

हिन्दुस्तान फ्लूरोकार्बन्स लिमिटेड

हिन्दुस्तान ऑर्गेनिक केमिकल्स लिमिटेड की सहायक कंपनी
(भारत सरकार का उद्यम)

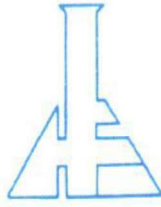
पंजीकृत कार्यालय: 303, 3तल, बाबूखान एस्टेट,
बशीरबाग, हैदराबाद - 500 001 तेलंगाना भारत
टेलीफोन: 2324 0047, 2324 1051, 2323 7125, 2329 7160

फैक्स: +91-40-2329 6455

वेबसाइट: www.hfl.co.in

ई-मेल: hiflon@hotmail.com

hiflonpurchase@gmail.com



ISO 9001:2015
INDI/QMS/NAB-C2975/2848



HINDUSTAN FLUOROCARBONS LIMITED

A Subsidiary of Hindustan Organic Chemicals Ltd.
(A Govt. of India Enterprise)

Regd. Office:

303, 3rd Floor, Babukhan Estate, Basheerbagh,
Hyderabad - 500 001 Telangana, INDIA

Phones: 2324 0047, 2324 1051, 2323 7125, 2329 7160

Fax: +91-40-2329 6455 Website: www.hfl.co.in

E-mail: hiflon@hotmail.com

hiflonpurchase@gmail.com

CIN-L25206TG1983PLC004037

HFL/SEC/2021
30th August, 2021

To,
Bombay Stock Exchange Limited
Floor 25, P J Towers,
Dalal Street, Mumabi-400001.

Sub: **Annual Report 2020-21 of Hindustan Fluorocarbons Limited (HFL)**
Ref: Reg. 34(1) of SEBI, LODRR, 2015

Pursuant to regulation 34(1) of SEBI LODRR, 2015, please find attached herewith the Annual Report for the year 2020-21 of Hindustan Fluorocarbons Limited (HFL). The Annual Report 2020-21 is also uploaded on the company (HFL) website: www.hfl.co.in.

Thanking you,

For **Hindustan Fluorocarbons Limited**

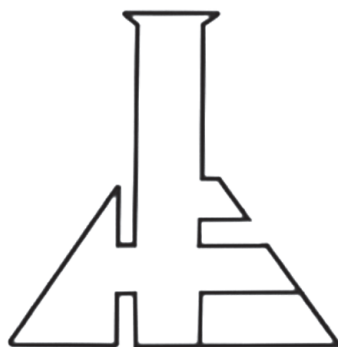
S KRITHIKA
(COMPANY SECRETARY)
(Enclosed Annual Report 2020-21)

फैक्टरी: रुद्रराम डाकघर, संगारेड्डी जिला, तेलंगाना भारत. पिन - 502 329. ई-मेल: hiflonworks@gmail.com

Factory: P.O. Rudraram, Dist. Sangareddy, Telangana INDIA Pin: 502 329. E-mail: hiflonworks@gmail.com

हिन्दी में पत्राचार का स्वागत है ।

38th
ANNUAL REPORT
2020 - 2021



HINDUSTAN FLUOROCARBONS LIMITED

CONTENTS

NOTICE OF 38 TH ANNUAL GENERAL MEETING	1
CHAIRMAN'S STATEMENT	14
DIRECTORS' REPORT & ANNEXURES	16
INDEPENDENT AUDITOR'S REPORT	57
REPORT OF THE C&AG SUPPLEMENTARY AUDIT	68
BALANCE SHEET	69
PROFIT AND LOSS ACCOUNT	70
CASH FLOW STATEMENT	71
NOTES TO FINANCIAL STATEMENTS	73

AUDITORS

SARATH & ASSOCIATES

Chartered Accountants (FRN: 005120S)
4th Floor, Maas Heights, 8-2-577/B,
Rd No.8, Banjara Hills, Hyderabad - 500 034.

BANKERS

State Bank of India

SME Branch, Saifabad, Hyderabad

BOARD OF DIRECTORS

Shri S.C.Mudgerikar (DIN: 03498837)	Chairman (Additional Charge) (CMD HOCL) (w.e.f. 05.08.2021)
Shri S.B.Bhide (DIN: 05323535)	Chairman (HOCL Nominee) (w.e.f.08.03.2016 up to 31.07.2021) Managing Director (Additional Charge) (w.e.f.06.11.2020 up to 31.07.2021)
Shri D.K. Madan (DIN: 07924171)	Gol Nominee Director (w.e.f 09.08.2017) Managing Director (Additional Charge) (w.e.f. 02.08.2021)
Smt. Susheela S Kulkarni (DIN: 09100453)	HOCL Nominee Director (w.e.f. 06.03.2021)
Smt. K.Kusumam (DIN: 09235912)	HOCL Nominee Director (w.e.f. 11.06.2021)
Shri. K.K. Kunjumon (DIN: 09106850)	HOCL Nominee Director (w.e.f.06.03.2021 up to 31.05.2021)
Shri C.P.Bhatia (DIN: 08554234)	HOCL Nominee Director (w.e.f. 09.08.2019-31.05.2020) Managing Director (Additional Charge) (w.e.f.01.06.2020 up to 05.11.2020)
Shri. T.S.Gaikwad (DIN: 02411043)	Managing Director (w.e.f. 01.01.2008 up to 31.05.2020)

REGISTRARS & SHARE TRANSFER AGENTS

M/s. KFin Technologies Private Limited

Formerly (Karvy Fintech Private Limited)

Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500 032.

KEY MANAGERIAL PERSONS (KMP)

Shri D.N.V.S. Raju, Chief Financial Officer
Smt. S. Krithika, Company Secretary

SECRETARIAL AUDITORS

ARS & ASSOCIATES

Company Secretaries, LLP (LLPIN: AAG 3878)
Hyderabad, India

REGISTERED OFFICE

303, Babukhan Estate,
Basheerbagh, Hyderabad – 500 001

WORKS

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

AUDIT COMMITTEE OF THE BOARD: (01.04.2020 - 31.03.2021)

Audit Committee was not functional due to non-availability of Independent Directors

NOMINATION AND REMUNERATION COMMITTEE: (01.04.2020 - 31.03.2021)

Shri. D.K. MADAN Member

Shri. S.B. BHIDE Member

Mrs. S. KRITHIKA Secretary to the Committee

STAKEHOLDERS RELATIONSHIP COMMITTEE (S.R.C.): (01.04.2020 - 31.03.2021)

SRC Committee was not functional due to non-availability of Independent Directors

SHARE TRANSFER COMMITTEE: (01.04.2020 - 31.03.2021)

Shri. C.P. BHATIA Member (up to 05.11.2020)

Shri. S.B. BHIDE Chairman

Mrs. S. KRITHIKA Secretary to the Committee

**CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY
DEVELOPMENT COMMITTEE (CSR&SD): (01.04.2020 - 31.03.2021)**

Shri. D.K. MADAN

Member

Shri. S.B. BHIDE

Member

Mrs S. KRITHIKA

Secretary to the Committee



Notice of the 38th Annual General Meeting

Notice is hereby given that the 38th Annual General Meeting of the Members of Hindustan Fluorocarbons Limited will be held on **Friday the 24th September, 2021** at 3.00 P.M through Other Audio Visual Means (“OAVM”) without physical presence of the shareholders at a common venue, to transact the following businesses:

Ordinary Business:

Item No. 1 –To consider and to adopt the Audited Financial Statements comprising the Balance Sheet as at 31st March, 2021, the Profit & Loss Account for the year ended 31st March, 2021, Cash Flow Statement, Schedules and Notes to Accounts attached thereto, together with the Directors’ Report and the Auditors’ Report along with the Report of the Comptroller & Auditor General (CAG).

