1775.52
Nitroproducts	0.00	34.86
Acids (C N A)	0.00	101.66
Spent Acid	0.00	0.58
Others	0.00	21.73
Total	**47199.01**	**24232.94**

Details of major customer

Following are list of single customer represent 10% or more revenue during the year ended 31st March, 2019 and 31st March, 2018.

For F.Y. 2018-19 Rs. in Lakhs

Name of customer	Amt of revenue	% of total revenue
Ramesh Kumar & Company	7526.49	15%
Sonkamal Enterprises P Ltd	5034.37	10%
Deepak Fertilisers and Chemicals Ltd	21953.48	44%

For F.Y. 2017-18

Name of customer	Amt of revenue	% of total revenue
Deepak Fertilisers and Chemicals Ltd	13431.35	60%

21. Other income

Direct income		
Facility charges from ISRO	910.00	840.00
Sale of Scrap	0.25	1.56
Sub-total	**910.25**	**841.56**
Interest income on		
On Call and Term Deposits (Gross)	393.78	154.42
On Advances and Deposits with MIDC,MSEB and others	65.12	4.25
On loan to Subsidiary Company	63.63	63.62
Delayed payment & Finance charges from Sundry debtors	14.72	28.02
Sub-total	**537.25**	**250.31**
Other non-operating income		
Estate Rent	77.55	119.67
Transport, Water, Electricity,etc. recoveries	8.95	46.87
Miscellaneous Income	281.33	160.87
Excess Provision w/ back	4702.76	2427.43
Provision for Impairment written back	1544.65	0.00
Income from Slum sale (ISRO)	0.00	2263.99
Profit on Sale of Assets	3508.56	749.27
Sub-total	**10123.80**	**5768.10**
Total	**11571.30**	**6859.97**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Rasayani unit: Provision for diminution of investment of Rs.221.20 lakh was created in 2014-15 when the market price was below the face value. Since the market value as on 31.03.2018 and as on 31.03.2019 were increased to Rs.10.62 and Rs.15.35 per share respectively, the provision made in 2014-15 has been written back and restated to the year 2017-18.

Kochi Unit: An amount of Rs.8.30 lakhs short provided towards interest income on deposits with KSEB during the year 2017-18 due to error, as such comparative interest income on deposit with banks and other for the year 2017-18 Rs.146.12 lakhs is restated as Rs.154.42 Lakhs as per Ind AS 8.

Reversal of Excess Provision w/ back include the following:	
1. JNPT liabilities	1685.98
2. Khargar land lease premium.	490.99
4. Penal interest on Govt. Loan	2004.30
5. Provision no longer required in various cases	521.49
Total	**4702.76**

22. Cost of raw material and components consumed

Inventory at the beginning of the year	907.84	242.38
Add: Purchases	25184.57	13883.81
Add: Raw material Overhead	0.00	0.00
Less: inventory at the end of the year	574.87	907.84
Cost of raw material and components consumed	**25,517.54**	**13,218.35**

23. (Increase) / Decrease in inventory

Inventories at the beginning of the year		
(i) Stock-in-Process	930.81	944.21
(ii) Stock for Captive consumption	282.78	232.66
(iii) Main Products	1710.64	915.00
(iv) By Products	17.81	14.01
	2942.04	**2105.88**
Inventories at the end of the year		
(i) Stock-in-Process	789.40	930.81
(ii) Stock for Captive consumption	89.68	282.78
(iii) Main Products	1109.08	1710.64
(iv) By Products	9.89	17.81
	1998.05	**2942.04**
Changes in Inventories of finished goods and work in progress	**943.99**	**-836.16**

24 Employee benefits expense

a. Salaries, wages and bonus	3940.97	6349.67
b. Contribution to provident and other funds	430.45	676.00
c. Gratuity payments including premium for Group	214.60	1871.74
d. Provision for Leave Encashment	98.17	630.05
e. Staff welfare expenses	516.19	881.71
	5200.38	**10409.17**
Voluntary retirement benefits (VRS & VSS)	312.37	7738.15
Total	**5512.75**	**18147.32**

Note:

i) An amount of Rs.550.14 Lakhs was short provided towards gratuity during 2017-18 in Kochi unit due to an error, as such the comparative amounts for the year 2017-18 is restated as per Ind As 8.

(a) Nature of the prior period error : Short provision for gratuity

(b) Amount of the correction : Rs.550.14 lakhs

(c) Financial line items affected : Note 24 (c) Gratuity and Note No.19 Employees liability

ii. The Company had announced a VRS Scheme on 06.09.2018 for Kochi unit which was open from 10.09.2018 to 24.09.2018 (for 15 days). The company has received and approved 10 applications from the employees, relieved 5 employees during the year 2018-19 and one employee retired on superannuation on 30.04.2019. The total amount of VRS compensation to 9 employees is Rs.219.38 Lakhs (out of which Rs.101.86 lakhs is provision for 4 employees) upto 31st March 2019.

iii) An amount of Rs.103.41 Lakh is provided for the short fall over an above investment made by the CPF Trust (Managed by the Company till 30th June, 2018) for the liability towards employees. 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 assets and liabilities as on 01.07.2018 of the Trust managing the Provident Fund accounts are under transfer to EPFO.

25. Finance costs

Interest:		
On Fixed Loans - Govt Loan	6522.09	5014.80
On Other Loans	0.00	554.27
Interest - Others	15.61	1898.48
	6537.70	**7467.55**
Other Borrowing Cost	36.05	74.10
Total finance costs	**6573.75**	**7541.65**

Notes:

i) On fixed loans - Govt. Loan includes Rs. 758.97 lakhs in respect of interest pertaining to the year 2001-2005 which was written off in the year 2009. However, as per the communication from Ministry during the year, it was clarified that the interest is payable and was not to be written off. Therefore the same has been provided during the year.

ii) An amount of Rs.80.41 Lakhs was net short provided towards DPC charges, excess interest and excess provided during 2017-18 in Kochi unit due to an error, as such the comparative amounts for the year 2017-18 is restated as per Ind As 8.

(a) Nature of the prior period error : Short provision

(b) Amount of the correction : Rs.80.41 lakhs

(c) Financial line items affected : Note 25 - 'Interest - Other ' and 'On other Loan'

(1) Rs.142.05 Lakhs was short provided towards DPC payale to M/s.BPCL,

(2) Rs.51.34 lakhs towards excess interest provided to M/s.KSEB and

(3) Rs.10.30 lakhs excess provided to M/s.Sterling Gases Ltd

Net increase in expenditure : Rs.80.41 lakhs

26a. Depreciation and amortization expense

Depreciation of tangible assets	175.69	425.81
Amortization of intangible assets	0.00	0.00
Total	**175.69**	**425.81**
26b. Provision for impairment loss on fixed assets	**0.00**	251.03
	175.69	**676.84**

i) An amount of Rs.3.70 Lakhs excess provided towards depreciation onf tangibal assets during the year 2017-18 in Kochi unit due to an error, as such the comparative amounts for the year 2017-18 Rs.429.51 lakhs is restated as Rs.425.81 as per Ind As 8.

(a) Nature of the prior period error : Excess deprecation provided toward intangible assets

(b) Amount of the correction : Rs.3.70 lakhs

(c) Financial line items affected : Note 26a - 'Depreciation and amortization ' and Note 3 -'Tangible Assets'

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

27. Other expense

Consumption of Stores and Spares	**977.16**	**637.12**
Utilities		
Power and Fuel	8065.38	5345.11
Water	224.04	210.30
	8289.42	**5555.41**
Repairs & Maintenance:		
Building	46.55	125.44
Plant and Machinery	117.11	110.03
Other Assets	186.63	166.10
	350.29	**401.57**
Administration Expenses:		
Rent	27.93	1.31
Insurance	40.10	68.56
Rates and taxes	175.72	217.01
Consultancy charges	139.53	116.90
Payment to Auditors - Audit Fee	5.51	3.31
Payment to Auditors - Others	0.65	1.75
Other expenses:		
Power for Township	60.95	174.91
Water for Township	69.75	140.86
Security Expenses	265.30	261.05
Advertisement Expenses	45.08	16.14
Hire of Vehicles Expenses	23.58	13.92
Miscellaneous Expenses	401.99	416.61
Loss on Sale of Assets/Disposal	77.02	128.47
Loss on Assets discarded	0.00	135.67
Prior Period Expenses	0.00	194.84
Sundry balances written off *	308.99	0.00
	1642.10	**1891.31**
Selling and distribution expenses:		
Cash Discount	758.24	376.17
Publicity Expenses	0.00	1.07
Other selling expenes	48.60	6.46
	806.84	**383.70**
Provisions:		
Provision for Doubtful Debts	47.16	0.04
Provision for Doubtful Advances	63.62	1943.45
Provision for Lease premium	0.00	490.99
Provision for Stock Obsolescence	0.00	0.00
Provision for Penalty	676.10	1113.30
Unidentified assets	0.00	0.00
Material Purchase commitment charge	113.79	272.94
	900.67	**3820.72**
Total	**12966.48**	**12689.83**

i) An amount of Rs.0.61 Lakhs short provided towards licence fee if walkie talkie during the year 2017-18 in Kochi unit due to an error, as such the comparative amounts for the year 2017-18.

(a) Nature of the prior period error : Short provision of license fees

(b) Amount of the correction : Rs.0.61 lakhs

(c) Financial line items affected : Note 27 - 'Other expenses ' and Note 3 -'Tangible Assets'

*Administrative expenses include Rs.308.99 lakhs as 'Sundry balance write off' which was previously receivable from ISRO based on the reconciliation of balances.

28 Implementation of Restructuring plan

i. The Company has implemented the Government approved restructuring plan which includes closure of all plants at Rasayani unit except the Conc. Nitric Acid / N204 Plant (handed over to ISRO) and given VRS to the employees (Direct and Indirect) rendered surplus due to shutting down of the plants at Rasayani except those employees associated with operation of CNA/N2O4 plant at Rasayani and the skeletal staff required for implementation of the proposed restructuring plan.

ii. As per the approved restructuring plan the Company has relieved all the employees of Rasayani unit who had applied for VRS except 15 employees (8 Corporate employees and 7 employees retained for implementation of restructuring plan). 22 employees who had not applied for VRS was transferred to Kochi unit. The salary dues of all employees and terminal dues of all retired employees has been fully paid during the year. Necessary provision for the terminal benefits payable to the skeletal staff has been made. The salary of Corporate employees are paid from kochi unit with effect from Feb 19.

29 EMPLOYEES BENEFIT PLAN:

A. Provision for leave encashment

The Company has provision of Rs.1005.70 Lakh (previous year Rs.983.59 Lakhs) for leave encashment as on 31st March,2019 as per revised AS-19 issued by Institute of Chartered Accountants of India 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 assets and liabilities as on 01.07.2018 of the Trust managing the Provident Fund accounts are under transfer to 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. 14.32 lakhs.

All dues on account of gratuity of Rasayani unit and Kochi unit employees relieved upto 31.03.2019 have been paid and there are no further dues.

1. Funded Status of the plan **Rs. In Lakhs**

Particulars	As at 31.03.2019	As at 31.03.2018
Present value of unfunded obligations	0.00	0.00
Present value of funded obligations	2396.55	2403.05
Fair value of plan assets	-14.32	-45.47
Net Liability (Asset)	**2382.23**	**2357.58**

2a. Profit and loss account for current period **Rs. In Lakhs**

Particulars	As at 31.03.2019	As at 31.03.2018
Current Service Cost	93.62	136.44
Past Service cost and loss/gain on curtailments and settlement	0.00	3680.57
Net Interest cost	152.13	349.92
Total included in 'Employee Benefit Expense' (P&L)	**245.75**	**4166.93**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

2b. Other Comprehensive Income for the current period

Rs. In Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	47.38	-56.54
Due to change in demographic assumption	-	-
Due to experience adjustments	112.23	-813.25
Return on plan assets excluding amounts included in interest income	-2.72	-3.23
Amounts recognized in Other Comprehensive Income	**156.89**	**-873.02**

3. Reconciliation of defined benefit obligation **Rs. In Lakhs**

Particulars	As at 31.03.2019	As at 31.03.2018
Opening Defined Benefit Obligation	2403.05	5712.35
Transfer in/(out) obligation	0.00	0.00
Current service cost	93.62	136.44
Interest Cost	152.13	349.92
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	47.38	(56.54)
Due to change in demographic assumption		
Due to experience adjustments	112.23	(813.25)
Past Service Cost	0.00	619.02
Loss(gain) on curtailments		3061.55
Liabilities Extinguished on settlement	0.00	(6393.91)
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	(411.86)	(212.53)
Closing defined benefit Obligation	2396.55	2403.05

4. Reconciliation of plan Assets **Rs. In Lakhs**

	As at 31.03.2019	As at 31.03.2018
Opening value of plan assets	45.47	42.24
Transfer in (out) plan assets	0.00	0.00
Expenses deducted from the fund	0.00	0.00
Inerest Income	0.00	0.00
Return on plan assets excluding amounts included		
in interest income	2.72	3.23
Assets distributed on settlements	0.00	0.00
Contributions by employer	0.00	0.00
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	-33.86	0.00
Closing value of plan assets	**14.33**	**45.47**

5. Reconciliation of net defined benefit liability **Rs. In Lakhs**

	As at 31.03.2019	As at 31.03.2018
Net opening provision in books of accounts	2357.59	5670.12
Transfer in (out) obligation	0.00	0.00
Transfer (in) out plan assets	0.00	0.00
Employee benefits Expense as per Annexure 2	245.75	4166.94
Amounts recognized in other comprehensive income	156.89	-873.02
	2760.23	8964.04
Benefits paid by the company	-378.00	-212.53
Benefits settled (Rasayani Unit)	0.00	-6393.91
Contributions to plan assets	0.00	0.00
Closing provision in the books of accounts	2382.23	2357.60

Reconciliation of Assets Ceiling **Rs. In Lakhs**

	As at 31.03.2019	As at 31.03.2018
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 **Rs. In Lakhs**

Particulars	As at 31.03.2019	As at 31.03.2018
	%	%
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%
	100	100

7. Bifurcation of liability as per schedule 111 **Rs. In Lakhs**

Particulars	As at 31.03.2019	As at 31.03.2018
Current liability	90.17	93.62
Non - Current liability	2292.05	2263.97
Net Liability	**2382.22**	**2357.59**

8. Principle acturial assumptions **Rs. In Lakhs**

Particulars	As at 31.03.2019	As at 31.03.2018
Discount Rate	6.85%	7.35%
Salary Growth rate	7.00%	7.00%
Withdrawal rates	3% at Younger ages reducing to 1% at older ages	3% at Younger ages reducing to 1% at older ages

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

9. Expected Cash Flows based on past service liability **Rs. In Lakhs**

	Cash Flows	Distribution(%)
Year 1	654.97	19.9%
Year 2	387.43	11.8%
Year 3	443.06	13.5%
Year 4	331.56	10.1%
Year 5	167.43	5.1%
Year 6 to Year 10	704.68	21.4%

The future accrual is not considerd in arriving at the above cash flows

The expected contribution for the next year is Rs 90,17,426.00

The Average outstanding term of obligations (years) as at valuation date is 4.42 years

10. Sensitivity to key assumptions

Particulars	As at 31.03.2019	As at 31.03.2018
Discount Rate Sensitivity		
Increase by 0.5 %	2349.18	2354.02
(% change)	-1.98%	-2.04%
Decrease by 0.5%	2446.21	2454.34
(% change)	2.07%	2.13%
Salary Growth rate Sensitivity		
Increase by 0.5 %	2425.15	2437.18
(% change)	1.19%	1.42%
Decrease by 0.5%	2366.05	2369.73
(% change)	-1.27%	-1.39%
Withdrawal rate(W R)Sensitivity		
W. R *110%	2398.02	2404.90
(% change)	0.06%	0.08%
W. R *90%	2395.12	2401.05
(% change)	-0.06%	-0.08%

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

Details of Asset-Liability Matching Strategy

Gratuity Benefits liabilities of the company are Funded. There are no minimum funding requirements for a Gratuity Benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan.