Item No. 2 –

- (a) To re-appoint Smt. Susheela S Kulkarni (DIN: 09100453), HOCL Nominee Director, who retires at this AGM and being eligible offers herself for re-appointment.
- (b) To re-appoint Smt. K.Kusumam (DIN: 09235912), HOCL Nominee Director, who retires at this AGM and being eligible offers herself for re-appointment.

Item No. 3 -To approve the remuneration to be paid as statutory audit fees to M/s. Sarath & Associates, Chartered Accountants, Hyderabad (Firm Registration Number [0051205]) appointed as Statutory Auditor by C&AG for the Financial Year 2021-22 and to authorize and to ratify the actions of the Board of Directors of the Company to fix the other fees, if any, payable to the Statutory Auditors of the Company, for the Financial Year 2021-22.

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

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

PLACE : HYDERABAD

DATE : 27-July-2021

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

**NOTES:**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circulars dated January 13, 2021 and May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) and other applicable circulars issued by the Securities and Exchange Board of India (SEBI) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the 38th AGM of the company is being held through VC / OAVM. Hence, Members can attend and participate in the ensuing AGM through VC/OAVM only. The Head Office of the Company shall be deemed to be the venue of the AGM. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
2. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Company. Since the AGM is being held in accordance with the Circulars through VC, the facility for the appointment of proxies by the members will not be available and hence Proxy form, Attendance Slip are not annexed to this Notice.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. As per the provisions under the MCA Circulars, members attending the 38th AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC. Corporate members intending to authorize their representatives to participate and vote at the e-AGM are requested to send a certified copy of the Board resolution / authorization letter to the Scrutinizer by email to mail@arscslip.com and hflshareholders@gmail.com with a copy marked to evoting@cdslindia.com and einward.ris@kfintech.com.
6. The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in



the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. September 24, 2021. Members seeking to inspect such documents can send an email to hflshareholders@gmail.com.

7. Members are requested to address all correspondence, to RTA, KFin Technologies Private Limited, Unit: Hindustan Fluorocarbons Limited, Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad 500 032. Toll Free No.: 1800 345 4001/ 1800 309 4001 and einward.ris@kfintech.com.

Company [through RTA] will be sending communications with respect the below mentioned important points along with this 38th AGM Notice.

Important information:

- I. Pursuant to SEBI circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018, members 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.
- III. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only

in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

8. Members 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.6]
9. The Register of Members and Share Transfer Books of the Company will remain closed from **Friday, September 17, 2021 to Friday, September 24, 2021 (both days inclusive)** for the purpose of AGM of the Company.
10. In compliance with Section 108 of the Act, read with the corresponding rules, Regulation 44 of the LODR Regulations and in terms of SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020, the Company has provided a facility to its members to exercise their votes electronically through the electronic voting ("e-voting") facility provided by the Central Depository Services Limited ("CDSL"). Members who have cast their votes by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the **"Instructions for e-voting"** section which forms part of this Notice. The Board



has appointed ARS and Associates, Company Secretaries LLP, as the Scrutinizer to scrutinize the e-voting in a fair and transparent manner.

11. Members holding shares either in physical or dematerialized form, as on cut-off date, i.e. as on September 17, 2021, may cast their votes electronically. The e-voting period commences on Monday, September 20, 2021 (9:00 a.m. IST) and ends on Thursday, September, 23 2021 (5:00 p.m. IST). The e-voting module will be disabled by CDSL thereafter. A member will not be allowed to vote again on any resolution on which vote has already been cast. The voting rights of members shall be proportionate to their share of the paid-up equity share capital of the Company as on the cut-off date, i.e. as on September 17, 2021. A person who is not a member as on the cut-off date is requested to treat this Notice for information purposes only.
12. The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.
13. Any person holding shares in physical form, and non-individual shareholders who acquire shares of the Company and become members of the Company after the Notice is sent and holding shares as of the cut-off date, i.e. September 17, 2021, may follow steps mentioned in the Notice under “Instructions for e-voting.”
14. In compliance with the Circulars, the Annual Report 2020-21, the Notice of the 38th AGM,

and instructions for e-voting are being sent through electronic mode to those members whose email addresses are registered with the Company / depository participant(s).

15. We urge members to support our commitment to environmental protection by choosing to receive the Company’s communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective depository participants, and members holding shares in physical mode are requested to update their email addresses with the Company’s RTA, KFin Technologies Private Limited at einward.ris@kfintech.com to receive copies of the Annual Report 2020-21 in electronic mode. Members may follow the process detailed below for registration of email ID to obtain the Annual Report.

Type of Holder	Process to be followed for Registering email address
Physical	Send a written request to the RTA of the Company, KFin Technologies Private Limited or email to the company at hflshareholders@gmail.com , providing Folio Number, name of member, copy of the share certificate (front and back), PAN (self-attested copy of PAN card), AADHAAR (self-attested copy of Aadhaar card) for registering email address.
Demat	Please contact your DP and register your email address as per the process advised by your DP.

**Instructions for e-voting****THE INSTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:****Voting through electronic means:**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through Video Conferencing (VC) or Other Audio-Visual Means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Secretarial Standard 2 on General Meetings ("SS-2") and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM/EGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. The AGM has been convened through VC/OAVM in compliance with applicable



provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

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

- (i) The voting period begins on Monday, September 20, 2021 (9:00 a.m. IST) and ends on Thursday, September, 23 2021 (5:00 p.m. IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 17th September, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) In terms of SEBI circular **no. SEBI/HO/CFD/CMD/CIR/P/2020/242** dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the CDSL e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration



	<p>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS” Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting



<p>Individual Shareholders (holding securities in demat mode) login through their Depository Participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>
--	---

Important note:

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

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

Login type	Helpdesk details
<p>Individual Shareholders holding securities in Demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542-43.</p>
<p>Individual Shareholders holding securities in Demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>

1. Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders holding in Demat form & physical shareholders.**
2. The shareholders should log on to the e-voting website www.evotingindia.com.
3. Click on “Shareholders” module.
4. Now enter your User ID
 - i. For CDSL: 16 digits beneficiary ID,
 - ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - iii. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
5. Next enter the Image Verification as displayed and Click on Login.
6. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.



7. If you are a first-time user follow the steps given below:

For Shareholders holding shares in Demat Form other than individual and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)- Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/ RTA or contact Company/RTA.
Dividend Bank 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 (v).

8. After entering these details appropriately, click on "SUBMIT" tab.
9. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
10. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
11. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
12. 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.
13. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
14. 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.
15. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
16. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.



17. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

18. Facility for Non – Individual Shareholders and Custodians –Remote Voting

- ◆ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- ◆ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- ◆ After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- ◆ The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- ◆ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- ◆ Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email

address viz hflshareholders@gmail.com and mail@arscsllp.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.



7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **3 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at hflshareholders@gmail.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **3 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at hflshareholders@gmail.com. These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

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

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

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/4

**“Voting Results”**

1. The Scrutinizer shall, after the conclusion of the AGM, electronically submit the Consolidated Scrutinizer's Report (i.e. votes cast through Remote e-voting and E-voting during AGM) of the total votes cast in favour or against the resolution and invalid votes, to the Chairman of the AGM or to any other person authorised by the Chairman of the Company.
 2. Based on the Scrutinizer's Report, the Company will submit within 48 hours of the conclusion of the AGM to the Stock Exchanges, details of the voting results as required under Regulation 44(3) of the Listing Regulations.
 3. The result declared along with Scrutinizer's Report will be placed on the website of the Company at www.hfl.co.in and on the website of CDSL at www.evotingindia.com.
- 2) Additional information pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM forms part of this Notice.
 3. Since the AGM will be held through VC in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.

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

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

Other Information:

- 1) Members may also note that the Notice of the 38th AGM and the Annual Report 2020-21 will be available on the Company's website, <https://www.hfl.co.in/>, website of the Stock

PLACE : HYDERABAD

DATE : 27-07-2021

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



Annexure

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

Particulars	Smt. Susheela S Kulkarni
Age	57 years
Date of Appointment	06.03.2021
Qualifications	B.Com, M.Com, FCS, L.L.B., MBA (Fin.); ICSI Membership No. FCS-5145
Expertise in Specific Functional Areas	Holding position as CGM & Company Secretary (as CS since 2001), possess managerial experience in Finance/ Marketing/production matters at a senior level of management in HOCL. Assisted Management in preparation of Restructuring Plan for HOCL, Finalising MOU with GOI and other correspondence with GOI Helped management in framing VRS to reduce excess manpower also in introducing several cost reduction measures. Around 28 years' experience in the Secretarial legal work as Independent Company Secretary with Listed Public Ltd & Govt Co. Adept at handling all the Meetings of the Board & Board Committees AGMs / EGMs.
Directorship Held in other Companies	Nil
Shareholding in the Company	Nil

Particulars	Smt. K Kusumam
Age	57 years
Date of Appointment	11.06.2021
Qualifications	B.Tech (Electrical), MBA, BEE certified energy auditor.
Expertise in Specific Functional Areas	33 years of experience in HOCL, Out of which 10 years at senior management position at HOCL.
Directorship Held in other Companies	Nil
Shareholding in the Company	Nil

(For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above director, please refer to the corporate governance report which is a part of this 38th Annual Report.)



CHAIRMAN'S SPEECH

Dear Shareholders,

I extend my hearty welcome to you to this 38th Annual General Meeting of your Company. I am sure, you must have received the Directors' Report and Audited Annual Accounts of the Company for the year ended 31st March, 2021 and with your permission I take them as read.

I now proceed to share with you briefly the performance of the company and our activities.

1. OPERATIONS AND OVERALL PERFORMANCE

During the year under review, pursuant to CCEA order for closure and shutting of operations of HFL, balance production of 16 MTs (allocated quota) was completed to facilitate disposal / sale of whole plant as one unit.

During the year, the sales turnover (net) was Rs. 366.91 lacs as against Rs. 3132.46 lacs in the previous year. CFM-22 sale quantity was 114 MT as against 961 MT in the previous year. Quality of all company's products continued to be well accepted by our customers. Company has achieved 8% capacity utilization as against 74% in the previous financial year.

2. CCEA APPROVAL

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

3. SHUTTING OF OPERATIONS

Pursuant to CCEA directions for Closure of HFL, all production activities of HFL has been shut/completed as on 31st March, 2021.

4. SALE / DISPOSAL OF HFL FREEHOLD LAND

Pursuant to CCEA directions for Closure of HFL, approval from shareholders for the sale of 126 acres of the company's land on 'as and where is basis' was obtained on 28th July, 2020. The sale of land is subject to receipt of NOC from TSIDC/TS Govt.

5. PLANT AND MACHINERY AND OTHER MOVABLE ASSETS

Pursuant to CCEA directions for Closure of HFL, approval from shareholders for the sale of plant and machinery and other immovable assets of the company was obtained on 28th July, 2020. Sale of Plant & Machinery and other movable assets would be done through MSTC e-Auction, as per decision taken by CCEA on 22-Jan-2020 and will be executed as per DPE guidelines. HFL has one plant/unit located at Rudraram, District Sangareddy in Telangana.

6. RECEIPT OF GOI INTEREST FREE LOAN

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

**7. VRS**

The VRS-2020 scheme was implemented by the company, accordingly 64 employees were relieved on VRS-2020 scheme and 13 employees got superannuated during the year.

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

8. CORPORATE GOVERNANCE

Your Company lays emphasis in conducting its affairs within the frame work of policies and guidelines set by the Government in a transparent manner. It is the endeavor of the Company to build trust between shareholders, employees & customers based on the basic principles of Corporate Governance. The detailed Report on the Corporate Governance as well as Management Discussion Analysis Report is enclosed as a part of the Director's

report. This Report analyses in brief the potentialities of the Company as well as the focus of the Company's business.

9. ACKNOWLEDGEMENTS:

I place on record my appreciation and gratitude to all the employees and others who had extended their support and co-operation during the year. In particular I am grateful to various officials of the Govt of India especially from the Ministry of Chemicals & Fertilizers, Department of Chemicals and Petrochemicals, the Finance Ministry, Ministry of Environment, Forest and Climate Change, Govt. of India, Govt of Telangana, Promoter Company i.e. HOCL and Board Members. I would like to convey my sincere appreciation to our valued customers, suppliers, Statutory Bodies, Investors, our bankers State Bank of India, Statutory/Govt Auditors etc., for their continued support.

Sd/-
(S B BHIDE)
Chairman



DIRECTORS' REPORT

Your Board of Directors takes pleasure in presenting their 38th Annual Report on the performance of the Company, together with the Audited Annual Accounts for the year ended 31st March, 2021 and reports of the Statutory Auditors and the Comptroller and Auditor General of India thereon.

1. FINANCIAL RESULTS

The financial performance of the Company for the year ended 31st March, 2021 is summarized below: (Rs. in lacs)

Particulars	2020-21	2019-20
Revenue from operations	432.79	3695.77
Other Income	249.90	4.31
Less: GST	(65.88)	(563.31)
Total Revenue	616.81	3136.77
Total Expenditure	3,099.90	3500.01
Profit/ (Loss) Before Tax	(2,483.09)	(363.24)
Other comprehensive income/(Loss)	(48.98)	(48.76)
Total comprehensive income/(Loss)	(2,532.07)	(412.00)

2. MEMORANDUM OF UNDERSTANDING WITH GOVERNMENT OF INDIA

HFL had received letter from Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises vide File No.M-03/0009/2019-DPE (MoU) dated 13-11-2020 informing the exemption from signing MoU for the year 2020-21.

3. IMPACT OF COVID-19

The pandemic Covid-19 has significantly and adversely affected the business sentiments and economy in general. Company has evaluated the impact of COVID - 19 on the functioning of the company for the financial year and was found insignificant as the Company is presently working towards closure of its Unit and related activities and there is no separate impact due to Covid-19 pandemic

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

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

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

In view of the losses at the end of the Financial Year 2020-21, the Board of Directors did not recommend any dividend on the equity shares for the year ended 31st March, 2021.

6. OPERATIONS AND OVERALL PERFORMANCE

During the year under review, pursuant to CCEA order for closure and shutting of operations of HFL, Balance production of 16 MTs (allocated quota) was completed to facilitate disposal / sale of whole plant as one unit

During the year, the sales turnover (net) was Rs. 366.91 lacs as against Rs. 3132.46 lacs in the previous year.