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

Effect of the defined benefit plan on the entity's future cash flows

When the benefits of the plan are changed, or when a plan is curtailed or settlement occurs, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment or settlement, is recognized immediately in the profit or loss account when the plan amendment or when a curtailment or settlement occurs.

(xi) Break-up of defined benefit obligation

Particulars	As at 31.03.2019	As at 31.03.2018
Vested	2,391.06	2,395.27
Non-vested	5.49	7.79
Total	**2,396.55**	**2,403.06**

(xii) Age wise distribution of defined benefit obligation

Age (In years)	DBO (in Rs.)	
	As at 31.03.2019	As at 31.03.2018
Less than 25	-	-
26 to 35	37.82	36.44
36 to 45	163.84	146.21
46 to 55	908.09	1109.07
56 and above	1286.80	1111.33
Accrued gratuity for Left Employees	-	-
Total	**2396.55**	**2403.05**

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 assumptions than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benfit, the accelaration of cashflow will lead to an acturial 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 assumptions than 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 insurers 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 companies 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 market. One acturial assumption that has a material effect if the disount rate. The disount rate reflects the time value of money.An increase in disount rate leads to decrease in defined benefit obligations of the plan benefits and 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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 defned benefit obligations and the same will have to be recognised immediately in the year when any such amendemnt is effective.

The Summary of the assumptions used in the valuations is given below:

Financial Assumptions

Particulars	As at 31.03.2019	As at 31.03.2018
Discount rate	6.85% p.a	7.35% p.a
Salary Growth rate	7.00%p.a	7.00%p.a

Demographic Assumptions

Withdrawal rates p.a

Age Band	As at 31.03.2019	As at 31.03.2018
25 and below	3.00%	3.00%
26 to 35	2.50%	2.50%
36 to 45	2.00%	2.00%
46 to 55	1.50%	1.50%
56 and above	1.00%	1.00%

Mortality rates

Sample rates p.a of Indian Assured Lives Mortality

Age (In years)	As at 31.03.2019	As at 31.03.2018
20	0.09%	0.09%
30	0.11%	0.11%
40	0.18%	0.18%
50	0.49%	0.49%
60	1.15%	1.15%

Method of Valuation

Actuaries has used projected unit credit (PUC) Method to value the Defined benefit obligation.

30 PROVISION FOR EMPLOYEE REMUNERATION

PROVISION FOR ARREARS OF WAGES

Balance provision on account of wage revision (1997 & 2007), EL / DA difference etc due to Rasayani unit employees amounts to Rs.80.29 lakhs and Rs.401.57 lakhs (Previous Year Rs. 4278.81 & Rs 604.82 Lakhs) on account of VRS compensation and Gratuity due to 7 employees who are retained for completion of the restructuring plan related works.

31 FIXED ASSETS

Originally the Company at Rasayani was in possession of land (as per revenue records) admeasuring 1012.35 acres. Out of the said land 251 acres was sold to BPCL and 20 acres was sold to ISRO during the previous year and 38.687 acres was sold to BPCL in the current year. Out of the said land, 66.024 acres (previous year 39.63 acreas) has been idenitified as encroached 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 said 66.024 acres consists of land allotted to MES, MIDC, MSEB, MAIDC, HIL, Encroachment and public road constructed. The public roads amount to approximating 10.776 acres. The balance 636.639 acres of land has been revalued at the ready recknor rate or the agreed rate of sale to BPCL amounting to Rs. 97551.62 lakhs.

As per the restructuring plan approved by the Government of India, vide order dated May 22, 2017, the company is to close its Rasayani Units, and sell the property, plant and equipment. It has also been stated that the C.N.A / N2O4 plant has to be transferred to ISRO. In accordance with the said order, the company has run its activities upto September 30, 2017 at Rasayani. Thereafter, the company has transferred the land and equipment to ISRO. Similarly all the non-operating plants have been sold and certain plants are under sale in accordance with procedure. These plants in the Asset Register of the company are transferred to Assets held for disposal. Certain utility plant as per the requirement of ISRO are retained by the Company and will be disposed of once ISRO constructs its own facilties. The balance recoverable from ISRO on account of the aforesaid transactions are under re-conciliation and not been confirmed. The company may pass the necessary entries on finalisation of such amounts recoverable.

JNPT Tank Terminal Project which was under construction in the earlier years at cost of Rs.2978.91 lakhs. The management had decided to suspend further construction and the company has gone into arbitration against JNPT for various issues. As per the arbitration award granted, the company is willing to dispose off the said asset and therefore has classied as held to sale. As per the arbitration award the company is expected to receive Rs.1638 lakhs. The provisions made in the earlier years for impairment has been reversed in the curent year to the extent of Rs. 1545 lakhs.

32 INVESTMENT

a) The Company has an investment of Rs.1106.00 lakhs (previous year Rs.1106.00 lakhs) 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, 2019 is negative. Provision has been made during earlier year towards permanent diminution in the value of these investments amounting to Rs.221.20 lakhs. The said provision has been reversed during the year as the market value of the said shares have been consistently above the face value during the year. As per the decision of the Government of India, the company has decided to divest the entire stake in the Subsidiary for which the Transaction and Legal Advisors have been appointed.

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 lakhs accumulated on loan given to HFL and converted the unsecured loan amounting to Rs.2744.07 lakhs 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. 2035.26 lakhs 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 (Previous year Rs.2744.07) which has become due and payable in full. Further, the Company had given loans to HFL aggregating to Rs. 453.01 (Previous Year Rs. 453.01) 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 has been made for the shortfall in the security to the extent of Rs.2007.07 Lakhs including interest as on 31st March, 2019 (Previous year Rs. 1943.45 lakhs)

c) The company has entered into an agreement dt. 16.10.2006 to lease the school infrastructure facilities to M/s.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 tems of the agreement to M/s.MES. M/s.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.

33 EARNING PER SHARE

Earnings per share has been calculated as follows:	As at 31.03.2019	As at 31.03.2018
Net Profit/(Loss) after Tax (Rs. in Lakhs)	5011.11	-20344.92
Weighted average number of equity shares	67173100	67173100
Nominal Value per equity share (Rs.)	10.00	10.00
Basic / Diluted Earning per equity share (Rs.)	7.46	-30.29

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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.

36 Contingent Liabilities & Commitments **Rs. in Lakhs**

i) Contingent Liabilities	**As at 31.03.2019**	**As at 31.03.2018**
a) Claims against the Company not Acknowledged as debts:		
i) Sales Tax / KVAT assessment demand	795.06	1095.80
ii) CST - Differential tax on account of concessional forms in respect of concessional sales	21.64	105.62
iii) Income Tax Claims	485.74	672.96
iv) Excise duty / Service tax	330.46	633.00
v) Customs duty	0.00	277.18
vi) Delayed Payment Charges claimed by BPCL	0.00	1480.31
vii) Gratuity for School teachers & Public liability Claim	193.31	108.81
viii) Other claims (P&A - Legal cases)	207.19	161.22
ix) Rental claim Harchandrai House	5153.40	4925.77
x) JNPT lease rent	1981.00	0.00
xi) Penal interest on Govt. Loans	3071.11	0.00
xii) Interest on interest on Govt. Loan	31273.65	0.00
	43512.56	**9460.67**
b) Bank Guarantees issued from SBI Ambalamedu, Kochi	682.75	130.15
c) Security Bond given to Commercial Taxes Dept., Govt. of Kerala	0.00	3053.30
d) Guarantees given on behalf of the Subsidiary Company, Hindustan Fluoro-carbons Limited to Financial Institutions and Commercial Banks for securing loans and cash credit facilities.	603.00	603.00
e) Security Bond given to Commercial Taxes Dept., Govt. of Kerala	0.00	3053.30
ii) Commitments:		
i) Other Commitments	0.00	0.00

Brief description of the Contingent liabilities:

a) Claims against the Company not Acknowledged as debts:

i) Sales Tax / KVAT assessment demand Rs.795.06 lakhs

The company has ongoing disputes with VAT authorities, amounting to Rs.795.06 Lakhs. Company has filed Appeals at various forums.

ii) CST - Differential tax on account of concessional forms in respect of concessional sales

There are C-Forms relating to the years 2013 to 2018 is receivable by the company. The differential tax calculated is amounting to Rs.21.64 Lakhs. Company is expecting to receive the C-forms.

iii) Income Tax Claims: Rs.485.74

There are various appeals for Assessment years 2006-07 to 2014-15 are pending before authorities i.e. ITAT, High Court and other forums. Company is awaiting for hearing.

iv) Excise duty / Service tax

The company has ongoing disputes with Central excise authorities relating to the period 2003 to 2013, amounting to Rs.330.46 Lakhs. Company has filed Appeals at various forums.

vii) Gratuity for School teachers & Public liability Claim

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) and Case filed by the company against the award passed by MAC Tribunel, Trichur in relation to Phenol Tanker accident in 1994 (Rs.118 Lakh)

viii) Other claims (P&A - Legal cases): Rs.207.19 lakh.

Cases filed against the company by the contractors/suppliers which is pending before Bombay High court is Rs.136.95 lakhs and Rs.39.98 Lakhs, Case pending before the Central govt. Labour court Rs.18.09 lakh, one gratuity claim of Rs.10 lakhs and Company has disputed the demand raised by ESI Corporate for contribution during the period from 01.04.1992 to 31.10.1992 amounting to Rs.2.17 lakhs.

ix) Rental claim Harchandrai House: Rs.5153.40 Lakh

Mesne Profit application filed by Harichandrai & Sons before the Small Causes court, Mumbai.

x) JNPT lease rent: Rs.1981 Lakh

JNPT has raised bill for Rs.1981 lakh to HOCL on account of basic lease rentals alongwith escalation and Way lease charges (WLC).

xi) Penal interest on Govt. Loans: Rs.3071.11 Lakh

xii) Interest on interest on Govt. Loan: Rs.31273.65 Lakh.

Penal interest and interest on interest calculated upto 31.03.2019 for loan taken by HOCL from the Govt. of India is not included in the interest dues account of GoI. In the loan sanction letter there is a mention that “Govt. of India reserves the right to raise the rate of interest in case of default of repayment of principal on the due date and also charge interest at the rate on default in any of the payment on interest due” Therefore, these amounts are shown as contingent liability.

b) Bank Guarantees issued from SBI Ambalamedu

The company has provided bank guarantees to Kerala State Electricity Board amounting to Rs.214.25 lakhs, Govt. of Kerala, Department of Commercial Taxes amounting to Rs.465 lakhs as security deposit and others Rs.3.5 Lakh. The company does not expect any outflow of resourses in respect of the above.

37A Disclosure relating Prior Period Expenditure/Income as per Ind AS 8 **(Rs. In Lakhs)**

The following expenditure/income had been incorrectly accounted during the year 2017-18 due to error.

The comparative expenditure/income in the financial statement of the year 2017-18 have been restated to correct the error. The effect of the restatement on the financial statement is summarised below.

Increase in Other Income - Interest (Refer Note 21)	8.30
Increase in Other Income - Reversal of provision (Refer Note 21)	221.20
Increase in Employee Expenses (Refer Note 24)	-550.14
Increase in Finance Cost (Refer Note 25)	-80.41
Decrease in depreciation and amortisation (Refer Note 26a)	3.70
Increase in Other Expenses (Refer Note 27)	-0.60
	-397.95
Income tax laiblity	0.00
Increase in Equity	-397.95
Increase in Earning Per Share	-0.60
Increase in Diluted Earning Per Share	-0.60

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

37B Based on the observations of comptroller and Auditor General of India, following additions / revisions have been carried out:

a) Note No.4 - Investments:

Excess provision written back for the diminution in the share price of HFL amounting to Rs. 221.20 lakh previously booked in FY 2018-19, now considered as prior period income and booked in FY 2017-18.

b) Note No.21 - Other income:

Due to the restatement of provision written back in previous year, the loss reduced during the year 2017-18 by Rs.221.20 lakh and an amount of Rs.156.20 lakh profit reduced during the year 2018-19 (Rs.221.20 lakh less Deferred tax of Rs.65 lakh)

The following additional notes / Modification to Notes given in compliance with provisions of Ind AS

a) Cash Flow Statements:

i) The cash flow from operating activities is determined by adjusting profit or loss for the period as against previously done by adjusting Total Comprehensive income for the year.

ii) Cash Flow statement changed on account of non-cash flow items previously not eliminated.

iii) The components of Cash and Cash Equivalents are added as separate head below revised Cash Flow Statement.

b) Additional disclosure is added to Note No.6b regarding the KVAT disputes.

c) Contingent liability: Claim against the Company not acknowledged as debts: i) Sales Tax / KVAT assessment demand is reduced frm Rs.1010.00 lakh to Rs.795.06 lakh.

d) Disclosure of the brief description of the nature of the contingent liability is added in Note No.36.

38 RELATED PARTY DISCLOSURE AS PER Ind- AS 24

a) The company is a Government related entity as the Government of India holds its major equity capital and therefore transactions with its related parties being other Government related entities have not been seperately disclosed herein in view of the exemption from such disclosure under Ind-As 24. These entities are the subsidiaries and joint ventures of the company and these transactions relate to investments, Loans and advances granted and interest earned/accrued on such loan and allowances for these current and non current assets created in the Balance Sheet to arrive at the fair value. The outstanding balances in respect of such transactions have been disclosed under the respective Notes .

As per Ind AS 24 (para 26), the disclosures of transactions with the related parties are given below:

List of related parties where control exists and also related parties with whom transactions have taken place and relationships:

Rs. In lakhs

Sr. No.	Name of the Related Party Relationship	Relationship	Details of Transaction	Amt. of Transaction during 2018-19	Outstanding at the end of the year (31.03.2019)	Amt. of Transaction during 2017-18	Outstanding at the end of the year (31.03.2018)
1	Hindustan Flurocarbon Ltd. (HFL)	Subsidiary company with 56.43% share holding.	Interest on loan given to HFL	63.63	4042.32	63.62	3978.69
2a	Bharat Petroleum Corporation Ltd	Controlled by Government of India.	Purchase of Raw materials (LPG, Benzene, FO, H2 & LNG)	30423.41	7812.05	15873.05	10609.67
2b	Bharat Petroleum Corporation Ltd	Controlled by Government of India.	Sale of Finished Goods (H2O2)	72.74	29.21	184.77	21.91
2c	Bharat Petroleum Corporation Ltd	Controlled by Government of India.	Sale of 38.687 acres of Rasayani land out of the total agreed land area of 442 acres @Rs.140 Lakhs per acre.	5416.18	Nil	35140.00	Nil
3	ISRO	Controlled by Government of India.	Transfer of C.N.A/N2O4 plant on 01.10.2017 and Reimbursement of Operational Expenses & Utility Charges	3894.06	1216.81	7843.11	2600.55
	Trusts constituted by the Company *						
3a	HOCL Employees Provident Fund Trust, Rasayani	Managed by Trustees nominated by the company and the Employees' unions/ associations.	Company's contribution to Provident Fund	12.75	Nil	392.03	132.41
3b	HOCL Employees Provident Fund Trust, Kochi Unit	-do-	Company's contribution to Provident Fund	121.52	Nil	283.97	44.97
3c	HOCL Group Gratuity Trust	-do-	Nil	Nil	Nil	Nil	Nil

* Contribution for PF is considered upto 30.06.2018. 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 assets and liabilities as on 01.07.2018 of the Trust managing the Provident Fund accounts are under transfer to EPFO.