CFM-22 sale quantity was 114 MT as against 961 MT in the previous year. Quality of all company's products continued to be well accepted by our customers. Company has achieved 8% capacity utilization as against 74% in the previous financial year.



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

i. DECISION FOR CLOSURE OF HFL

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

ii. CCEA APPROVAL

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

HFL has received approval of shareholders for the shutting down of the plant/unit and closure of the company and to sell or otherwise dispose of the whole or substantially the whole of the undertaking of the company through postal ballot notice dated February 10, 2020.

iii. SALE/DISPOSAL OF HFL FREEHOLD LAND

HFL is in the process of disposal of its land and the same is subject to receipt of NOC from TSICC/TS Govt.

iv. PLANT AND MACHINERY AND OTHER MOVABLE ASSETS

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

v. RECEIPT OF GOI INTEREST FREE LOAN

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

vi. OBTAINING MLF FUNDING FROM MOEFCC FOR THE PLANT CLOSURE

In case of closure of HCFC-22 plant, Multilateral Fund (MLF) is providing the financial assistance for this process through World Bank. HFL is in touch with DCPC and MoEFCC on MLF funding.

vii. VRS –2020 SCHEME

The VRS-2020 scheme was implemented by the company, accordingly 64 employees were relieved on VRS-2020 scheme and 13 employees got superannuated during the year. The VRS sums paid to employees towards VRS/VSS and arrears to retired employees etc. are made after audit by an Independent auditor, Internal Auditor and Statutory Auditor. Further, as directed VRS payments are made as per DPE guidelines and same are also verified by DCPC, MoC&F.

8. POSTAL BALLOT

HFL has not conducted any postal ballot process during the year 2020-21. However, due to COVID-19 and subsequent lockdown, the postal ballot issued vide notice dated 10th February, 2020 was delayed and the process was completed during July, 2020. Pursuant to Section 110 and other applicable provisions of the Companies Act, 2013 read together with the Companies (Management and Administration) Rules, 2014, HFL had sought the approval of the members through postal ballot (which included electronic voting) for



the Special Resolution under Section 180(1)(c) and 180(1) (a) of the Companies Act 2013 seeking approval of shareholders for the following resolutions: (i) to approve the shutting down of the plant/unit and closure of the company (ii) to sell or otherwise dispose of the whole or substantially the whole of the undertaking of the company. Based on the scrutinizer report dated 28th July, 2020 submitted by Mr. Raghavendar Rao Depuru, M/s. Ahalada Rao.V & Associates, the Special Resolutions in relation to the aforesaid matter has, therefore, been approved by the Shareholders with the requisite majority. The results of the postal ballot and scrutinizer report are available at the website of the Company i.e. www.hfl.co.in.

9. SHARES

The Authorized Share Capital of the company is Rs. 21,00,00,000 and the paid up capital of the company is Rs.19,59,91,000. The company's shares are listed in BSE (Scrip ID: 524013). During the period under review, the company has not: (i) bought back any of its securities (ii) issued any sweat equity shares (iii) issued any bonus shares (iv) provided any stock option scheme to employees.

10. THE RIGHT TO INFORMATION ACT, 2005.

In consonance with the provisions of the Right to information Act, 2005, Company has appointed Appellate Authorities/ Public Information officer at the office of the company to respond effectively to the request of the applicants under the acts in synchronization with the direction of Central Information Commission (CIC), for promotion of Institutional transparency within the public authority through proactive and effective implementation of section 4 of the RTI Acts, 2005.

11. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The company was not required to transfer any amount towards IEPF

12. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

In view of the COVID-19 pandemic and restrictions on the movements apart from social distancing, the MCA vide circular dated 19th March, 2020 and subsequent exemptions thereto to Section 173 (2) and Rule 4(2) of Companies (Meeting of Board of Directors and its Powers) Amendment Rules, 2020, HFL has conducted all its Board Meeting during the year through VC.

The Board of Directors met **5 times** during the financial year 2020-21 on: 15th June, 2020, 20th July 2020, 10th August, 2020, 27th October, 2020 and 25th January 2021.

For details of meetings of the Board, refer to Corporate Governance Report, which is a part of this report.

13. BOARD OF DIRECTORS

Board of Directors of the company was constituted. During the year, the following additions / deletions were made:

- As per Gol order, Shri. S.C.Mudgerikar, Chairman and Managing Director (CMD) (Additional Charge) and Director (Finance) (Additional Charge) of Hindustan Organic Chemicals Limited (HOCL) to be Chairman (Additional Charge) of HFL Board pursuant to Article 77(a)(ii) of AOA of HFL w.e.f 05.08.2021 for a period of three months or until further orders whichever is earlier.
- As per Gol Order, Shri. D K Madan, holds Additional Change of Managing Director of HFL w.e.f 02.08.2021 for a period of three months or until further orders, whichever is earlier.



3. As per Gol Order, Shri. D K Madan, was re-appointed as Gol Nominee Director on the Board of HFL w.e.f. 09.08.2020 for a period of three years or till the date of superannuation or till further orders, whichever is the earliest.
4. As per Gol order, Shri. S B Bhide, HOCL Nominee Chairman was appointed as Managing Director (Additional Charge) of HFL w.e.f 06.11.2020 up to 31.07.2021. (relinquished additional charge of MD HFL, due to superannuation)
5. Smt. Susheela S Kulkarni, CGM & Company Secretary of HOCL was appointed as HOCL Nominee Director w.e.f 06.03.2021
6. Smt. K Kusumam, UIC & ED, Kochi Unit of HOCL was appointed as HOCL Nominee Director W.e.f 11.06.2021.
7. Shri. K. K. Kunjumon, UIC & ED, Kochi Unit of HOCL was appointed as HOCL Nominee Director w.e.f 06.03.2021 up to 31.05.2021
8. As per Gol order, Shri. Chander Prakash Bhatia, was appointed as Managing Director (Additional Charge) w.e.f 01.06.2020 and till closure activities of HFL are completed or till the date of his superannuation or till further orders, whichever is the earliest. However, as per Gol Order dated 05.11.2020, term of office ended due to premature termination w.e.f 05.11.2020.
9. Shri. T S Gaikwad, Managing Director superannuated on 31.05.2020.

The Board has placed on record their appreciation to the Directors who have ceased to be members of the Board for the valuable contribution made and the guidance/suggestion provided by them which has greatly benefited the company.

Smt. Susheela S Kulkarni, CGM & Company Secretary of HOCL, HOCL Nominee Director and Smt. K Kusumam, UIC & ED, Kochi Unit of HOCL, HOCL Nominee Director, retires by rotation at this Annual General Meeting (38th AGM) of the Company and being eligible offers themselves for re-appointment.

Due to the end of term of Independent Directors on 20.02.2020, HFL has requested to Gol and HOCL (Parent company) for appointment of Independent Directors on the Board of HFL. HFL being a subsidiary of Central Govt. Company, (Hindustan Organic Chemicals Limited (HOCL), in which, as per Articles, the Government/President of India or HOCL is the authority for appointment of the Directors on our Company's Board. Hence in the event of any vacant position of the directors on our Company's board, HFL is taking up the same timely / immediately with our administrative ministry. Due to the present COVID-19 pandemic there is further delay in the process of appointment of Independent Directors on the Board of HFL.

Pursuant to the provisions of Section 203 of the Companies Act, 2013 the Key Managerial Personnel of the Company as on March 31, 2021 are: 1. Shri. Srinivas Raju Dalapathirao, Chief Financial Officer; 2. Mrs. S Krithika, Company Secretary.

14. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company being a CPSE, appointment of all the Directors on the Board of the Company are made by the Government of India/ President of India and under the supervision, control and directions of the DC&PC and by parent company (HOCL) and the prescribed DPE Guidelines are also followed.



15. COMPANY'S POLICY RELATING TO APPOINTMENT AND PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES OF KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Company has constituted Nomination and Remuneration Committee under section 178(1) of the Companies Act 2013 and complied the criteria for determining qualifications positive attributes and independence of appointment and remuneration of a Key Managerial Personnel and other employees as provided under Section 178(3) of the Companies Act, 2013.

16. FORMAL ANNUAL EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The Company being a CPSU, is governed by the DPE Guidelines and the Annual Evaluation of Performance of Board, its committees and of individual Directors are carried out by the Administrative Ministry.

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

The Company being a CPSE which is under the supervision, control and direction of the Administrative Ministry the prescribed DPE Guidelines are being followed in respect of employee's remunerations and DPE Guidelines are being followed, as regards other prescribed Perquisites

18. TRAINING OF BOARD OF DIRECTORS:

The company furnishes set of documents and booklets to the Directors on their joining the Board. This includes important data about the performance of the Company, Memorandum & Articles of Association, Corporate Governance guidelines, Delegation of powers, Product line brochures etc. A copy of the

monograph on position, duties and liabilities of Directors is also circulated among the Directors.

19. COMMITTEES OF THE BOARD

The Committees of the Board includes, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility and Sustainability Development Committee (CSR&SD) Share Transfer Committee and Stakeholders Relationship Committee. For details of Composition and meeting of Committee, refer to Corporate Governance Report, which is a part of this report.

20. ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in Annexure-I and is attached to this Report.

21. INDEPENDENT DIRECTORS DECLARATION

During the current financial year there were no independent directors on the Board of HFL therefore, Declaration of Independence as stipulated under Section 149(7) of the Companies Act, 2013 was not applicable.

22. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information in accordance with the provisions required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 Regarding Conservation of energy, Technology Absorption and Foreign Exchange Earning and outgo are given at Annexure II, Form A and B to this Report.

23. RESEARCH & DEVELOPMENT:

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

**24. INDUSTRIAL RELATIONS**

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

25. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Management Discussion and Analysis Report is annexed hereto in Annexure – IV and forms part of the Directors' Report.

26. CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance Code. Report on the Compliance with Corporate Governance Code is attached as Annexure-V

The certificate obtained from Practicing Company Secretary regarding compliance of the conditions of corporate governance are attached in Annexure – VI.

27. DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility statement:—

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The directors have selected such accounting policies and applied them

consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

- c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) As regards preparation of the annual accounts on a going concern basis is concerned, it is submitted that as per communication received from Ministry of Chemicals And Fertilizers, Department of Chemicals and Petrochemicals vide File. No. 9-5101506 /2019-Ch.III dated 29.01.2020 informing the decision of Cabinet Committee on Economic Affairs (CCEA) on closure of Unit of HFL, together with timelines for implementation of the said directions, the process of closure is initiated by the Board. Accordingly, HFL has adopted IND AS 105 'Assets held for Sale and Discontinuing Operations' and prepared the annual accounts on the basis of IND AS 105. **The Company is no longer a Going Concern Entity** and the same is also referred in the Statutory Auditor's Report.
- e) The directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively. These include the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business including adherence to Company's



policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

28. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company do not have any Subsidiary, Joint venture or Associate Company.

29. DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review and the company has not accepted any deposits during the previous years

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

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

31. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

There were no contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review.

32. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS U/S 143 OTHER THAN THOSE REPORTABLE TO CENTRAL GOVERNEMENT:

During the year, no frauds were reported by the auditors and the same is not applicable to the company.

33. CORPORATE SOCIAL RESPONSIBILITY:

As the Company is making Continuous losses, the provision of Section 135 of the Companies act related to the CSR is not applicable to the Company for the financial year 2020-21, however recognizing the obligation to the society both in the areas of environment protection and social development, company has taken initiatives towards implementing welfare schemes. Company has taken up Swatch Bharat Abhiyan and cleaning of factory premises and head office was undertaken.

34. RISK MANAGEMENT

The company has put in place Risk Management process which includes risk identification, risk assessment, risk evaluation, categorization and risk treatment plan for mitigation of risks and escalation / reporting of risks to Board.

35. VIGILANCE

With the approval of the Ministry, an officer of the company has been nominated as "Vigilance Officer" (Part time) from amongst the Officers of the Company to take care of Vigilance functions. Vigilance activities have mainly been directed to check the improvements in the existing systems and procedures through periodic checks and to encourage preventive vigilance. The instructions of the Central Vigilance Commission received from time to time have been implemented to strengthen the vigilance machinery in the company.

36. MATERIAL ORDERS OF JUDICIAL BODIES/ REGULATORS

In the case of Rockwell Industries Limited vs. HFL, the High Court vide Order Dated: 04.11.2020 (Case No. COM.C.A. 16/2020) has directed HFL (Appellant) not to dispose or transfer or to create a third party right with regard to its assets. HFL is in the process of vacating the stay on disposal of assets.

**37. AUDITORS:**

The Statutory Audit of your Company was conducted by M/s. Sarath & Associates, Chartered Accountants, who were appointed as Statutory Auditors for the Financial year 2020-2021 by Comptroller and Auditor General of India (C &AG) as per Section 139(5) of the Companies Act, 2013, Auditors Report on the Accounts of the Company for the financial year ended 31st March, 2021 is at Annexure–VIII. Company had appointed M S Agarwal & Co., Chartered Accountants as Internal Auditors of the Company for the F.Y.2020-21

38. EXPLANATIONS IN RESPONSE TO AUDITORS' QUALIFICATIONS

The comments of the Comptroller and Auditor General of India u/s 143(6)(b) of the Companies Act, 2013 on the accounts of the company for the year 2020-21 forms part of the Annual Report.

39. SECRETARIAL AUDIT

Board has appointed M/s. ARS & Associates Company Secretaries LLP (LLPIN: AAG-3878) as Secretarial Auditor of the company for the financial year 2020-21. The explanations / comments made by the Board relating to the qualifications, reservations or adverse remarks made by the Auditors in their report are furnished in Annexure VII is attached to this report. There were no adverse comments, qualifications or reservations or adverse remarks in the Secretarial Audit Report.

40. COMPLIANCE WITH SECRETARIAL STANDARDS

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

41. THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL Act, 2013

The company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual

Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Company has not received any case relating to the sexual harassment of women at work place.

42. HEALTH AND ENVIRONMENT

The management has taken the great responsibilities for continuous monitoring and protecting the health and environment as per statutory compliance. Company is following all pollution norms. The health record of employees working in production Division is maintained in the Health Register in Form 7.

43. FIRE & SAFETY PERFORMANCE

The Company pays special attention to ensure safety of the factory and workers employed therein. The Company accords the same attention to safety aspects as it does to production and productivity, be it in a personal safety, process safety, environment safety or product stewardship and allocated adequate resources of men, machine, money, time and energy to maintain the standards thus performance during the year was very good.