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Rs. in Lakhs

		Short-term employee benefits	Post-term employee benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
	2018-19						
A.	**Remuneration to Whole time Director, Managing Director and/or Manager:**						
	Shri. S.B. Bhide, CMD	37.96	3.85	0.00	0.00	0.00	41.81
B.	**Remuneration to Other Directors**						
i)	**Govt. Nominee Directors**						
	Ms. Meenakshi Gupta, AS&FA	0.00	0.00	0.00	0.00	0.00	0.00
	Ms. Alka Tiwari, AS&FA						
	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)						
	Ms. Pushpa Trivedi, NOID	1.00	0.00	0.00	0.00	0.00	1.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

	Mr. Mukesh Pareek, NOID	1.00	0.00	0.00	0.00	0.00	1.00
	Ms. Lata Alker, NOID	1.00	0.00	0.00	0.00	0.00	1.00
C.	**Key Managerial Personnel**						
	Mr. P.O. Luise, CFO	24.53	2.71	0.00	0.00	0.00	27.24
	Mrs. Susheela S. Kulkarni, CS	22.09	2.64	0.00	0.00	0.00	24.73
		87.58	**9.20**	**0.00**	**0.00**	**0.00**	**96.78**

2017-18

A.	**Remuneration to Whole time Director, Managing Director and/or Manager:**						
	Shri. S.B. Bhide, CMD	21.85	3.51	0.00	0.00	0.00	25.36
B.	**Remuneration to Other Directors**						
i)	**Govt. Nominee Directors**						
	Ms. Meenakshi Gupta, AS&FA	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)						
	Ms. Pushpa Trivedi,NOID	0.65	0.00	0.00	0.00	0.00	0.65
	Mr. Mukesh Pareek,NOID	0.70	0.00	0.00	0.00	0.00	0.70
	Ms. Lata Alker, NOID	0.55	0.00	0.00	0.00	0.00	0.55
C.	**Key Managerial Personnel**						
	Mr. P.O. Luise, CFO	17.03	2.33	0.00	0.00	0.00	19.36
	Mrs. Susheela S. Kulkarni, CS	15.67	2.48	0.00	0.00	0.00	18.15
		56.45	**8.32**	**0.00**	**0.00**	**0.00**	**64.77**

Note:

In the ordinary course of its business, the Corporation enters into transactions with other Government controlled entities (not included in the list above). The Corporation 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 38 Financial Instruments:

39a. Financial Instrument

A Fair Values hierarchy :
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

B Financial assets and liabilities measured at fair value-recurring fair value measurements :

Rs. In Lakhs

	As at 31st March, 2019				As at 31st March, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets :								
Loans	-	-	1658.54	1658.54	-	-	1458.57	1458.57
Trade Receivables	-	-	1,770.63	1770.63	-	-	439.00	439.00
Investments	1111.00	-	-	1111.00	1111.00	-	-	1111.00
Cash and cash equivalents	-	-	3130.89	3130.89	-	-	7646.31	7646.31
Bank balances other than Cash			3904.12	3904.12	-		3272.43	3272.43
Other Financial Assets	-	-	1194.25	1194.25	-	-	1142.64	1142.64
Total Financial assets	**1,111.00**	**-**	**11,658.43**	**12,769.43**	**1,111.00**	**-**	**13,958.95**	**15069.95**
Financial liabilities								-
Non Cumulative Preference share	-	-	27000.00	27000.00	-	-	27000.00	27000.00
Borrowings	-	-	24561.88	24561.88	-	-	24557.26	24557.26
Trade payables	-	-	9800.11	9800.11	-	-	17630.28	17630.28
Other current financial liabilities	-	-	8679.49	8679.49	-	-	8681.80	8681.80
Total Financial liabilities	**-**	**-**	**70,041.48**	**70,041.48**	**-**	**-**	**77,869.34**	**77869.34**

39b. Categories of Financial Instruments

A Fair Values hierarchy :

	As at 31st March, 2019				As at 31st March, 2018			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVTPL	Amortised Cost	Total
Financial assets :								
Loans	-	-	1658.54	1658.54	-	-	1458.57	1458.57
Trade Receivables	-	-	1770.63	1770.63	-	-	439.00	439.00
Investments	-	-	1111.00	1111.00	-	-	1111.00	1111.00
Cash and cash equivalents	-	-	3130.89	3130.89	-	-	7646.31	7646.31
Bank balances other than Cash	-	-	3904.12	3904.12	-	-	3272.43	3272.43
Other Financial Assets	-	-	1194.25	1194.25	-	-	1142.64	1142.64
Total Financial assets	-	**-**	**12,769.43**	**12,769.43**	-	**-**	**15,069.95**	**15,069.95**
Financial liabilities				-				-
Non Cumulative Preference share	-	-	27000.00	27000.00	-	-	27000.00	27000.00
Borrowings	-	-	24561.88	24561.88	-	-	24557.26	24557.26
Trade payables	-	-	9800.11	9800.11	-	-	17630.28	17630.28
Other current financial liabilities	-	-	8679.49	8679.49	-	-	8681.80	8681.80
Total Financial liabilities			**70,041.48**	**70,041.48**			**77,869.34**	**77,869.34**

Note No. 40-a 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 non of investmenet 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. comapny generating revenue for individually in excess of 10% or more of the Company's revenue for the year ended t March 31, 2019 from the below mention customer.

Name of customer	Amt of revenue	% of total revenue
Ramesh Kumar & Company	7526.49	15%
Sonkamal Enterprises P Ltd	5034.37	10%
Deepak Fertilisers and Chemicals Ltd	21953.48	44%

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 borrowinf fcailities, continuosly monitoring forecast and actual cash flow and by matching the maturiy profiles of financial assets and liabilties.

40-b Amendment in Ind AS 7 - Statement of Cash Flow

The amendments do not prescribe a specific format to disclose the financing activities. An entity may fulfil the disclosure objective by providing a reconciliation between the opening and closing balances in this statement of financial position for liabilities arising from financing activities including both changes arising from cash flow and non-cash flow changes, suggestion inclusion of a reconciliation between the opening and closing balance in balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Particular	2017-18	Cash flow	Non cash	2018-19
Non Current Borrowing	24561.88	68.24	-	24630.12
Non current Loan	1658.54	-263.73	-	1394.81

41. 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.

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Sd/- **S.B. Bhide** Chairman & Managing Director DIN 05323535	Sd/- **Mukesh Pareek** Director DIN 07758639	As per our report of even date **For M.B. AGRAWAL & CO.** Chartered Accountants ICAI FRN 100137W
Sd/- **Mrs. Susheela S. Kulkarni** Company Secretary	Sd/- **P.O. Luise** Chief Financial Officer	Sd/- **Harshal Agrawal** Partner Membership No.109438
Place: Mumbai Date: 29.07.2019		Place: Mumbai Date: 29.07.2019

INDEPENDENT AUDITOR'S REPORT (REVISED)

To the Members of
Hindustan Organic Chemicals Limited

Report on the Audit of the Revised Consolidated Financial Statements

Opinion

We have audited the revised consolidated financial statements of Hindustan Organic Chemicals Limited ("the Company") and its subsidiary (the Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the revised consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid revised consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('IndAS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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 Revised 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 revised 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the revised consolidated financial statements of the current period. These matters were addressed in the context of our audit of the revised 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.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Evaluation of uncertain tax positions** The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes no. vii(c) of Annexure A to revised Standalone Auditors Report	***<u>Principal Audit Procedures</u>*** Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We involved an external expert to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. The external expert also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2018 to evaluate whether any change was required to management's position on these uncertainties.
2	**Recoverability of Trade Receivables** As at March 31, 2019, current asset in respect of Trade Receivables in respect of *Rasayani Unit* includes recoverable amounting to Rs. 2,007.68 lakhs which are pending legal dispute. The above amount refers to the major portion of Trade Receivable. Refer Note no. 8 to the Revised consolidated financial statements	***<u>Principal Audit Procedure</u>*** We have reviewed the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution.
3	**Reversal of penal interest on Government of India (GoI) Loan** The Company has reversed the provision for penal interest in respect of GoI Loan amounting to Rs. 2004.30 lakhs in respect of previous years. Re-instatement of interest on Government of India Loan of Rs. 758.97 lakhs written in the books of accounts in the earlier years(. Refer Note no. 13b(ii) and 25(i)of the revised consolidated financial statements.	***<u>Principal Audit Procedure</u>*** We have reviewed the letter received by the Company from the Ministry of Petrochemicals, Government of India which clarified that the Penal interest and Interest on interest is payable only when the sanctioning authority uses its right to demand, apart from the same all interest is due and payable. We have obtained the said documentation from the management.
4	**Reporting of financial instruments through OCI at amortised cost.**	***<u>Principal Audit Procedure</u>*** The subsidiary company(HFL) revisited its status on reporting of financial instruments through OCI at amortised cost based on updated developments when compared to immediate previous year. Accordingly, based on realistic assessment of the underlying transactions by the subsidiary auditors, the company is of view that there are no Financial instruments which are receivable/ payable in future at discounted values and accordingly these are shown at actual values. Accordingly the corresponding effect between the previous year and current year, is passed through OCI during the year.
5	**Review of reported pay fixation in previous year pertaining to employees by subsidiary company.**	***<u>Principal Audit Procedure</u>*** The subsidiary company(HFL) had carried out a detailed review of certain reported error/anomalies in pay fixation pertaining to employees and this exercise resulted in identifying excess payment to certain employees due to this error, amounting to Rs. 268 lakhs since 1997 onwards. Accordingly, the subsidiary company initiated recovery process from those employees and had already recovered/adjusted Rs. 95.73 lakhs upto 31/03/2019. Recovery proceeds of balance amount is under way.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis Report including Annexures to Board's Report, Corporate Governance and Shareholder's information and the chairman's statement' but does not include the revised consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

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

In connection with our audit of the revised consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the revised 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 on the other information that we obtained prior to the date of this auditor's report, 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.

Responsibilities of Management and Those Charged with Governance for the Revised consolidated financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these revised consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with IndAS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the revised consolidated financial statements, the respective Board of Directors of the companies included in Group are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Revised consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the revised 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 revised consolidated financial statements.

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 revised 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 company and its subsidiary company which is incorporated in India, 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 revised 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 revised consolidated financial statements, including the disclosures, and whether the revised consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on revised consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the financial statements of such entities included in the revised consolidated financial statements.

Materiality is the magnitude of misstatements in the revised consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the revised consolidated 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.

Other Matter

We did not audit the standalone financial statements/ information of subsidiary whose financial statements is included in the revised consolidated financial statements of the Company. The financial statements/financial information of the subsidiary reflects total assets of Rs. 6,474.69 lakhs as at 31st March 2019 and total revenue of Rs. 4126.82 lakhs and total comprehensive loss of Rs. 478.07 lakhs for the year ended on that date, as considered in the revised consolidated financial statements. We also, did not audit the financial statements/ information of Kochi unit of Holding Company included in the revised consolidated financial statements whose financial statements/financial information reflect total assets of Rs. 24,016.42 lakhs (excluding inter branch balance) as at 31st March 2019 and total revenue of Rs. 47,199.01 lakhs and total comprehensive profit of Rs. 4,326.20 lakhs for the year ended on that date, as considered in the revised consolidated financial statements.

These financial statements/information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the revised consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect the subsidiary and Kochi unit, and our report in terms of section 143(3) and (11) of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the reports of its auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. 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 A', a statement on the matters referred to in those directions.
2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law relating to preparations of the aforesaid revised consolidated financial statements have been kept so far as it appears from our examination of those books.

(c) The reports on the accounts of the branch offices of the Group audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

(d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of revised consolidated financial statements.

(e) In our opinion, the aforesaid revised consolidated financial statements comply with the IndAS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(f) As per the notification no. G.S.R. 463(E) dated June 05, 2015, the Government companies are exempted from provisions of section 164(2) of the Act. Accordingly, we are not required to report whether any director(s) are disqualified in terms of provisions contained in said section.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B' which is based on the auditor's report of the company and its subsidiary incorporated in India.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 revised consolidated financial statements – Refer Note no. 36 to the revised consolidated financial statements;

ii. The Holding Company has entered into long term transmission contract with the Gas Authority of India Limited (GAIL) for transmission of Liquified Natural Gas in 2011 for a period of 15 years ending in 2026. Material foreseeable losses cannot be identified in the current scenario. The Group did not have any other derivative contract.

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

3. Based on the observations of the Comptroller and Auditor General of India, additions/revisions have been carried out. We give in Annexure C, the statements of the said additions/revisions which has been carried out.

For **M. B. Agrawal & Co.**
Chartered Accountants
(Firm's Registration No. 100137W)

Place : Mumbai
Date : 29-July-2019

Harshal Agrawal
Partner
(Membership No. 109438)
UDIN : 19109438AAAACH4590

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

To the Members of Hindustan Organic Chemicals Limited for the year ended 31st March, 2019
(Referred to in paragraph 2 under Report on Other Legal and Regulatory Requirements)

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

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 the accounts along with the financial implications, if any, may be stated.

   Holding Co- Yes, all the accounting transactions are processed through IT systems. However, there are two IT systems in place i.e., TallyERP in Rasayani Unit and SAP in Kochi unit. The company does not have a process of integrating the two systems, causing delay in preparation of financial statements. Consolidation of the Rasayani and Kochi unit as a whole is prepared using MS Office.

   Subsidiary Co.-As per the information, explanations and records produced for our verification, the company has a system in place to process all the accounting transactions through IT system and there are no instances of processing of accounting transactions outside the IT system.

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 the company's inability to repay the loan? If yes, the financial impact may be stated.

   Holding Co.-There are no loans which have been restructured during the year. A restructuring plan has been approved by the Government of India vide order dated May 22, 2017. As per restructuring plan, no waiver of interest or principal amount of loans has been granted. As per GoI letter no. P-51015/1/2019 – Ch. III dated 27/03/2019, it has been clarified that no penal interest or interest on interest has been charged by GoI. If they were to be charged, then interest on interest would amount to Rs. 312.73 crores and Penal interest would amount to Rs. 30.71 crores.

   Subsidiary Co.- There are no instances of any restructuring of existing loan availed by the Company or cases of waiver/write off of debts/loans/interest made by a lender to the company on account of company's inability to repay the loan.

3. Whether funds received/receivable for specific schemes from central / state agencies were properly accounted for / utilized as per its terms and conditions? List the cases of deviation.

   Holding Co.-No, the company has not received any fund for specific scheme from central / state agencies.

   Subsidiary Co.- As per the information, explanations and records produced for our verification, during the year under review, no funds were received/ receivable for any specific scheme from central/state agencies.

4. State areas of land under encroachment and briefly explain the steps taken by the Company to remove encroachments.

   Holding Co. -As informed and as per the information and explanation available to us, in Rasayani Unit, land admeasuring 66.024 acres is under encroachment as per the report of the survey conducted by M/s. The Geo Tek dated January 14, 2019. Also, there is public road constructed approximating 10.776 acres. In the financial statements, the land at Rasayani to extent of 66.024 acres have not been revalued.

For **M. B. Agrawal & Co.**
Chartered Accountants
(Firm's Registration No. 100137W)

Harshal Agrawal
Partner
(Membership No. 109438)

Place : Mumbai
Date : 29-Jul-2019

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 3(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 Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Hindustan Organic Chemicals Limited ("the Company") and its subsidiary, which is incorporated in India, as of March 31, 2019 in conjunction with our audit of the revised consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company and its subsidiary incorporated in India is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Group 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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 control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the revised 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 internal financial controls system over financial reporting of the Group.

Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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, 2019, 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.

For **M. B. Agrawal & Co.**
Chartered Accountants
(Firm's Registration No. 100137W)

Sd/-
Harshal Agrawal
Partner
(Membership No. 109438)

Place : Mumbai
Date : 29-Jul-2019

ANNEXURE 'C' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 3 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Hindustan Organic Chemicals Limited of even date)

Based on the observations of the Comptroller and Auditor General of India, following additions/revisions have been carried out :

Additions/Revisions in the Consolidated Accounts:

Sr. No.	Note No.	Subject
a.		**Cash Flow Statements**
		The cash flow from operating activities is determined by adjusting profit or loss for the period as against previously done by adjusting Total Comprehensive income for the year.
		Cash Flow statement changed on account of non-cash flow items previously not eliminated.
		The components of Cash and Cash Equivalents are added as separate head below revised Cash Flow Statement.
b.	36	**Contingent Liabilities and Commitments**
		Assessment demands raised by KVAT Authorities and adjusted against refunds due to the company amounting to Rs. 288.30 lakhs shown as Contingent Liability is removed from Contingent Liability and disclosed under Other Current Assets (Note no. 6b)
		Assessment demands made and not adjusted against refund due to the company amounting to Rs. 73.36 lakh has been disclosed under Contingent Liability.
		Current Year Contingent Liability is revised to Rs. 44,916.66 lakhs from Rs. 45,131.6 lakhs earlier.