The Company continued to maintain good safety record in the financial year 2020-21.

44. IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

During the year under report, your Company continued to promote Hindi as official Language in day to day working in line with the Government policies for its intensive and extensive efforts for progressive use of the official language.

45. ISO CERTIFICATION

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

46. PARTICULARS OF EMPLOYEES:

None of the employees of the company is drawing remuneration requiring disclosure pursuant to the provisions of the Companies (Particulars of Employees) Rules, 1975.

**47. LEGAL COMPLAINE**

The Company has complied with all the legal provisions effectively. Although it has filed two petition to Company Law Board during the financial year 2011-12 regarding condonation of delay in filing of satisfaction of charge documents of Life Insurance Corporation of India, with the Registrar of Companies.

48. INSURANCE

All properties and insurable interest of the company including building, plant and machinery and goods are adequately insured. As required under Public Liability Insurance Act, 1991, the company has taken necessary insurance cover.

49. MICRO & SMALL ENTERPRISES

All efforts have been taken to comply with the Government Directive to procure items specified for procurement from MSMEs. Necessary procedures has been made in all tenders stating the eligibility of MSMEs to participate in tenders.

50. TRADING AND DEMAT FACILITIES FOR SHARES

The shares of the Company are compulsorily traded in Dematerialized mode. To facilitate the shareholders to dematerialize the shares, the Company has signed the agreement with both i.e. National Securities depositories Limited (NSDL and Central Depositories Services (India) Ltd., (CDSL) under ISIN No. INE806J01013. 86.74% of the Share Capital of the Company has been dematerialized, as on 31st March, 2021.

51. COMPLIANCE OF DPE GUIDELINES & POLICIES

The Guidelines & policies issued by the Department of Public Enterprises from time to time are being complied with and implemented with the approval of the Board of Directors / Competent Authority.

52. CODE OF CONDUCT

The Company has adopted “Code of Conduct and Ethics” for the Directors and Senior Executives of the Company as per DPE guidelines and as per HOCL (Parent Company). The object is to conduct the Company’s business ethically and with responsibility, integrity, fairness, transparency and honesty.

53. ACKNOWLEDGEMENTS

I place on record my appreciation and gratitude to all the employees and others who had extended their support and co-operation during the year to achieve the targeted goals of the Company. In particular I am grateful to various officials of the Govt of India, especially from the Ministry of Chemicals & Fertilizers, Department of Chemicals and Petrochemicals, the Finance Ministry, Ministry of Environment, Forest and Climate Change, Govt. of India, Govt of Telangana, Promoter Company i.e. HOCL and Board Members. I would like to convey my sincere appreciation to our valued customers, suppliers, Statutory Bodies, Investors, our bakers State Bank of India, Statutory/Govt Auditors etc. for the continued support.

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

**Sd/-
(S B BHIDE)
Chairman and
Managing Director**

Place: Hyderabad

Date: 24-05-2021



ANNEXURE-I

FORM NO MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on **31.03.2021**

*Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1)
of the Company (Management & Administration) Rules, 2014.*

I. REGISTRATION & OTHER DETAILS:

I	CIN	L25206TG1983PLC004037
II	Registration Date	14.07.1983
III	Name of the Company	Hindustan Fluorocarbons Limited
IV	Category/Sub-category of the Company	Company Limited by Shares / Government Company / Public Company
V	Address of the Registered office & contact details	303, Babukhan Estates, Basheerbagh, Hyderabad-500001. Tele: 040-23240047, 23241051, 23237125, 23297160 Fax: 040-23296455 Website: www.hfl.co.in E-mail: hflshareholder@gmail.com cs.hfl@hoclindia.com
VI	Whether listed company	Yes
VII	Name, Address & contact details of the Registrar & Transfer Agent, if any	M/s. KFin Technologies Private Limited Selenium, Tower B, Plot 31-32, Gachibowli, Financial Dist., Nanakramguda, HYDERABAD - 500 032. Tel: +(040) 6716 1500 / 6716 2222 e-mail: einward.ris@kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated.

Sl. No.	Name & Description of Main Products/services	NIC Code of the Product/service	% to total turnover of the company
1	PTFE	20111	2.66 %
2	CFM-22	20111	94.81 %

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES:

Sl. No.	Name & Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1	Hindustan Organic Chemicals Limited	L99999MH1960GOI011895	Holding Company	56.43	2(46) & 2(87) of Companies Act 2013


IV. SHAREHOLDING PATTERN (Equity/Share capital Break up as % to total Equity):
i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2020)				No. of Shares held at the end of the year (31.03.2021)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0.00%	0	0	0	0.00%	0.00
b) Central Government	11060000	0	11060000	56.43%	11060000	0	11060000	56.43%	0.00
c) State Government	0	0	0	0.00%	0	0	0	0.00%	0.00
c) Bodies Corporate	0	0	0	0.00%	0	0	0	0.00%	0.00
d) Bank/Fl	870000	0	870000	4.44%	870000	0	870000	4.44%	0.00
e) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00
SUB TOTAL: (A) (1)	11930000	0	11930000	60.87%	11930000	0	11930000	60.87%	0.00
(2) Foreign	0	0	0	0.00%	0	0	0	0.00%	0.00
a) NRI-Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00
b) Other Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00
c) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00
d) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00
SUB TOTAL: (A) (2)	0	0	0	0.00%	0	0	0	0.00%	0.00
Total Shareholding of Promoter(A)=(A)(1)+(A)(2)	11930000	0	11930000	60.87%	11930000	0	11930000	60.87%	0.00
(B) PUBLIC SHARE HOLDING									
(1) Institutions									0.00
a) Mutual Funds	0	0	0	0.00%	0	0	0	0.00%	0.00
b) Banks/Fl	0	1200	1200	0.01%	0	1200	1200	0.00%	0.00
c) Central govt.	0	0	0	0.00%			0		0.00
d) State Govt.	0	0	0	0.00%			0		0.00
e) Venture Capital Fund	0	0	0	0.00%			0		
f) Insurance Companies	227121	0	227121	1.16%	154254	0	154254	0.79%	-0.12
g) FIIS	0	0	0	0.00%	0	0	0	0.00%	0.00
h) Foreign Venture Capital Fund	0	0	0	0.00%	0	0	0	0.00%	0.00
i) Others((specify)	0	0	0	0.00%	0	0	0	0.00%	0.00
SUB TOTAL (B)(1):	227121	1200	228321	1.16%	154254	1200	155454	0.79%	0.00
(2) Non-Institutions									
a) Bodies corporate i) Indian	357742	75200	432942	2.21%	333176	75200	408376	2.08%	-0.01
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00
b) Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00
i) Individual shareholders holding nominal share capital up to Rs.1 lach	1562957	2435875	3998832	20.40%	1650466	2415875	4066341	20.75%	0.04
ii) Individuals Share holders holding nominal share capital in excess of Rs.1 lach	2219016	0	2219016	11.32%	2219016	0	2219016	11.32%	0.52
c) Others (specify)									
Non Resident of Indians	212600	105900	318500	1.63%	217024	105900	322924	1.65%	0.03
Overseas Corporate Bodies	0	0	0	0.00%	0	0	0	0.00%	0.00
Foreign Nationals	100	0	100	0.00%	0	0	0	0.00%	0.00
Clearing Members	777	0	777	0.00%	14847	0	14847	0.08%	0.00
Trusts	500	0	500	0.00%	600	0	600	0.00%	0.00
HUF	470112	0	470112	2.40%	481542	0	481542	2.46%	0.20
SUB TOTAL (B)(2):	4823804	2616975	7440779	37.96%	4916671	2596975	7513646	38.34%	0.00
Total Public (B) = (B) (1) + (B) (2)	5050925	2618175	7669100	39.13%	5070925	2596975	7669100	39.13%	0.00
(C) Shares held by custodian for GDRs. & ADRs	0	0	0	0.00%	0	0	0	0.00%	0.00
GRAND TOTAL (A+B+C)	16980925	2618175	19599100	100.00%	17000925	2596975	19599100	100.00%	0.00


ii. Share Holding of Promoters:

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of shares pledged Encumbered to Total Shares	No. of Shares	% of total shares of the company	% of shares pledged Encumbered to Total Shares	
1	Hindustan organic Chemicals Limited (HOCL)	11060000	56.43	0.00	11060000	56.43	0.00	0.00
2	Andhra Pradesh Industrial Development Corporation (APIDC)	870000	4.44	0.00	870000	4.44	0.00	0.00
	Total	11930000	60.87	0.00	11930000	60.87	0.00	0.00

iii. Change in Promoters Shareholding (Specify) If there is no change: NO CHANGES
iv. Shareholding pattern of the top ten shareholders:
Shareholding Pattern of Top 10 Shareholders between 31-03-2020 and 31-03-2021

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year 01-04-2020		Cumulative Share holding during the year 31-03-2021	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	DILIPKUMAR LAKHI	578216	2.95	578216	2.95
	Increase/decrease in shareholding	-	-	-	-
	Total			578216	2.95
2	NEETA UDAYANKUMAR KOTHARI	408997	2.09	408997	2.09
	Increase/decrease in shareholding	-	-	-	-
	Total			408997	2.09
3	MANISH LAKHI	307673	1.57	307673	1.57
	Increase/decrease in shareholding	-	-	-	-
	Total			307673	1.57
4	UDAYANKUMAR NAVINCHANDRA KOTHARI	287104	1.46	287104	1.46
	Increase/decrease in shareholding	-	-	-	-
	Total			287104	1.46
5	BHUBNESH COMMERCIAL PVT. LTD.	260416	1.33	260416	1.33
	Increase/decrease in shareholding	-	-	-	-
	Total			260416	1.33
6	UDAYANKUMAR N KOTHARI HUF	258278	1.32	258278	1.32
	Increase/decrease in shareholding	-	-	-	-
	Total			258278	1.32
7	AMITKUMAR INDRAKUMAR BAGRI	200000	1.02	200000	1.02
	Increase/decrease in shareholding	-	-	-	-
	Total			200000	1.02



Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year 01-04-2020		Cumulative Share holding during the year 31-03-2021	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
8	LIFE INSURANCE CORPORATION OF INDIA	154254	0.79	154254	0.79
	Increase/decrease in shareholding	-	-	-	-
	Total			154254	0.79
9	KETAN KIRIT SHAH	137500	0.70	137500	0.70
	Increase/decrease in shareholding	-	-	-	-
	Total			137500	0.70
10	BANTWAL SUBRAYA BALIGA	133300	0.68	133300	0.68
	Increase/decrease in shareholding	-	-	-	-
	Total			133300	0.68

v. Shareholding of Directors & KMP Managerial Personnel: NIL

V. INDEBTEDNESS

(Rs. In lacs)

Indebtedness of the company including interest outstanding/ accrued but not due for payment

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,197.08	1,580.00	0.00	4,777.08
ii) Interest due but not paid	902.51	787.54	0.00	1690.05
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	4,099.59	2,367.54	0.00	6,467.13
Change in Indebtedness during the financial year				
*Addition	0.00	0.00	0.00	0.00
*Reduction	0.00	0.00	0.00	0.00
Net Change	0.00	0.00	0.00	0.00
Indebtedness at the end of the financial year				
i) Principal Amount	3,197.08	1,580.00	0.00	4,777.08
ii) Interest due but not paid	960.52	787.54	0.00	1748.06
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	4,157.65	2,367.54	0.00	6,525.14

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole time Director and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount (Rs. In lacs)
	Name	Sri. T S Gaikwad	
	Designation	Managing Director (up to 31-05-2020)	
1	Gross salary		
	(a) Salary as per provision contained in section 17(1) of the Income Tax 1961	Rs.4,59,944	4.60
	(b) Value of perquisites a/s 17(2) of the Income tax Act.1961	–	0.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act.1961	–	0.00
2	Stock option	–	0.00
3	Sweat Equity	–	0.00
4	Commission	–	0.00
5	As % of profit	–	0.00
6	Others (specify) - (Retirement benefits)	Rs.36,68,732	36.69
	Total (A)	Rs.41,28,676	41.29
	Ceiling as per the Act	Not applicable	

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

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount (Rs) (Rs/Lac)
1	Independent Directors				
	Fee for attending board committee meetings	-	-	-	0.00
	Commission	-	-	-	0.00
	Others, please specify	-	-	-	0.00
	Total (1)	-	-	-	0.00
2	Other Non-Executive Directors	-	-	-	0.00
	Fee for attending board committee meetings	-	-	-	0.00
	Commission	-	-	-	0.00
	Others, please specify	-	-	-	0.00
	Total (2)	-	-	-	0.00
	Total (B) = (1+2)	-	-	-	0.00
	Total Managerial Remuneration				41.29
	Overall Ceiling as per the Act				Not Applicable


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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Shri DNVS Raju CFO	Smt. S Krithika CS	
1	Gross Salary (a) Salary as per Provision contained in section 17(1) of the Income Tax Act. 1961 (b) Value of perquisites U/s 17(2) of the Income Tax Act. 1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act. 1961	16.97	10.00	26.97
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission - as % of profit - others, specify	– –	– –	– –
5	Others (including retirement benefits)	–	–	–
	Total	16.97	10.00	26.97

VII Penalties/Punishment/Compounding of Offences

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

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

The following Energy conservation measures were taken in the financial year 2020-21:

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

FUTURE PLANS:

As HFL has received CCEA approval for shutting of plant, Future plan for energy conservation for the financial year 2021-22 is not applicable.

FORM A**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

	CURRENT YEAR	PREVIOUS YEAR
POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased units	5,08,835 KWH	15,36,370 KWH
Total Amount	Rs.1,01,79,103.00	Rs. 1,60,74,630.82
Rate/Unit	Rs.20.00	Rs.10.46
b) Own Generation	-	-
i) Through Diesel Generator		
Units Generated	12,900 KWH	28,350 KWH
Units per Liter of Diesel Oil	1.59 KWH	2.23 KWH
Cost per unit	Rs.45.48	Rs.31.69
ii) Through Steam Turbine Generator Units	Nil	Nil
2. Fuel (Quantity)		
i) HSD	8.10 KL	12.70 KL
j) Briquette	74.94 MT	585.46 MT
Total Amount	Rs. 4,21,735	Rs. 31,01,857.95
Average rate per MT	Rs.5,627.64	Rs.5,298.16
Technology Absorption	-	-
Foreign Exchange earnings	-	-
Foreign Exchange outgo	-	-

**FORM B**

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

Annexure-III**Consolidated report as on 31-03-2021 (SC/ST/OBC/WOMEN/MINORITY)**

Group	Total Strength	SC	ST	OBC	MINORITIES	WOMEN
A	12	0	0	04	0	01
B	0	0	0	0	0	0
C	0	0	0	0	0	0
D	0	0	0	0	0	0
TOTAL	12	0	0	04	0	01

**Annexure-IV****MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management of Hindustan Fluorocarbons Ltd (HFL) presents its Analysis Report covering the Performance and Outlook of the Company. The Report contains business perspective and prospects based on the current environment and strategic options to steer the Company through unforeseen and uncontrollable external factors. The Financial year of the company consists of 12 months ended as on 31st March, 2021.

a) INDUSTRY STRUCTURE & FUTURE OUTLOOK:

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

b) KEY OPPORTUNITIES AND THREATS: As per communication received from Ministry of Chemicals And Fertilizers, Department of Chemicals and Petrochemicals vide File. No. 9-5101506 /2019-Ch.III dated 29.01.2020 informing the decision of Cabinet Committee on Economic Affairs (CCEA) on closure of Unit of HFL, Company is under the process of closure as directed by CCEA.