For **M. B. Agrawal & Co.**
Chartered Accountants
(Firm's Registration No. 100137W)

Sd/-
Harshal Agrawal
Partner
(Membership No. 109438)

Place : Mumbai
Date : 29-Jul-2019

REPORT OF THE C&AG SUPPLEMENTARY AUDIT - CONSOLIDATED FY 2018-19

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 2019

The preparation of Consolidated Financial Statements of Hindustan Organic Chemicals Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory 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 Revised Audit Report dated 29 July 2019 which supersedes their earlier Audit Report dated 28 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit of the Consolidated Financial Statements of Hindustan Organic Chemicals Limited for the year ended 31 March 2019 under Section 143(6)(a) read with section 129(4) of the Act. We conducted a Supplementary Audit of the Financial Statements of Hindustan Organic Chemicals Limited and Hindustan Fluorocarbons Limited. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the Consolidated Financial Statements by the management, as indicated in Note No. 37B of the Financial Statements, to give effect to some of my audit observations raised during Supplementary Audit, I have no further comments to offer upon or supplement to the Statutory Auditors' Report under Section 143(6)(b) read with section 129(4) of the Act.

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

Sd/-
(Roop Rashi)
Director General of Commercial Audit and
ex-Officio Member, Audit Board-I, Mumbai

Place: Mumbai
Date: 21 August 2019

Consolidated Balance Sheet as at 31st March 2019

(₹ in Lakhs)

Particulars	Notes	As at 31.03.2019	As at 31.03.2018
ASSETS			
I. Non Current assets			
a) Property, Plant and equipment	3a	16,718.97	15,217.94
b) Investment Property	3b	95.15	5.08
c) Intangible assets	3c	182.18	194.92
d) Financial Assets			
(i) Investments	4	5.00	5.00
(ii) Loans	5a	401.89	117.63
e) Other Non-current Assets	6a	316.72	224.98
Total Non current Assets		**17,719.91**	**15,765.55**
Current assets			
Inventories	7	5,292.81	6,270.32
Financial assets			
(i) Trade Receivables	8	2,279.56	809.26
(ii) Cash and cash equivalents	9	3,131.34	7,646.83
(iii) Bank balances other than (ii) above		3,905.84	3,274.05
(iv) Loans	5b	66.64	87.31
(v) Other financial assets	10	527.88	367.65
Non current assets held for sale	3d	117,845.61	125,710.98
Other current assets	6b	4,334.27	5,927.78
Total Current Assets		**137,383.95**	**150,094.18**
Total Assets		**155,103.86**	**165,859.73**
EQUITY AND LIABILITIES			
1. Equity			
a) Equity Share capital	11a	6,726.96	6,726.96
b) Other equity			
(i) Securities Premium	12a	4,838.56	4,838.56
(ii) Retained Earnings	12b	(109,865.49)	(120,761.58)
(iii) Other comprehensive Income	12c	107,351.09	112,632.12
Total Other Equity		**2,324.16**	**-3,290.90**
Total Equity		**9,051.12**	**3,436.06**
Non Controlling interest		**(1,881.32)**	**(1,673.02)**
Liabilities			
Non-current liabilities:			
Financial liabilities			
(i) Borrowings	13a	24,561.88	24,893.26
(ii) Trade payables	14a	-	-
Provisions (Long term)	15a	1,980.80	2,279.13
Deferred Tax liabilities	16	20,900.52	19,986.52
Net employee defined benefit liabilities	17	2,306.38	2,263.97
Non current liabilities - Total		**49,749.58**	**49,422.88**
Current liabilities:			
Financial liabilities			
(i) Non Cumulative Preference Share Capital	13d	27,000.00	27,000.00
(ii) Borrowings	13c	408.80	258.59
(iii) Trade payables	14b	10,193.28	18,006.48
(iv) Other current financial liabilities	13b	11,090.35	10,217.96
Provisions	15b	5,239.63	6,620.22
Net employee defined benefit liabilities	18	90.17	139.09
Other current liabilities	19	44,162.25	52,431.47
Current Liabilities - Total		**98,184.48**	**114,673.81**
Total equity and liabilities		**155,103.86**	**165,859.73**
Significant Accounting Policies	2		
Notes to the Financial Statements	1-41		

For and on behalf of the Board of Directors

Sd/-
S.B. Bhide
Chairman & Managing Director
DIN 05323535

Sd/-
Mukesh Pareek
Director
DIN 07758639

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Sd/-
P.O. Luise
Chief Financial Officer

Place: Mumbai
Date: 29.07.2019

As per our report of even date attached
For M.B. AGRAWAL & CO.
Chartered Accountants
ICAI FRN 100137W

Sd/-
Harshal Agrawal
Partner
Membership No.109438

Place: Mumbai
Date: 29.07.2019

Consolidated Statement of Profit and Loss for the year ended 31st March 2019

(₹ in Lakhs)

Particulars	Note No.	Year ended 31.03.2019	Year ended 31.03.2018
Revenue from operations:			
Sale of products	20	51,085.04	27,918.30
Other Income	21	11,748.46	6,611.26
Total Income		**62,833.50**	**34,529.56**
Expenses:			
Cost of materials consumed	22	27,099.47	14,587.76
Changes in Inventories of finished goods, Stock in Trade and work in progress	23	899.97	(815.77)
Employee benefits expenses	24	6,783.20	19,370.67
Finance costs	25	6,824.26	7,774.76
Depreciation and amortization expenses	26a	325.01	573.97
Provision for impairment loss on fixed assets	26b	-	251.03
Other expenses	27	13,587.66	11,487.19
Total expenses		**55,519.57**	**53,229.61**
Profit / (Loss) before exceptional items and tax		**7,313.93**	**-18,700.05**
Less: Exceptional items		-	-
Profit / (Loss) before tax		7,313.93	(18,700.05)
(1) Current tax		-	-
(2) Deferred tax		(2,069.00)	-
Tax expenses:		-2,069.00	0.00
Profit / (Loss) for the period		**5,244.93**	**-18,700.05**
Other Comprehensive Income:			
(i) Items that will not be reclassified to profit or loss		-	-
a) Revaluation of Plant , property & equipments	12c	(569.17)	12,478.07
Less :- Deferred Tax assets	12c	(36.00)	(2,793.25)
b) Provision for duties & taxes		381.22	-
b) Changes in defined benefit plan	12c	(454.35)	623.10
Re-measurement of the defined benefit plans	12c	(350.81)	(155.34)
Other Comprehensive Income for the year, net of tax		**-1,029.11**	**10,152.58**
Total Comprehensive Income for the year		**4,215.82**	**-8,547.47**
Net profit attributable to			
a) Owners of the Company		5,170.79	-18,666.34
b) Non controlling interest		74.14	-33.71
Other Comprehensive income attributable to			
a) Owners of the Company		-746.72	10,329.11
b) Non controlling interest		-282.39	-176.53
Total Comprehensive income attributable to			
a) Owners of the Company		4,424.07	-8,337.23
b) Non controlling interest		-208.25	-210.24
Earnings per equity share (in Rupees)			
Basic (Face value of Rs. 10 each)		7.81	-27.84
Diluted (Face value of Rs. 10 each)		7.81	-27.84
Significant Accounting Policies			
Notes to the Financial Statements			

For and on behalf of the Board of Directors

Sd/-
S.B. Bhide
Chairman & Managing Director
DIN 05323535

Sd/-
Mukesh Pareek
Director
DIN 07758639

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Sd/-
P.O. Luise
Chief Financial Officer

Place: Mumbai
Date: 29.07.2019

As per our report of even date attached
For M.B. AGRAWAL & CO.
Chartered Accountants
ICAI FRN 100137W

Sd/-
Harshal Agrawal
Partner
Membership No.109438

Place: Mumbai
Date: 29.07.2019

Statement of Changes in Equity for the year ended 31st March, 2019

A. Equity Share Capital

Particulars	Equity shares of INR 10 each	
	Nos.	Rs. In Lakhs
Issued, subscribed and fully paid		
At 1st April 2017	67173100	6,726.96
Changes during the period	-	-
At 31 March 2018	67173100	6,726.96
Changes during the period	-	-
At 31st March 2019	67173100	6,726.96

B. Statement of Changes in Other Equity for the year ended 31st March , 2019 **(₹ in Lakhs)**

Description	Other Comprehensive Income	Securities Premium	Retained earnings	Total Other Equity
As at 1st April 2017	140,764.63	4,984.31	(140,035.24)	5,713.70
Profit for the period as restated	-		(18,666.34)	(18,666.34)
Securities premium utilised against Bond	-	(145.75)		(145.75)
Reserve transferred to Retained earning on sale of land	(37,940.00)		37,940.00	-
Other comprehensive income	12,478.07			12,478.07
Other comprehensive income- Deferred Tax Liabilities	(2,793.25)			(2,793.25)
Provision for Duties & Taxes Receivable	(381.22)			(381.22)
Other comprehensive income - remeasurement of fair value of defind benefit obligation'	591.55			591.55
Financial instruments through OCI at amortised cost	(87.66)			(87.66)
As at 31st March 2018	**112632.12**	**4838.56**	**-120761.59**	**-3290.91**
Profit for the period			5,105.75	5,105.75
Profit on sale of Land			5,725.35	5,725.35
Reserve transferred to Retained earning	(5,725.35)			(5,725.35)
Other comprehensive income - cost of sale on revalued assets	(234.86)			(234.86)
Other comprehensive income- revaluation of assets	(334.33)			(334.33)
Provision for Duties & Taxes Receivable no longer required	381.22			381.22
Other comprehensive income - remeasurement of fair value of defind benefit obligation'	(324.75)			(324.75)
Financial instruments through OCI at amortised cost	(197.96)			(197.96)
Other comprehensive income- Deferred Tax Liabilities	1,155.00			1,155.00
As at 31st March 2019	**107351.09**	**4838.56**	**-109930.49**	**2259.16**

The accompanying notes are an integral part of these financial statements

Nature and purpose of reserves

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

Retained Earnings

The balance held in this reserve is the accumulated retained profit and is permitted to be distributed to shareholder as part of dividend.

Other Comprehansive Income

The company has chosen to recognise land at revalued model through other comprehensive income.

For and on behalf of the Board of Directors

Sd/-
S.B. Bhide
Chairman & Managing Director
DIN 05323535

Sd/-
Mukesh Pareek
Director
DIN 07758639

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Sd/-
P.O. Luise
Chief Financial Officer

Place: Mumbai
Date: 29.07.2019

As per our report of even date attached
For M.B. AGRAWAL & CO.
Chartered Accountants
ICAI FRN 100137W

Sd/-
Harshal Agrawal
Partner
Membership No.109438

Place: Mumbai
Date: 29.07.2019

Consolidated Cash flow Statement for the year ended 31st March 2019

(₹ in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) for the period	5,244.93	(10,484.81)
Adjustments for :		
Depreciation & Amortization	325.01	825.00
Interest Income	(339.11)	(159.75)
Interest Expense (excluding interest on GoI Loan)	298.48	3,905.28
Profit on Sale of Assets	(3,508.56)	(3,013.26)
Tax Expense	1,191.00	(2,206.23)
Addition in revaluation of land value	(1,854.30)	-
Adjustment in respect of change in value of assets held for sale	7,378.05	-
Effect of measurement of Financial Instruments at amortised cost	(1,029.11)	(10,152.58)
Operating Cash Flows before Working Capital changes (A)	**7,706.39**	**(21,286.35)**
Adjustments for		
(Increase)/Decrease in Inventories	977.40	(1,341.60)
(Increase)/Decrease in Trade receivables	(1,470.30)	89.88
(Increase)/Decrease in Loan & Other Financial Assets	3,818.36	(250.12)
(Increase)/Decrease in Other than bank balance	(631.70)	(3,274.05)
(Increase)/Decrease in Other Current Assets	1,593.50	(1,939.25)
(Increase)/Decrease in Other Non Current Assets	(91.75)	1.71
Increase/(Decrease) in Trade Payables	(7,813.31)	(1,464.88)
Increase/(Decrease) in Other Financial Liabilities	(4,044.59)	(8,960.86)
Increase/(Decrease) in Deferred tax Liabilities	914.00	2,793.25
Increase/(Decrease) in Deferred Govt grant	-	(1,801.94)
Increase/(Decrease) in Other Current Liabilities & Provisions	(9,953.66)	(7,620.71)
Cash Generated from Operations (Working Capital Changes) (B)	**(16,702.05)**	**(23,768.57)**
Net Cash flow from Operating activities (1) (A+B)	**(8,995.66)**	**(45,054.92)**
CASH FLOW FROM INVESTING ACTIVITIES :		
Changes in Fixed Assets	(100.84)	(31.73)
Interest Income	339.11	151.45
Sale of fixed asset	4,064.98	34,166.45
Net Cash flow from / (used in) Investing activities (2)	**4,303.25**	**34,286.17**
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/Decrease in Secured Loans (Net of Repayments)	68.24	
Increase/Decrease in Unsecured Loans (Net of Repayments)	470.78	34,872.17
Bond Issue expenses	-	(25,000.00)
Debenture repayment	-	145.75
Effect of measurement of Financial Instruments at amortised cost	-	10,402.50
Interest Paid	(362.10)	(2,480.66)
Net cash used in financing activities (3)	**176.92**	**17,939.76**
Net Increase Decrease in Cash and Cash Equivalents (1+2+3)	(4,515.49)	7,171.01
Cash & cash equivalents at the beginning of the period	7,646.83	475.82
Cash & cash equivalents at the end of the period	**3,131.34**	**7,646.83**
Cash & cash equivalents as per above comprise of following		
a) Balances with banks (of the nature of cash and cash equivalents):		
Current accounts	392.97	4,215.16
Saving Account (Refer Note i)	136.08	130.77
Deposits with original maturity of less than three months	2,600.47	3,300.00
b) Cash on Hand	1.82	0.90
Total	**3,131.34**	**7,646.83**

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

For and on behalf of the Board of Directors

Sd/-
S.B. Bhide
Chairman & Managing Director
DIN 05323535

Sd/-
Mukesh Pareek
Director
DIN 07758639

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Sd/-
P.O. Luise
Chief Financial Officer

Place: Mumbai
Date: 29.07.2019

As per our report of even date attached
For M.B. AGRAWAL & CO.
Chartered Accountants
ICAI FRN 100137W

Sd/-
Harshal Agrawal
Partner
Membership No.109438

Place: Mumbai
Date: 29.07.2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

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 401, 402 and 403, 4th Floor, V Times Square, Sector 15, CBD Belapur, Navi Mumbai 400614 previous year at Rasayani, Raigad Dist. Maharashtra. 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 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 31.03.2019.

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, service level credits, 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 engage 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, 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 believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

Intangible assets: Amortisation over a period of 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) Non-Current assets 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 amortized 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 and SAP licence 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 andTransactions 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 propertyor, 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 andloss, 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 thestatement 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 theterms 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 amountrecognised 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 inthe 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 thatis 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 futureDeferred 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 thereportingdate.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 theoccurrence or non—occurrence of one or more uncertain future events not wholly within the control of the Companyor a present obligation that is not recognized because it is not probable that an outflow of resources will be requiredto settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot berecognized 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.

Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from April 1, 2019:

Ind AS - 116

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 16, effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

The Company is in the process of finalising changes to systems and processes to meet the accounting and reporting requirements of the standard. The company does not expect any significant impact from this pronouncement

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The company does not expect any impact from this pronouncement.

Ind AS 109 – Prepayment Features with Negative Compensation

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

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

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

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

NOTE 3 - FIXED ASSETS **(Rs. In Lakhs)**

Sl. No.	Description	GROSS BLOCK					DEPRECIATION / AMORTISATION / IMPAIRMENT					NET BLOCK	
Item		As at 01.04.2018	Additions	Deletions	Adjustments	As at 31.03.2019	Up to 01.04.2018	Deletions	Adjustments	Provided during the year	Up to 31.03.2019	As on 31.03.2019	As on 31.03.2018
a.	**Property, Plant and equipment**												
1a.	Land and Land Development	10506.08	1854.30	0.00	-11.63	12348.75	0.00	0.00	0.00	0.00	0.00	12348.75	10506.08
1b.	Leasehold Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Buildings	1725.73	0.00	0.00	-136.89	1588.84	1011.31	0.00	-56.28	36.23	991.26	597.58	714.43
3	Plant and Equipment	32248.52	15.80	0.00	0.30	32264.62	28316.97	0.00	-9.68	239.22	28546.51	3718.11	3935.26
4	Furniture, Fixtures and Equipments	190.83	10.02	0.00	0.00	200.85	176.72	0.00	0.00	8.36	185.08	15.77	14.11
5	Vehicles	116.25	6.44	4.71	0.00	117.98	109.23	4.48	0.00	1.27	106.02	11.96	7.02
6	Office Equipment	695.95	10.76	0.00	0.00	706.71	654.94	0.00	0.00	25.01	679.95	26.76	41.00
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
8	Railway Sidings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub-total	45496.83	1897.32	4.71	-148.22	47241.22	30282.60	4.48	-65.96	310.09	30522.25	16718.97	15217.94
9	Assets held for disposal	136478.82	17.22	13630.66	0.00	122865.38	10767.85	5782.64	34.53	0.00	5019.74	117845.61	125710.98
	Total	**181975.65**	**1914.54**	**13635.37**	**-148.22**	**170106.60**	**41050.45**	**5787.12**	**-31.43**	**310.09**	**35541.99**	**134564.58**	**140928.92**
b)	**Investment property - Land**	5.08	0.00	0.00	11.63	16.71	0.00	0.00	0.00	0.00	0.00	16.71	5.08
	- Building	0.00	0.00	0.00	136.89	136.89	0.00	0.00	56.28	2.17	58.45	78.44	0.00
	Total	**5.08**	**0.00**	**0.00**	**148.52**	**153.60**	**0.00**	**0.00**	**56.28**	**2.17**	**58.45**	**95.15**	**5.08**
c)	**Intangible assets - Computer software**	633.69	0.00	0.00	0.00	633.69	438.77	0.00	0.00	12.74	451.51	182.18	194.92
	G. Total (a + b + c)	**182619.50**	**1914.54**	**13635.37**	**148.82**	**171047.49**	**41489.22**	**5787.12**	**81.13**	**327.17**	**36110.40**	**134937.06**	**141134.00**

1. In the books of Holding Company and Subsidiary company, the land is revalued as per Ind AS and for other assets it is only optional for Ind AS valuation method of adoption and the Company has adopted the cost method.

2. Kochi unit of 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 leave agreement.

Amounts recognised in profit or loss for investment properties	31.03.2019	31.03.2018
Rental income including contingent rent	61.34	50.19
Direct operating expenses from property that generated Rental Income	24.41	26.56
Direct operating expenses from property that did not generate rental income	0	0
Income from investment properties before depreciation	36.93	23.63
Depreciation	2.17	2.17
Income from investment properties	34.76	21.46

Fair value of investment property (Land)	As at 31.03.2019 (Rs. In Lakhs)
Investment property-Sterling Gas Ltd	80.25
Investment property-Township	271.04
Total	351.29

Estimation of fair value:

The fair value of investment property has been determined by an esternal independent property valuer having professional qualification. The fair value determined by Govt. has been used to determine fair value of investment property.

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 31.03.2019	As on 31.03.2018
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	115869.84	124792.54
Buildings		E-auction through MSTC	-do-	73.16	395.91
Plant and Equipment		-do-	-do-	263.66	302.77
Furniture, Fixtures and Equipments		-do-	-do-	0.95	111.14
Vehicles		-do-	-do-	0.00	10.87
Office Equipment		-do-	-do-	0.00	2.63
Railway Sidings		-do-	-do-	0.00	1.77
JNPT Tank farm-CWIP		Handing over to JNPT	-do-	1638.00	93.35
Total				**117845.61**	**125710.98**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
Financial Assets		
4. Investments		
Non current		
Investment stated at Cost		
(A) Investments in Equity Instruments		
b. Investments in Equity instruments in Joint Venture		
Subsidiary - Unquoted:		
0 (previous year 30000) Equity Shares of Rs. 10 each fully paid in HOC-Chematur Ltd.,	0.00	3.00
Less :- Allowances	0.00	3.00
	0.00	0.00
Investment in Unquoted Equity Shares of Kerala Enviro Infrastucture Ltd		
(50000 Unquoted Equity Shares @ Rs.10/-)	5.00	5.00
Less :- Provision for diminution 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	0.00	0.00
Aggregate amount of unquoted investments	5.00	5.00
Total Non-Current Investments	**5.00**	**5.00**
5. Loans		
5a. Non-current		
(A) Security Deposit		
a. Unsecured, Considered good	401.45	115.92
b. Doubtful	3.06	3.06
Less: Allowance for doubtful security deposit	-3.06	-3.06
	401.45	**115.92**
(B) Sundry loans		
Loans to employees		
a. Unsecured, Considered good	0.44	1.71
Total loans	**401.89**	**117.63**
5b. Loans - Current		
(A) Loans to employees		
a. Unsecured, Considered good	66.64	87.31
(B) Sundry loans		
Doubtful	171.08	171.08
Less: Allowance for doubtul sundry loans	171.08	171.08
	0.00	0.00
Total loans	**66.64**	**87.31**

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Holding Company.

Particulars	As at 31.03.2019	As at 31.03.2018
6a. Other Non-Current Assets		
(i) Deposits with customs, KSEB & BSNL	217.48	131.45
Sub-total	217.48	131.45
ii) Other Deposits	99.24	93.53
Total	**316.72**	**224.98**

(₹ in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
6b. Other Current Assets		
(i) Deposits with the Collectorate of Central Excise and Customs	28.51	321.65
Less : Allowances	2.9	2.9
Sub-total	**25.61**	**318.75**
(ii) Statutory receivables - Duties & Taxes	2894.87	3038.94
TDS Receivable (Land sale)	0	351.4
	2894.87	3390.34
Less :- Allowances	66.38	471.23
Sub-total	**2828.49**	**2919.11**
(iii) Advances to suppliers		
- Considered good	145.22	154.66
- Considered doubtful	0.91	0.91
Less: Allowances for doubtful	-0.91	-0.91
Sub-total	**145.22**	**154.66**
(iv) Deposits	4.85	2.35
Less: Allowances for doubtful	1.8	1.8
Sub-total	**3.05**	**0.55**
(v) Consideration of sale of Fixed Assets receivable	911.05	2295.87
(vi) Statutory receivables	238.76	85.44
(vii) Prepaid Expenses	46.17	34.57
(viii) Other Advances Recoverable	35.98	43.85
(ix) Accrued income on Employee Advances	38.74	53.32
(x) Accrued income on Deposits	61.2	21.66
(xi) Claim Receivable from Employees	0	0
Total	**4334.27**	**5927.78**
Total (Non-Current + Current)	**4650.99**	**6152.76**

The Holding Company has ongoing disputes with Kerala State Value Added Tax authorities, amounting to Rs.288.30 Lakhs included in Note No.6b(ii) Statutory receivables - Duties & Taxes. The department has adjusted the same against refunds due to the company. Company has filed Appeals at various forums and based on the management evaluation and on the advice of the Tax consultants the amounts are receivable.

Particulars	As at 31.03.2019	As at 31.03.2018
7. Inventories		
a. Raw materials and components	646.77	1002.28
Less: Allowances for obsolesence	0	0
	646.77	1002.28
b. Work in progress	951.38	1044.79
c. Finished goods	1258.05	2064.61
d. Traded goods	0	0
e. Store and spares	2792.92	2525.5
Less; Allowances for obsolesence	-356.31	-366.86
	2436.61	2158.64
Total	**5292.81**	**6270.32**

In the books of Subsidiary company:

i) Finished goods, which have not moved for more than 3 years are valued at Rs.1.00/kg and the consequential difference in value of Rs.122 (2018: Rs. 172) and there is no difference to charge off during the year.

Particulars	As at 31.03.2019	As at 31.03.2018
8. Trade receivables		
Current		
Secured	1440.76	0
Unsecured, Considered good	838.8	809.26
Doubtful	2571.84	2524.7
Less: Allowance for doubtul trade receivable	-2571.84	-2524.7
Less: Bills Receivables discounted	0	0
Total	**2279.56**	**809.26**

i) Balance standing to the debit/credit of parties is subject to confirmation by them and review by the Company.

ii) In the books of Subsidiary company, Debts over due for a period exceeding six months includes towards case filed in High Court of Andhra Pradesh, which is pending amounting to Rs.129.16Lacs (2018: Rs 129.16 lakhs)

The disclosure of movement as required under Indian Accounting Standard 37

Particulars	As at 31.03.2019	As at 31.03.2018
Allowance for doubtful Trade receivables		
Provision at the beginning of the year	2524.7	2524.66
Provisions made during the year	47.16	0.04
Less : Released during the year	0.02	0.02
Provision at the end of the year	**2571.84**	**2524.68**

(₹ in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
9a. Cash and cash equivalents		
Current		
Balances with banks (of the nature of cash and cash equivalents):		
Current accounts	392.97	4215.16
Saving Account (Refer Note i)	136.08	130.77
Deposits with original maturity of less than three months	2600.47	3300
Cash on Hand	1.82	0.9
Total	**3131.34**	**7646.83**

Note i : 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
9b. Other Bank balances		
Fixed Deposit against LC/BG	3905.84	3274.05
Fixed deposit for maturity of more than three months but less than 12 month	0	0
Total	**3905.84**	**3274.05**

In the books of Subsidiary company, Margin money deposits are subject to first charge/ lien to secure the company's cash credit loan and term loan with a maturity period of upto 12 months.

Particulars	As at 31.03.2019	As at 31.03.2018
10. Other Financial Assets		
Current		
(A) Interest receivable		
a. Unsecured, Considered good		
Accrued Interest on Employees Advances	174.09	25.32
Accrued Interest on Deposits	48.03	12.36
	222.12	**37.68**
Accrued Income from Township	5.53	26.53
Less : Allowances	5.53	7.25
	0	19.28
Total	**222.12**	**56.96**
(C) Receivable from ISRO (Reimbursement) (Unsecured, Considered good)	305.76	304.91
D) Miscellaneous advance recoverable		
a. Unsecured, Considered good		
b. Doubtful	0	5.78
Less: Allowance for doubtful other financial assets	0	0
	0	5.78
Total	**527.88**	**367.65**

Subsidiary Company Hindustan Fluorocarbons Ltd has created mortgage in favour of the Holding Company on 84.31 acre of land at Rudraram Vill, Medak Dist., Telengana state towards zero coupon loan Rs.2744 lakhs outstanding and the interest bearing loan of Rs.453.01 lakhs and interest accrued thereon amounting to Rs.781.62 lakhs.

The Subsidiary company had outstanding Govt. plan loan of Rs.3.60 Cr. availed for manufacture of MPTFE and Rs.13.20 Cr. 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 and 2018-19 amounting to Rs.1,244.00 lacs shown in Note-16 under the head 'Other Financial liabilities being Govt. Plan Loan current maturities of long term debt'.

11. Share Capital

Description	As at 31.03.2019 Nos.	As at 31.03.2019 Rs. In lakhs	As at 31.03.2018 Nos.	As at 31.03.2018 Rs. In lakhs
Authorised Share Capital				
Equity Shares of Rs. 10 each				
Opening Balance	100000000	10000	100000000	10000
Increase/(decrease) during the year	0	0	0	0
Closing balance	100000000	10000	100000000	10000
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	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

Name of the shareholder	As at 31.03.2019 No. In	As at 31.03.2019 % Holding	As at 31.03.2018 No. In	As at 31.03.2018 % Holding
Equity shares of INR 10 each fully paid: The Government of India	39481500	58.78%	39481500	58.78%

2) 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".

(₹ in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018

(₹ in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
12. Other equity		
a) Securities Premium Reserve		
Opening balance	4838.56	4984.31
Increase/(decrease) during the year	0.00	-145.75
Closing balance	**4838.56**	**4838.56**
b) Retained Earnings		
Opening balance	-120761.59	-140035.24
Add: Profit for the year	5170.75	-18666.34
Add: Profit on sale of Land	5725.35	37940.00
Closing balance	**-109865.49**	**-120761.58**
c) Other comprehensive income		
i) Revaluation of Property, plant & Equipments		
Opening balance	112509.45	140764.63
Add: Revaluation during the year	-334.33	12478.07
Less: Cost of sale of revalued assets	-234.86	0.00
Less: Reserve transferred to Retained Earning	-5725.35	-37940.00
Less: Deferred Tax assets	1155.00	-2793.25
Closing balance	**107369.91**	**112509.45**
ii) Provision for Duties & Taxes Receivable - Kochi		
Opening balance	-381.22	-381.22
Add:	0.00	0.00
Less:	-381.22	0.00
Closing balance	0.00	-381.22
(iii) Changes in defined benefits plan		
Opening	503.89	873.02
		-140.44
Less:Re-measurement of defined benefit plan	-324.75	-141.03
Add : Financial instruments through OCI at amortised cost	-197.96	-87.66
	-18.82	**503.89**
G. Total	**107351.09**	**112632.12**
Total Other Equity	**2324.16**	**-3290.90**

Securities Premium Reserve - Where the Holding 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.

Particulars	As at 31.03.2019	As at 31.03.2018
13. Borrowings		
13a. Non-current Borrowings		
Term Loan	0.00	0.00
Loans from Government of India	24561.88	24893.26
Other Loan	0.00	0.00
	24561.88	**24893.26**
13b. Other Current financial liabilities		
Current maturities of Govt loan	9414.24	8787.25
Current maturities of Long term debt	9414.24	8787.25
Interest accrued and due on borrowings	0.00	0.00
Other payables	43.32	43.25
Employee Salaries and Arrears Payables	1632.79	1387.46
	11090.35	10217.96
Total Borrowings	35652.23	35111.22
Less: Amount clubbed under "other current financial liabilities Other payables	11090.35	10217.96
Non-current Borrowings (Net)	24561.88	24893.26
Aggregate Secured loans	0.00	0.00
Aggregate Unsecured loans	35652.23	35111.22

Note:

i) There is a continuing default by the Holding Company in repayment of loan from Government of India since the year 2002-03 and the overdue amount towards principal is Rs.17660.09 Lakhs (previous year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Rs.8980.60 Lakhs) and for interest accrued is Rs.16648.53 Lakhs (previous year Rs.10118.01 Lakhs), these amounts are shown under 'Other Current Liabilities'. Rs.8,679.49 Lakhs (previous year Rs.8681.36 Lakhs) maturing in next 12 months is shown under Other Current Liabilities as 'current maturity of long-term borrowings'.

ii) During the previous financial years the Holding Company had made a provision in the books for penal interest on Government Loan amounting to Rs.2004.30 lakhs covering a period upto 31st March, 2018. However, during the current financial year based on the communication received from the Government of India that the loan sanctioning authority has never excercised its right to charge penal interest or interest on interest so we have reversed the entire penal interest amounting to Rs.2004.30 lakhs.

iii). The subsidiary company had outstanding plan loan of Rs.3.60 Cr. availed for manufacture of MPTFE and Rs.13.20 Cr. 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.1580.00 lacs shown in Note-16 under the head 'Other Financial Liabilities' being Govt. Plan Loan current maturities of long term debt.

(₹ in Lakhs)

Description	As at 31.03.2019	As at 31.03.2018
13c. Current Borrowings		
Loans repayable On Demand		
From Banks		
Secured		
Cash Credit from State Bank of India	408.80	258.59
Total current Borrowings	**408.80**	**258.59**
Aggregate Secured loans	408.80	258.59
Aggregate Unsecured loans	0.00	0.00

Note:

A). The Subsidiary Company has Secured by hypothecation of the company's entire stock of raw materials, finished goods, stock in process, consumables, stores & spares and book debts, plant and machinery and part of the land to the extent of Acres 15.11 out of the total land of Acres126.13 at Rudraram Village and guaranteed by the holding company, viz. Hindustan Organic Chemicals Ltd. The cash credit is repayable on demand and carries interest @13% p.a

13d. Preference Share capital		
Opening Balance	27000.00	27000.00
Increase/(decrease) during the year	0.00	0.00
Closing balance	**27000.00**	**27000.00**

Note

1. The preference shareholders have no voting rights.
2. The Government of India had released in earlier in the year 2006-17 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. 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. The first, second, third, forth & fifth installments of 20% i.e. Rs. 5400 each was due for redemption in financial year 2011-12, 2012-13, 2013-14, 2014-15 & 2015-16 respectively. At the request of the Company, Government of India has extended the commencement of redemption from financial year 2011-12 to financial year 2015-16 @ 25% each year. The Board has authorised the company to request the Govt. for further extension of the redemption date by another four years. As per the decision of the Government of India, the extension of redemption is subject 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.

14. Trade payables

14b. Current - Trade Payable (Sundry Creditors)		
i) Outstanding dues of micro and small enterprises	109.32	34.36
ii) Outstanding dues of other than micro and small enterprises	10083.96	17972.12
Total	10193.28	18006.48
Amount due to Micro, Small and Medium enterprises:		
Particulars	**Amt (Rs. Lakhs)**	**Amt (Rs. Lakhs)**
i) Principal amount remaining unpaid as at the end of each accounting year	109.32	34.36
ii) Interest due thereon	0.00	0.00
iii) Interest accrued and remaining unpaid	0.00	0.00

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.

(₹ in Lakhs)

Description		As at 31.03.2019	As at 31.03.2018
15. Provisions			
15A. Long Term Provisions			
Opening			
For Employee's Benefits - Leave encashment		983.59	954.42
Diff. in Fixed Assets		2.07	2.07
Provision for land Lease premium			
Statutory Claims		0.00	0.00
	Sub-total	**985.66**	**956.49**
Arising during the year			
For Employee's Benefits - Leave encashment		21.48	0.00
Diff. in Fixed Assets		0.00	0.00
Statutory Claims		0.00	0.00
Provision for Doubtful recovery-HFL (270-A)		0.00	1943.45
Provision for land Lease premium		0.00	490.99
	Sub-total	**21.48**	**2434.44**
Utilised			
For Employee's Benefits - Leave encashment		0.00	14.19
Diff. in Fixed Assets		0.00	0.00
Provision for Doubtful recovery-HFL (270-A)			
Provision for land Lease premium		490.98	0.00
	Sub-total	**490.98**	**14.19**
Closing			
For Employee's Benefits - Leave & Gratuity		1978.73	1786.07
Diff. in Fixed Assets		2.07	2.07
Statutory Claims		0.00	0.00
Provision for Doubtful recovery-HFL (270-A)		0.00	
Provision for land Lease premium		0.00	490.99
Total		**1980.80**	**2279.13**
15 B. Short Term Provisions			
Opening			
For Employees' Benefits (Gratuity & Leave)		647.14	6534.65
For Employees Remuneration		41.31	144.04
For Interest to others		0.00	225.23
For Damages/Penality/Penal Interest		5931.77	6473.69
	Sub-total	**6620.22**	**13377.61**
Arising during the year			
For Employees' Benefits (Gratuity & Leave)		381.72	287.80
For Employees Remuneration		0.00	0.93
For Interest to others		0.00	0.00
For Damages/Penality/Penal Interest		676.10	0.00
	Sub-total	**1057.82**	**288.73**
Utilised			
For Employees' Benefits (Gratuity & Leave)		358.10	6483.08
For Employees Remuneration		14.50	124.16
For Interest to others		0.00	225.23
For Damages/Penality/Penal Interest		2065.81	541.92
	Sub-total	**2438.41**	**7374.39**
Closing			
For Employees' Benefits (Gratuity & Leave)		670.76	647.14
For Employees Remuneration		26.81	41.31
For Interest to others		0.00	0.00
For Damages/Penality/Penal Interest		4542.06	5931.77
	Total	**5239.63**	**6620.22**

During the year the Holding 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 lakhs.
b. Interest on default in repayment of Preference Share Capital @ 1 % for 3 year Rs.270 lakhs.
Total impact on account of the above is Rs.675 Lakhs.

(₹ in Lakhs)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Description	As at 31.03.2019	As at 31.03.2018
16. Deferred Tax liabilities		
Description		
Deferred Tax liabilities	19986.52	17193.27
Income tax expense in the statement of Profit and Loss and Other Comprehensive statement comprise of :		
Current Tax		
Deferred tax	914.00	2793.25
Total	**20900.52**	**19986.52**

Note: The Subsidiary Company has not provided deferred tax assets due to huge accumulated losses incurred since there is no verture certinity to realise in future.

Description	As at 31.03.2019	As at 31.03.2018
17. Net employee defined benefit liabilities - Non current		
Employee related liabilities (Gratuity)	**2306.38**	**2263.97**
18. Net employee defined benefit liabilities - Current		
Net employee defined benefit liabilities	**90.17**	**139.09**
19. Other current liabilities		
Loan overdue- Loan from Government of India	17660.09	17662.40
-do- Other Loans	0.00	0.00
Advances from customers	743.20	1107.81
Deposits from Vendors / Customers	387.10	362.52
Interest accrued but not due	2974.25	4664.31
Interest accrued and due	16648.51	10118.01
Statutory Liabilities	554.71	462.37
Employee related liabilities	2734.45	15703.99
Payroll Recoveries Payable	12.26	23.11
Other Liabilities	2447.68	2326.95
Total	**44162.25**	**52431.47**
20. Revenue from operations		
Sale of products (Manufactured)		
Phenol	33009.31	13413.78
Acetone	9582.98	5291.54
H2O2	3253.55	2940.53
H. E. of Cumene	837.34	473.29
Cumox Oil	515.83	179.45
Nitroproducts	0.00	34.86
Acids (C N A)	0.00	101.66
Spent Acid	0.00	0.58
Dinitrogen Tetro Oxide (N2O4)	0.00	1775.52
Others	0.00	21.73
Polytetrafluoroethylene	359.51	291.90
Application Development Customer Support	67.36	59.95
CFM - 22	3427.99	3310.32
Tetrafluoroethylene	0.00	7.06
Hydrogenchloride	31.17	15.11
Others	0.00	1.02
Total	**51085.04**	**27918.30**

Details of major customer

Following are list of single customer represent 10% or more revenue during the year ended 31st March, 2019 and 31st March, 2018.

For F.Y. 2018-19 **(₹ in Lakhs)**

Name of customer	Amt of revenue	% of total revenue
Ramesh Kumar & Company	7526.49	15.04
Sonkamal Enterprises P Ltd	5034.37	10.06
Deepak Fertilisers and Chemicals Ltd	21953.48	43.88

For F.Y. 2017-18

Name of customer	Amt of revenue	% of total revenue
Deepak Fertilisers and Chemicals Ltd	13431.35	0.60

Description	Year ended 31.03.2019	Year ended 31.03.2018
21. Other income		
Direct income		
Facility charges from ISRO	910.00	840.00
Sale of Scrap	0.25	1.56
Sub-total	**910.25**	**841.56**
Interest income on		
On Call and Term Deposits (Gross)	399.10	159.75
On Advances and Deposits with MIDC,MSEB and others	65.12	4.25
On loan to Subsidiary Company	0.00	0.00
Delayed payment & Finance charges from Sundry debtors	14.72	28.02
Sub-total	**478.94**	**192.02**
Other non-operating income		
Estate Rent	78.55	119.67
Transport, Water, Electricity,etc. recoveries	8.95	46.87
Miscellaneous Income	515.80	191.65
Prior Period Income	0.00	0.00
Excess Provision w/ back	4702.76	2206.23
Provision for Impairment written back	1544.65	0.00
Income from Slum sale (ISRO)	0.00	2263.99
Profit on Sale of Assets	3508.56	749.27
Sub-total	10359.27	5577.68
Total	**11748.46**	**6611.26**

In the books of Holding Company, an amount of Rs.8.30 lakhs short provided towards interest income on deposits with KSEB during the year 2017-18 due to error, as such comparative interest income on deposit with banks and other for the year 2017-18 is restated as per Ind AS 8.

Description	Year ended 31.03.2019	Year ended 31.03.2018
22. Cost of raw material and components consumed		
Inventory at the beginning of the year	1002.28	314.65
Add: Purchases	26743.96	15275.39
Add: Raw material Overhead	0.00	0.00
Less: inventory at the end of the year	-646.77	-1002.28
Cost of raw material and components consumed	**27099.47**	**14587.76**
23. (Increase)/Decrease in inventory		
Inventories at the beginning of the year		
(i) Stock-in-Process	1044.79	1057.40
(ii) Stock for Captive consumption	282.78	232.66
(iii) Main Products	1764.02	989.56
(iv) By Products	17.81	14.01
	3109.40	**2293.63**
Inventories at the end of the year		
(i) Stock-in-Process	951.38	1044.79
(ii) Stock for Captive consumption	89.68	282.78
(iii) Main Products	1158.48	1764.02
(iv) By Products	9.89	17.81
	2209.43	**3109.40**
Changes in Inventories of finished goods and work in progress	**899.97**	**-815.77**
24. Employee benefits expense		
a) Salaries and wages	4970.18	7429.21
b) Contribution to Provident Fund	642.08	786.30
c) Gratuity	214.60	1871.74
e) Provision for Leave Encashment	98.17	630.05
f) Staff welfare expenses	545.80	915.22
	6470.83	11632.52
Voluntary retirement benefits (VRS & VSS)	312.37	7738.15
Total	**6783.20**	**19370.67**

In the books of Holding Company,

(₹ in Lakhs)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

i) An amount of Rs.550.14 Lakhs was short provided towards gratuity during 2017-18 in Kochi unit due to an error, as such the comparative amounts for the year 2017-18 is restated as per Ind As 8.

(a) Nature of the prior period error : Short provision for gratuity

(b) Amount of the correction : Rs.550.14 lakhs

(c) Financial line items affected : Note 21 (c) Gratuity and Note No.16 Employees liability

ii. The Holding Company had announced a VRS Scheme on 06.09.2018 for Kochi unit which was open from 10.09.2018 to 24.09.2018 (for 15 days). The company has received and approved 10 applications from the employees, relieved 5 employees during the year 2018-19 and one employee retired on superannuation on 30.04.2019. The total amount of VRS compensation to 9 employees is Rs.219.38 Lakhs (out of which Rs.101.86 lakhs is provision for 4 employees) upto 31st March 2019.

iii) An amount of Rs.103.41 Lakh is provided for the short fall over an above investment made by the CFP Trust (Managed by the Company till 30th June, 2018) for the liability towards employees. 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 assets and liabilities as on 01.07.2018 of the Trust managing the Provident Fund accounts are under transfer to EPFO.

(₹ in Lakhs)

Description	Year ended 31.03.2019	Year ended 31.03.2018
25. Finance costs		
Interest:		
On Fixed Loans	6765.30	5240.23
On Other Loans	0.00	554.27
Interest - Others	19.21	1905.62
	6784.51	7700.12
Other Borrowing Cost-Bank charges	39.75	74.64
Total finance costs	**6824.26**	**7774.76**

In the Books of Holding Company,

i) On fixed loans - Govt. Loan includes Rs. 758.97 lakhs in respect of interest pertaining to the year 2001-2005 which was written off in the year 2009. However, as per the communication from Ministry during the year, it was clarified that the interest is payable and was not to be written off.
Therefore the same has been provided during the year.

ii) An amount of Rs.80.41 Lakhs was net short provided towards PDC charges, excess interest and excess provided during 2017-18 in Kochi unit due to an error, as such the comparative amounts for the year 2017-18 is restated as per Ind As 8.

(a) Nature of the prior period error : Short provision

(b) Amount of the correction : Rs.80.41 lakhs

(c) Financial line items affected : Note 25 - 'Interest - Other ' and 'On other Loan'

(1) Rs.142.05 Lakhs was short provided towards DPC payale to M/s.BPCL,

(2) Rs.51.34 lakhs towards excess interest provided to M/s.KSEB and

(3) Rs.10.30 lakhs excess provided to M/s.Sterling Gases Ltd

Net increase in expenditure : Rs.80.41 lakhs

Description	Year ended 31.03.2019	Year ended 31.03.2018
26a. Depreciation and amortization expense		
Depreciation of tangible assets	325.01	573.97
Amortization of intangible assets	0.00	0.00
Total	325.01	573.97
26b. Provision for impairment loss on fixed assets	0.00	251.03
Total	**325.01**	**825.00**

In the books of Holding Company,

i) An amount of Rs.3.70 Lakhs excess provided towards depreciation onf tangibal assets during the year 2017-18 in Kochi unit due to an error, as such the comparative amounts for the year 2017-18 is restated as per Ind As 8.

(a) Nature of the prior period error : Excess deprecation provided toward intangible assets

(b) Amount of the correction : Rs.3.70 lakhs

(c) Financial line items affected : Note 26a - 'Depreciation and amortization ' and Note 3 -'Tangible Assets'

(₹ in Lakhs)

Description	Year ended 31.03.2019	Year ended 31.03.2018
27. Other expense		
Consumption of Stores and Spares	1014.29	681.30
Utilities		
Power and Fuel	8365.01	5633.79
Water	363.53	352.56
	8728.54	5986.35
Repairs & Maintenance:		
Building	47.17	148.18
Plant and Machinery	137.87	129.84
Other Assets	191.71	171.25
	376.75	449.27
Administration Expenses:		
Rent	36.40	9.81
Insurance	74.72	111.75
Rates and taxes	185.81	237.88
Consultancy / Professional cahrges	170.82	145.04
Payment to Auditors - Audit Fee	7.12	4.87
Payment to Auditors - Other	0.40	1.75
Other expenses:		
Power for Township	60.95	174.91
Water for Township	69.75	140.86
Security Expenses	280.91	281.79
Advertisement Expenses	45.08	16.14
Hire of Vehicles Expenses	23.58	65.59
Miscellaneous Expenses	477.33	448.78
Loss on Sale of Assets/Disposal	77.02	128.47
Loss on Assets discarded	0.00	135.67
Prior Period Expenses	0.00	200.04
Sundry Balances Written-off	308.99	0.00
Corporate Social Responsibility	4.17	5.95
	1823.05	2109.30
Selling and distribution expenses:		
Cash Discount	758.24	376.17
Publicity Expenses	0.00	1.07
Other selling expenes	49.74	6.46
	807.98	383.70
Provisions:		
Provision for Doubtful Debts	47.16	0.04
Provision for Doubtful Advances	0.00	0.00
Provision for Lease premium	0.00	490.99
Provision for Stock Obsolescence	0.00	0.00
Provision for Penalty	676.10	1113.30
Unidentified assets	0.00	0.00
Provision for statutory claims	0.00	0.00
Long term agreements	113.79	272.94
	837.05	1877.27
Total	**13587.66**	**11487.19**

In the books of Holding company,

i) An amount of Rs.0.61 Lakhs short provided towards licence fee if walkie talkie during the year 2017-18 in Kochi unit due to an error, as such the comparative amounts for the year 2017-18 is restated as per Ind As 8.

(a) Nature of the prior period error : Short provision of license fees

(b) Amount of the correction : Rs.0.61 lakhs

(c) Financial line items affected : Note 27 - 'Other expenses ' and Note 3 -'Tangible Assets'

*Administrative expenses include Rs.308.99 lakhs as 'Sundry balance write off' which was previously receivable from ISRO based on the reconciliation of balances.

28 Implementation of Restructuring plan

i. The Holding Company has implemented the Government approved restructuring plan which includes closure of all plants at Rasayani unit except the Conc. Nitric Acid / N204 Plant (handed over to ISRO) and given VRS to the employees (Direct and Indirect) rendered surplus due to shutting down of the plants at Rasayani except those employees associated with operation of CNA/N2O4 plant at Rasayani and the skeletal staff required for implementation of the proposed restructuring plan.

ii. As per the approved restructuring plan the Holding Company has relieved all the employees of Rasayani unit who had applied for VRS except 15 employees (8 Corporate employees and 7 employees retained for implementation of restructuring plan). 22 employees who had not applied for VRS was transferred to Kochi unit. The salary dues of all employees and terminal dues of all retired employees has been fully paid during the year. Necessary provision for the terminal benefits payable to the skeletal staff has been made. The salary of Corporate employees are paid from kochi unit with effect from Feb 19.

29 EMPLOYEES BENEFIT PLAN:

A Provision for leave encashment

The Company as a whole has provision of Rs.1978.73 Lakh (previous year Rs. 1786.07 Lakhs) for leave encashment as on 31st March,2019 as per revised AS-19 issued by Institute of Chartered Accountants of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

India 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 assets and liabilities as on 01.07.2018 of the Trust managing the Provident Fund accounts are under transfer to 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.

All dues on account of gratuity of Rasayani unit and Kochi unit employees relieved upto 31.03.2019 have been paid and there are no further dues.

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. 14.32 lakhs.

All dues on account of gratuity of Rasayani unit and Kochi unit employees of Holding company relieved upto 31.03.2019 have been paid and there are no further dues.

Details of Actuarial Valuation of Gratuity Details:

(₹ in Lakhs)

	Particulars	As at 31.03.2019	As at 31.03.2018
1.	**Funded Status of the plan**		
	Present value of unfunded obligations	0	0
	Present value of funded obligations	3323.56	2399.45
	Fair value of plan assets	-18.44	638.91
	Net Liability (Asset)	3305.12	3038.36
2a.	**Profit and loss account for current period**		
	Current Service Cost	124.67	168.92
	Past Service cost and loss/gain on curtailments and settlement	0	3680.57
	Net Interest cost	200.78	391.05
	Total included in 'Employee Benefit Expense' (P&L)	325.45	4240.54
2b.	**Other Comprehensive Income for the current period**		
	Components of actuarial gain/losses on obligations:		
	Due to Change in financial assumptions	47.38	-56.54
	Due to change in demographic assumption	0	0
	Due to experience adjustments	409.69	-563.33
	Return on plan assets excluding amounts included in interest income	-2.98	-3.03
	Amounts recognized in Other Comprehensive Income	454.09	-622.9
3.	**Reconciliation of defined benefit obligation**		
	Opening Defined Benefit Obligation	1611.39	6282.67
	Transfer in/(out) obligation	0	0
	Current service cost	124.67	168.92
	Interest Cost	200.78	391.05
	Components of actuarial gain/losses on obligations:	0	0
	Due to Change in financial assumptions	47.38	-56.54
	Due to change in demographic assumption	0	0
	Due to experience adjustments	409.69	-563.33
	Past Service Cost	0	619.02
	Loss(gain) on curtailments	0	3061.55
	Liabilities Extinguished on settlement	0	-6393.91
	Liabilities assumed in an amalgamation in the nature of purchase	0	0
	Exchange differences on foreign plans	0	0
	Benefits paid	-411.86	-232.45
	Closing defined benefit Obligation	1982.05	2403.05
4.	**Reconciliation of plan Assets**		
	Opening value of plan assets	49.07	44.65
	Transfer in (out) plan assets	0	0
	Expenses deducted from the fund	0	0
	Interest Income	0	0
	Return on plan assets excluding amounts included	0	0
	in interest income	2.98	3.03
	Assets distributed on settlements	0	0
	Contributions by employer	152.46	-206.72
	Assets acquired in an amalgamation in the nature of	0	0
	purchase	0	0
	Exchange rate differences on foreign plans	0	0
	Benefits paid	-33.86	-19.92
	Closing value of plan assets	18.45	49.07
5.	**Reconciliation of net defined benefit liability**		
	Net opening provision in books of accounts	2357.59	5670.12
	Transfer in (out) obligation	0	0
	Transfer (in) out plan assets	0	0
	Employee benefits Expense as per Annexure 2	245.75	4166.94
	Amounts recognized in other comprehensive income	156.89	-873.02
		2760.23	8964.04
	Benefits paid by the company	-378	-212.53
	Benefits settled (Rasayani Unit)	0	-6393.91
	Contributions to plan assets	0	0
	Closing provision in the books of accounts	2382.23	2357.6
	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
		100	100
7.	**Bifurcation of liability as per schedule 111**		
	Current liability	90.17	93.62
	Non - Current liability	2292.05	2263.97
	Net Liability	2382.22	2357.59
8.	**Principle acturial assumptions**		
	Discount Rate	6.85	7.35
	Salary Growth rate	7	7
	Withdrawal rates	3% at Younger ages reducing to 1% at older ages	3% at Younger ages reducing to 1% at older ages
9.	**Expected Cash Flows based on past service liability**		
		Cash Flows	**Distribution(%)**
	Year 1	654.97	19.9
	Year 2	387.43	11.8
	Year 3	443.06	13.5
	Year 4	331.56	10.1
	Year 5	167.43	5.1
	Year 6 to Year 10	704.68	21.4

The future accrual is not considerd in arriving at the above cash flows

The expected contribution for the next year is Rs 90,17,426.00

The Average outstanding term of obligations (years) as at valuation date is 4.42 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Sensitivity to key assumptions

Discount Rate Sensitivity		
Increase by 0.5 %	2349.18	2354.02
(% change)	-1.98	-2.04
Decrease by 0.5%	2446.21	2454.34
(% change)	2.07	2.13
Salary Growth rate Sensitivity		
Increase by 0.5 %	2425.15	2437.18
(% change)	1.19	1.42
Decrease by 0.5%	2366.05	2369.73
(% change)	-1.27	-1.39
Withdrawal rate(W R)Sensitivity		
W. R *110%	2398.02	2404.9
(% change)	0.06	0.08
W. R *90%	2395.12	2401.05
(% change)	-0.06	-0.08

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

Details of Asset-Liability Matching Strategy

Gratuity Benefits liabilities of the company are Funded. There are no minimum funding requirements for a Gratuity Benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan.

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

Effect of the defined benefit plan on the entity's future cash flows

When the benefits of the plan are changed, or when a plan is curtailed or settlement occurs, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment or settlement, is recognized immediately in the profit or loss account when the plan amendment or when a curtailment or settlement occurs.

(xi) Break-up of defined benefit obligation

Particulars	As at 31.03.2019	As at 31.03.2018
Vested	2391.06	2395.27
Non-vested	5.49	7.79
Total	**2396.55**	**2403.06**

(xii) Age wise distribution of defined benefit obligation

Age (In years)	DBO (in Rs.)	
	As at 31.03.2019	As at 31.03.2018
Less than 25	-	-
26 to 35	37.82	36.44
36 to 45	163.84	146.21
46 to 55	908.09	1109.07
56 and above	1286.8	1111.33
Accrued gratuity for Left Employees	-	-
Total	**2396.55**	**2403.05**

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 assumptions than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benfit, the accelaration of cashflow will lead to an acturial 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 assumptions than 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 insurers 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 companies 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 market. One acturial assumption that has a material effect if the disount rate. The disount rate reflects the time value of money.An increase in disount rate leads to decrease in defined benefit obligations of the plan benefits and 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 defned benefit obligations and the same will have to be recognised immediately in the year when any such amendemnt is effective.

The Summary of the assumptions used in the valuations is given below:

Financial Assumptions

Particulars	As at 31.03.2019	As at 31.03.2018
Discount rate	6.85% p.a	7.35% p.a
Salary Growth rate	7.00%p.a	7.00%p.a

Demographic Assumptions

Withdrawal rates p.a

Age Band	As at 31.03.2019	As at 31.03.2018
25 and below	0.03	0.03
26 to 35	0.025	0.025
36 to 45	0.02	0.02
46 to 55	0.015	0.015
56 and above	0.01	0.01

Mortality rates

Sample rates p.a of Indian Assured Lives Mortality

Age (In years)	As at 31.03.2019	As at 31.03.2018
20	0.0009	0.0009
30	0.0011	0.0011
40	0.0018	0.0018
50	0.0049	0.0049
60	0.0115	0.0115

Method of Valuation

Actuaries has used projected unit credit (PUC) Method to value the Defined benefit obligation.

30 PROVISION FOR EMPLOYEE REMUNERATION

PROVISION FOR ARREARS OF WAGES

Balance provision on account of wage revision (1997 & 2007), EL / DA difference etc due to Rasayani unit employees of the Holding company amounts to Rs.80.29 lakhs and Rs.401.57 lakhs (Previous Year Rs. 4278.81 & Rs 604.82 Lakhs) on account of VRS compensation and Gratuity due to 7 employees who are retained for completion of the restructuring plan related works.

31 FIXED ASSETS

Originally the Holding Company at Rasayani was in possession of land (as per revenue records) admeasuring 1012.35 acres. Out of the said land 251 acres was sold to BPCL and 20 acres was sold to ISRO during the previous year and 38.687 acres was sold to BPCL in the current year. Out of the said land, 66.024 acres (previous year 39.63 acreas) has been idenitified as encroached 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 said 66.024 acres consists of land allotted to MES, MIDC, MSEB, MAIDC, HIL, Encroachment and public road constructed. The public roads amount to approximating 10.776 acres. The balance 636.639 acres of land has been revalued at the ready recknor rate or the agreed rate of sale to BPCL amounting to Rs. 97551.62 lakhs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As per the restructuring plan approved by the Government of India, vide order dated May 22, 2017, the Holding company is to close its Rasayani Units, and sell the property, plant and equipment. It has also been stated that the C.N.A / N2O4 plant has to be transferred to ISRO. In accordance with the said order, the company has run its activities upto September 30, 2017 at Rasayani. Thereafter, the company has transferred the land and equipment to ISRO. Similarly all the non-operating plants have been sold and certain plants are under sale in accordance with procedure. These plants in the Asset Register of the company are transferred to Assets held for disposal. Certain utility plant as per the requirement of ISRO are retained by the Company and will be disposed of once ISRO constructs its own facilties. The balance recoverable from ISRO on account of the aforesaid transactions are under re-conciliation and not been confirmed. The company may pass the necessary entries on finalisation of such amounts recoverable.

JNPT Tank Terminal Project of the Holding company which was under construction in the earlier years at cost of Rs.2978.91 lakhs. The management had decided to suspend further construction and the company has gone into arbitration against JNPT for various issues. As per the arbitration award granted, the company is willing to dispose off the said asset and therefore has classied as held to sale. As per the arbitration award the company is expected to receive Rs.1638 lakhs. The provisions made in the earlier years for impairment has been reversed in the curent year to the extent of Rs. 1545 lakhs.

32 INVESTMENT

a) The Holding Company has an investment of Rs.1106.00 lakhs (previous year Rs.1106.00 lakhs) 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, 2019 is negative. Provision has been made during earlier year towards permanent diminution in the value of these investments amounting to Rs.221.20 lakhs. The said provision has been reversed during the year as the market value of the said shares have been consistently above the face value during the year. As per the decision of the Government of India, the company has decided to divest the entire stake in the Subsidiary for which the Transaction and Legal Advisors have been appointed.

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 lakhs accumulated on loan given to HFL and converted the unsecured loan amounting to Rs.2744.06 lakhs 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. 2041.76 lakhs as per Govt. rate) in favour of HOCL. This loan was payable in 7 equal annual instalments commencing from 2010-11, aggregating to Rs.2744.06 (Previous year Rs.2744.06) which has become due and payable in full. Further, the Company had given loans to HFL aggregating to Rs. 453.01 (Previous Year Rs. 453.01) 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 has been made for the shortfall in the security to the extent of Rs.2007.08 Lakhs including interest as on 31st March, 2019 (Previous year Rs. 1943.45 lakhs).

c) The Holding Company has entered into an agreement dt. 16.10.2006 to lease the school infrastructure facilities to M/s.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 tems of the agreement to M/s.MES. M/s.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.

33 EARNING PER SHARE

Earnings per share has been calculated as follows:	As at 31.03.2019	As at 31.03.2018
Net Profit/(Loss) after Tax (Rs. in Lakhs)	5244.93	-18700.05
Weighted average number of equity shares	67173100	67173100
Nominal Value per equity share (Rs.)	10	10
Basic / Diluted Earning per equity share (Rs.)	7.81	-27.84

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.

35 BALANCE CONFIRMATION

Balances of trade receivables, trade payables, loans, advances, other current assets and borrowings are subject to confirmation / reconciliation and subsequent adjustments.

36 Contingent Liabilities & Commitments

			Rs. in Lakhs
i)	Contingent Liabilities	**As at 31.03.2019**	**As at 31.03.2018**
a)	Claims against the Company not Acknowledged as debts:		
i)	Sales Tax / KVAT assessment demand	795.06	1095.80
ii)	CST - Differential tax on account of concessional forms in respect of concessional sales	21.64	105.62
iii)	Income Tax Claims	485.74	672.96
iv)	Excise duty / Service tax	330.46	633.00
v)	Customs duty	0.00	277.18
vi)	Delayed Payment Charges claimed by BPCL	0.00	1480.31
vii)	Employees liability: Gratuity for school teachers, ESI & PLI	206.77	122.27
viii)	Other claims (P&A - Legal cases)	207.19	161.22
ix)	Rental claim Harchandrai House	5153.40	4925.77
x)	JNPT lease rent	1981.00	0.00
xi)	Damages on Delayed payment of PF with interest	94.89	94.89
xii)	Penal interest on Govt. Loans	3071.11	0.00
xiii)	Interest on interest on Govt. Loan	31273.65	0.00
	Sub-total	**43620.91**	**9569.02**
b)	Bank Guarantees issued from SBI	692.75	140.15
c)	Security Bond given to Commercial Taxes Dept., Govt. of Kerala	0.00	3053.30
d)	Guarantees given on behalf of the Subsidiary Company, Hindustan Fluoro-carbons Limited to Financial Institutions and Commercial Banks for securing loans and cash credit facilities.	603.00	603.00
e)	Security Bond given to Commercial Taxes Dept., Govt. of Kerala		
ii)	Commitments:		
i)	Other Commitments	0.00	0.00

Brief description of the Contingent liabilities:

a) Claims against the Company not Acknowledged as debts:

i) Sales Tax / KVAT assessment demand Rs. 795.06 lakhs

The company has ongoing disputes with VAT authorities, amounting to Rs.795.06 Lakhs. Company has filed Appeals at various forums.

ii) CST - Differential tax on account of concessional forms in respect of concessional sales

There are C-Forms relating to the years 2013 to 2018 is receivable by the company. The differential tax calculated is amounting to Rs.21.64 Lakhs. Company is expecting to receive the C-forms.

iii) Income Tax Claims: Rs.485.74

There are various appeals for Assessment years 2006-07 to 2014-15 are pending before authorities i.e. ITAT, High Court and other forums. Company is awaiting for hearing.

iv) Excise duty / Service tax

The company has ongoing disputes with Central excise authorities relating to the period 2003 to 2013, amounting to Rs.330.46 Lakhs. Company has filed Appeals at various forums.

vii) Gratuity for School teachers & Public liability Claim

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) and Case filed by the company against the award passed by MAC Tribunel, Trichur in relation to Phenol Tanker accident in 1994 (Rs.118 Lakh)

viii) Other claims (P&A - Legal cases): Rs.207.19 lakh.

Cases filed against the company by the contractors/suppliers which is pending before Bombay High court is Rs.136.95 lakhs and Rs.39.98 Lakhs, Case pending before the Central govt. Labour court Rs.18.09 lakh, one gratuity claim of Rs.10 lakhs and Company has disputed the demand raised by ESI Corporate for contribution during the period from 01.04.1992 to 31.10.1992 amounting to Rs.2.17 lakhs.

ix) Rental claim Harchandrai House: Rs.5153.40 Lakh

Mesne Profit application filed by Harichandrai & Sons before the Small Causes court, Mumbai.

x) JNPT lease rent: Rs.1981 Lakh

JNPT has raised bill for Rs.1981 lakh to HOCL on account of basic lease rentals alongwith escalation and Way lease charges (WLC).

xi) Penal interest on Govt. Loans: Rs.3071.11 Lakh

xii) Interest on interest on Govt. Loan: Rs.31273.65 Lakh.

Penal interest and interest on interest calculated upto 31.03.2019 for loan taken by HOCL from the Govt. of India is not included in the interest dues account of GoI. In the loan sanction letter there is a mention that "Govt. of India reserves the right to raise the rate of interest in case of default of repayment of principal on the due date and also charge interest at the rate on default in any of the payment on interest due" Therefore, these amounts are shown as contingent liability.

b) Bank Guarantees issued from SBI Ambalamedu

The company has provided bank guarantees to Kerala State Electricity Board amounting to Rs.214.25 lakhs, Govt. of Kerala, Department of Commercial Taxes amounting to Rs.465 lakhs as security deposit and others Rs.3.5 Lakh. The company does not expect any outflow of resourses in respect of the above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37A Disclosure relating Prior Period Expenditure/Income as per Ind AS 8

In the books of the Holding company, The following expenditure/income had been incorrectly accounted during the year 2017-18 due to error. The comparative expenditure/income in the financial statement of the year 2017-18 have been restated to correct the error. The effect of the restatement on the financial statement is summarised below.

	Rs. in Lakhs
Increase in Other Income - Interest (Refer Note 21)	8.30
Increase in Other Income - Reversal of provision (Refer Note 21)	221.20
Increase in Employee Expenses (Refer Note 24)	-550.14
Increase in Finance Cost (Refer Note 25)	-80.41
Decrease in depreciation and amortisation (Refer Note 26a)	3.70
Increase in Other Expenses (Refer Note 27)	-0.60
	-397.95
Income tax laiblity	0.00
Increase in Equity	-397.95
Increase in Earning Per Share	-0.60
Increase in Diluted Earning Per Share	-0.60

37B Based on the observations of comptroller and Auditor General of India in the accounts of the Holding Company, following additions / revisions have been carried out:

a) Note No.4 - Investments:
Excess provision written back for the diminution in the share price of HFL amounting to Rs. 221.20 lakh previously booked in FY 2018-19, now considered as prior period income and booked in FY 2017-18.

b) Note No.21 - Other income:
Due to the restatement of provision written back in previous year, the loss reduced during the year 2017-18 by Rs.221.20 lakh and an amount of Rs.156.20 lakh profit reduced during the year 2018-19 (Rs.221.20 lakh less Deferred tax of Rs.65 lakh)
The following additional notes / Modification to Notes given in compliance with provisions of Ind AS

a) Cash Flow Statements:

i) The cash flow from operating activities is determined by adjusting profit or loss for the period as against previously done by adjusting Total Comprehensive income for the year.

ii) Cash Flow statement changed on account of non-cash flow items previously not eliminated.

iii) The components of Cash and Cash Equivalents are added as separate head below revised Cash Flow Statement.

b) Additional disclosure is added to Note No.6b regarding the KVAT disputes.

c) Contingent liability: Claim against the Company not acknowledged as debts: i) Sales Tax / KVAT assessment demand is reduced frm Rs.1010.00 lakh to Rs.795.06 lakh.

d) Disclosure of the brief description of the nature of the contingent liability is added in Note No.36.

38 RELATED PARTY DISCLOSURE AS PER Ind- AS 24

a) The company is a Government related entity as the Government of India holds its major equity capital and therefore transactions with its related parties being other Government related entities have not been seperately disclosed herein in view of the exemption from such disclosure under Ind-As 24. These entities are the subsidiaries and joint ventures of the company and these transactions relate to investments, Loans and advances granted and interest earned/accrued on such loan and allowances for these current and non current assets created in the Balance Sheet to arrive at the fair value. The outstanding balances in respect of such transactions have been disclosed under the respective Notes .

As per Ind AS 24 (para 26), the disclosures of transactions with the related parties are given below:

List of related parties where control exists and also related parties with whom transactions have taken place and relationships:

(₹ in Lakhs)

Sr. No.	Name of the Related Party Relationship	Relationship	Details of Transaction	Amt. of Transaction during 2018-19	Outstanding at the end of the year (31.03.2019)	Amt. of Transaction during 2017-18	Outstanding at the end of the year (31.03.2018)
1a	Bharat Petroleum Corporation Ltd	Controlled by Government of India.	Purchase of Raw materials (LPG, Benzene, FO, H2 & LNG)	30423.41	7812.05	15873.05	10609.67
1b	Bharat Petroleum Corporation Ltd	Controlled by Government of India.	Sale of Finished Goods (H2O2)	72.74	29.21	184.77	21.91
1c	Bharat Petroleum Corporation Ltd	Controlled by Government of India.	Sale of 38.687 acres of Rasayani land out of the total agreed land area of 442 acres @Rs.140 Lakhs per acre.	5416.18	Nil	35140.00	Nil
2	ISRO	Controlled by Government of India.	Transfer of C.N.A/N2O4 plant on 01.10.2017 and Reimbursement of Operational Expenses & Utility Charges	3894.06	1216.81	7843.11	2600.55
Trusts constituted by the Company *							
3a	HOCL Employees Provident Fund Trust, Rasayani	Managed by Trustees nominated by the company and the Employees' unions/ associations.	Company's contribution to Provident Fund	12.75	Nil	392.03	132.41
3b	HOCL Employees Provident Fund Trust, Kochi Unit	-do-	Company's contribution to Provident Fund	121.52	Nil	283.97	44.97
3c	HOCL Group Gratuity Trust	-do-	Nil	Nil	Nil	Nil	Nil

* Contribution for PF is considered upto 30.06.2018. 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 assets and liabilities as on 01.07.2018 of the Trust managing the Provident Fund accounts are under transfer to EPFO.

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(₹ in Lakhs)

2018-19	Short-term employee benefits	Post-term employee benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
A. Remuneration to Whole time Director, Managing Director and/or Manager:						
Shri. S.B. Bhide, CMD	37.96	3.85	0.00	0.00	0.00	41.81
B. Remuneration to Other Directors						
i) Govt. Nominee Directors						
Ms. Meenakshi Gupta, AS&FA	0.00	0.00	0.00	0.00	0.00	0.00
Ms. Alka Tiwari, AS&FA						
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)						
Ms. Pushpa Trivedi, NOID	1.00	0.00	0.00	0.00	0.00	1.00
Mr. Mukesh Pareek, NOID	1.00	0.00	0.00	0.00	0.00	1.00
Ms. Lata Alker, NOID	1.00	0.00	0.00	0.00	0.00	1.00
C. Key Managerial Personnel						
Mr. P.O. Luise, CFO	24.53	2.71	0.00	0.00	0.00	27.24
Mrs. Susheela S. Kulkarni, CS	22.09	2.64	0.00	0.00	0.00	24.73
	87.58	**9.20**	**0.00**	**0.00**	**0.00**	**96.78**
2017-18	Short-term employee benefits	Post-term employee benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
A. Remuneration to Whole time Director, Managing Director and/or Manager:						
Shri. S.B. Bhide, CMD	21.85	3.51	0.00	0.00	0.00	25.36
B. Remuneration to Other Directors						
i) Govt. Nominee Directors						
Ms. Meenakshi Gupta, AS&FA	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)						
Ms. Pushpa Trivedi,NOID	0.65	0.00	0.00	0.00	0.00	0.65
Mr. Mukesh Pareek,NOID	0.70	0.00	0.00	0.00	0.00	0.70
Ms. Lata Alker, NOID	0.55	0.00	0.00	0.00	0.00	0.55
C. Key Managerial Personnel						
Mr. P.O. Luise, CFO	17.03	2.33	0.00	0.00	0.00	19.36
Mrs. Susheela S. Kulkarni, CS	15.67	2.48	0.00	0.00	0.00	18.15
	56.45	**8.32**	**0.00**	**0.00**	**0.00**	**64.77**

Note:

In the ordinary course of its business, the Corporation enters into transactions with other Government controlled entities (not included in the list above). The Corporation 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

39a. Fair Value measurement hierarchy

A 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

B Financial assets and liabilities measured at fair value-recurring fair value measurements :

(₹ in Lakhs)

	As at 31st March, 2019				As at 31st March, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets :								
Loans	0.00	0.00	468.53	468.53	0.00	0.00	204.94	204.94
Trade Receivables	0.00	508.93	1770.63	2279.56	0.00	370.26	439.00	809.26
Investments	0.00	5.00		5.00	0.00	5.00	5.00	10.00
Cash and cash equivalents	0.00	0.45	3130.89	3131.34	0.00	0.52	7646.31	7646.83
Bank balance other than cash	0.00	1.72	3904.12	3905.84	0.00	1.62	3272.43	3274.05
Other Financial Assets	0.00	178.88	349.00	527.88	0.00	6.63	361.02	367.65
Total Financial assets	**0.00**	**694.98**	**9623.17**	**10318.15**	**0.00**	**384.03**	**11928.70**	**12312.73**
Financial liabilities								0.00
Non Cumulative Preference share	0.00	0.00	27000.00	27000.00	0.00	0.00	27000.00	27000.00
Borrowings	0.00	408.80	24561.88	24970.68	0.00	594.59	24557.26	25151.85
Trade payables	0.00	393.17	9800.11	10193.28	0.00	376.20	17630.28	18006.48
Other current financial liabilities	0.00	6453.19	4637.16	11090.35	0.00	5514.85	4703.11	10217.96
Total Financial liabilities	**0.00**	**7255.16**	**65999.15**	**73254.31**	**0.00**	**6485.64**	**73890.65**	**80376.29**

39b. Categories of Financial Instrument

A Fair Values hierarchy :

(₹ in Lakhs)

	As at 31st March, 2019				As at 31st March, 2018			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVTPL	Amortised Cost	Total
Financial assets :								
Loans			468.53	468.53			204.94	204.94
Trade Receivables			2279.56	2279.56			809.26	809.26
Investments			5.00	5.00			10.00	10.00
Cash and cash equivalents			3131.34	3131.34			7646.83	7646.83
Other Financial Assets			527.88	527.88			367.65	367.65
Total Financial assets	0	0	**6412.31**	**6412.31**			**9038.68**	**9038.68**
Financial liabilities								
Non Cumulative Preference share			27000.00	27000.00			27000.00	27000.00
Borrowings			24970.68	24970.68			25151.85	25151.85
Trade payables			10193.28	10193.28			18006.48	18006.48
Other current financial liabilities			11090.35	11090.35			10217.96	10217.96
Total Financial liabilities	**0**	**0**	**73254.31**	**73254.31**	**0.00**	**0.00**	**80376.29**	**80376.29**

Note No. 40 a) 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 non of investmenet 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.

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 borrowinf fcailities, continuosly monitoring forecast and actual cash flow and by matching the maturiy profiles of financial assets and liabilties.

40-b Amendment in Ind AS 7 - Statement of Cash Flow

The amendments do not prescribe a specificformat to disclose the financing activities.An entity may fulfil the disclosure objectiveby providing a reconciliation betweenthe opening and closing balances in thestatement of financial position for liabilitiesarising from financing activities. including both changes arising from cash flow and non- cash flow changes, suggestion inclusion of a reconciliation between the opening and closing balance in balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Particular	2017-18	cash flow	Non cash	2018-19
Non Current Borrowing	24561.88	68.24	0	24630.12
Loan given	468.53	470.78	0	939.31

41. 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.

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Sd/-	**Sd/-**	As per our report of even date attached
S.B. Bhide	**Mukesh Pareek**	**For M.B. AGRAWAL & CO.**
Chairman & Managing Director	Director	Chartered Accountants
DIN 05323535	DIN 07758639	ICAI FRN 100137W
Sd/-	**Sd/-**	**Sd/-**
Mrs. Susheela S. Kulkarni	**P.O. Luise**	**Harshal Agrawal**
Company Secretary	Chief Financial Officer	Partner
		Membership No.109438
Place: Mumbai		**Place:** Mumbai
Date: 29.07.2019		**Date:** 29.07.2019

HINDUSTAN ORGANIC CHEMICALS LIMITED

[CIN L99999MH1960GOI011895]
Regd.Office : 401, 402, 403, 4th Floor, V-TIMES SQUARE Plot No. 3, Sector 15, CBD
Belapur Navi Mumbai Thane MH 400614 IN
Tel No. 022-27575268/69
Email: corporate.cs@hoclindia.com Website: www.hoclindia.com;

FORM NO. MGT-11

PROXY FORM

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

CIN	:	L99999MH1960GOI011895		
Name of the Company	:	Hindustan Organic Chemicals Limited		
Registered Office	:	401, 402, 403, 4th Floor, V-TIMES SQUARE Plot No. 3, Sector 15, CBD Belapur Navi Mumbai Thane MH 400614 IN		
Name of the Member(s)	:			
Registered Address	:			
Email ID	:			
Folio No. / Client ID	:		D.P. ID:	

I / We, being the member(s) of _________________ shares of the above named Company, hereby appoint:

1. Name ______________________________
   Address ______________________________
   E-mail ID ______________________________
   Signature ______________________________ Or failing him
2. Name ______________________________
   Address ______________________________
   E-mail ID ______________________________
   Signature ______________________________ Or failing him
3. Name ______________________________
   Address ______________________________
   E-mail ID ______________________________
   Signature ______________________________

As my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 58th Annual General Meeting of the Company to be held on Thursday, 26th September, 2019 at 2.00 p.m. at The Institute of Engineers (India) Auditorium Hall- 1st Floor, Plot No: 106, Sector-15, CBD Belapur, Navi Mumbai- 400614 and at my adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars
1.	To consider and to adopt the Standalone & Consolidated Audited Financial Statements comprising the Balance Sheet as at 31st March, 2019, the Profit & Loss Account for the year ended on that, Cash Flow Statement, Schedules and Notes to Accounts attached thereto, together with the Directors' Report and the Auditors' Report along with the Report of the Comptroller & Auditor General.
2.	To appoint a Director or any other Director (as may be appointed by the GOI vide its Order) in place of Shri Samir Kumar Biswas, J.S., who retires at this AGM.
3.	To re-appoint Ms. Alka Tiwari, AS&FA, as per GOI Order, who retires at this AGM and being eligible offers herself for re-appointment.
4.	To approve the remuneration of Rs.2,00,000/- to be paid as statutory audit fees to M/s.BSJ&Associates, Chartered Accountants, Kochi (Firm Registration Number [SR1972]) appointed as Statutory Auditor by C&AG for the Financial Year 2019-20 and to authorise and to ratify the actions of the Board of Directors of the Company to fix the other fees, if any, payable to the Statutory Auditors and /or Branch Auditors of the Company, for the Financial Year 2019-20.
5	To consider and approve the appointment and remuneration of M/s. BBS& Associates, Cost Accountants, Kochi (Firm Registration No.17045) as Cost Auditors of the company for the FY 2019-20 for audit of Cost Accounts Records of the company and if thought fit to pass a Resolution as an Ordinary Resolution for the FY 2019-20.

Affix Revenue Stamp

Signed this _________day of _________________, 2019.

Signature of the Share holder: ____________________________

Signature of the Proxy holder: ____________________________

Note : 1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 58th Annual General Meeting.

HINDUSTAN ORGANIC CHEMICALS LIMITED

[CIN L99999MH1960GOI011895]
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Tel No. 022-27575268/69
Email: corporate.cs@hoclindia.com Website: www.hoclindia.com;

ATTENDANCE SLIP

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING HALL AND HAND IT OVER AT THE ENTRANCE

I / We hereby record my / our presence at the 58th Annual General Meeting of Hindustan Organic Chemicals Limited held at The Institute of Engineers (India) Auditorium Hall- 1st Floor, Plot No: 106, Sector-15, CBD Belapur, Navi Mumbai- 400614 on Thursday, 26th September, 2019 at 2.00 p.m.

Sr. No. (for Office use only)	:	
Name of the Shareholder	:	
Registered Address of the Shareholder	:	
Ledger Folio No. / Cl. ID / D.P. ID No. if any	:	
Number of Shares held	:	
Name of the Proxy / Representative, if any	:	
Signature of the Member(s) / Proxy	:	
Signature of Representative	:	

Book-Post

HOCL CIN L99999MH1960GOI011895

If undelivered please return to :
Bigshare Services Pvt. Ltd.,
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis, Makwana Road, Marol,
Andheri (East), Mumbai 400059, Maharashtra.
Email: investor@bigshareonline.com;
Tel: 022 62638200, Fax: 022 62638299