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

Production (MT)	Year ended 31/03/2021	Year ended 31/03/2020
PTFE	0	3

d) OUTLOOK & INITIATIVE FOR CURRENT YEAR

Company is in the process of closure as directed by CCEA

e) RISKS AND CONCERNS: Nil. Company is under the process of closure as directed by CCEA.

f) INTERNAL CONTROL SYSTEM AND ADEQUANCY

Internal controls are supported by Internal Audit and Management reviews. Company ensures existence of adequate internal control through documented policy and procedures to be followed by the executives at various levels. As part of good Corporate Governance the Audit Committee constituted by the Board periodically re- views the internal controls, Audit programmes, Financial Results, Recommendations of the Auditors and Management replies to the Auditors qualifications, etc.

g) REVIEW OF FINANCIAL PERFORMANCE

The financial statements have been prepared in accordance with the requirements of the Companies Act, 2013 and generally accepted accounting principles. During the year under review, Company has incurred a net loss of Rs. 2532.07 lacs as against Rs. 412 lacs for the previous year. During the year, the sales turnover (net) was Rs. 366.91 lacs as against Rs. 3132.46 lacs in the previous year. CFM-22 sale quantity was 114 MT as against 961 MT in the previous year. Quality of all company's products continued to be well accepted by our customers. Company has achieved 8% capacity utilization as against 74% in the previous financial year.

**h) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

The VRS-2020 scheme was implemented by the company, accordingly 64 employees were relieved on VRS-2020 Scheme and 13 employees got superannuated during this year.

i) DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS, ALONG WITH DETAILED EXPLANATIONS:

As per communication received from Ministry of Chemicals And Fertilizers, Department of Chemicals and Petrochemicals vide File. No. 9-5101506 /2019-Ch.III dated 29.01.2020 informing the decision of Cabinet Committee on Economic Affairs (CCEA) on closure of Unit of HFL, during the year 2020-21 there were significant changes to the key financial ratios, as no revenue was generated due to discontinuation of operations. (Refer note no.38 of notes to accounts for detailed information on the same).

j) DISCLOSURE OF ACCOUNTING TREATMENT:

As regards preparation of the annual accounts on a going concern basis is concerned, it is submitted that as per communication received from Ministry of Chemicals And Fertilizers, Department of Chemicals and Petrochemicals vide File. No. 9-5101506 /2019-Ch.III dated 29.01.2020 informing the decision of Cabinet Committee on Economic Affairs (CCEA) on closure of Unit of HFL, together with timelines for implementation of the said directions, the process of closure is initiated by the Board. Accordingly, HFL has adopted INDAS 105 'Assets held for Sale and Discontinuing Operations' and prepared the annual accounts on the basis of IND AS 105. **The Company is no longer a Going Concern Entity** and the same is also referred in the Statutory Auditor's Report.

CAUTIONARY STATEMENT

Statement in this Management Discussion Analysis describing the Company's objectives, Projections, estimates and expectations may be forward looking statements within the meaning of applicable laws and regulations.

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

Sd/-

(S B BHIDE)

Chairman and Managing Director

Place: Hyderabad

Date: 24-05-2021

**Annexure V****CORPORATE GOVERNANCE REPORT AS ON 31.03.2021****1. A brief statement on listed entity's philosophy on Corporate Governance:**

As per the Code of Governance propounded by the Government, Corporate Governance involves a set of relationships between a Company's management, its Board, its shareholders and other stakeholders. Corporate Governance provides a principled process and structure through which the objectives of the Company, the means of attaining the objectives and systems of monitoring performance are also set. The Management believes that strong and sound corporate governance is an important instrument of protection of stake holders, through transparency, professionalism, accountability and adequate disclosures. The company continuously endeavours to improve on these aspects on an ongoing basis.

The key to good Corporate Governance is well functioning Board of Directors. Board is responsible to shareholders for performance of the Company. Company cannot prosper without the trust and support of its shareholders.

Given below is the Report of Directors on Corporate Governance in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

2. Board of Directors:

The Board of Directors oversees all major actions proposed to be taken by the Company. The Board also reviews and approves the strategic and business plans including monitoring corporate performance.

A. Composition of the Board:

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

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

As on 31-03-2021, the Board of HFL consisted of 4 members with 3 Non Executive HOCL Nominee directors including Chairman and Managing Director of the Board, 1 Non Executive Gol Nominee Director and all the directors are acknowledged as leading professionals in their respective fields.

As on **31-03-2021**, the Board of HFL consisted of 4 member's viz. Shri. S B Bhide, Chairman and Managing Director [Non- Executive Director] (HOCL Nominee)(Additional Charge) (w.e.f. 08.03.2016 up to 31.07.2021)]; Shri. Dharmendra Kumar Madan, [Gol Nominee]; Smt. Susheela S Kulkarni, [Non- Executive Director] (HOCL Nominee)]; Shri. K. K. Kunjumon [Non- Executive Director] (HOCL Nominee)] (w.e.f. 06.03.2021 up to 31.05.2021).

With the above position of the Composition of the Board of Directors, the Company is presently not complying with the provisions Companies Act, 2013 and Regulation 27 of the Listing Regulations LODRRs with Stock Exchanges as on 31.03.2021, since there are no Independent Directors on Company's Board w.e.f 21-02-2020. The matter regarding no independent directors' status of the HFL Board was taken up in every board meeting of the company. Further, in this regard request letters have been made to DCPC/Administrative Ministry and also parent company HOCL. However, HFL is yet to appoint independent directors as on date.



The non-executive Independent Directors are independent of management and free from any business or other relationship that could materially influence their judgment. All the independent directors satisfy the criteria of independence as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 with Indian Stock Exchanges' Corporate Governance standards.

B. The attendance of the Directors at Board Meeting for the year 2020-21 are as follows:

Sl. No.	Directors	Board Meetings Held	Board Meetings Attended	Attendance at the Last AGM
1	Shri. S B Bhide Chairman and Managing Director Additional Charge (HOCL Nominee)	05	05	Yes
2	Shri. C P Bhatia MD (Additional Charge)*	05	04	Yes
3	Shri. Dharmendra Kumar Madan, GoI Nominee Director	05	05	No
4	Smt. Susheela S Kulkarni HOCL Nominee Director	05	01	No
5	Shri. K. K. Kunjumon HOCL Nominee Director	05	01	No

*Shri. Chander Prakash Bhatia, Managing Director (Additional Charge) term of office ended w.e.f 05.11.2020.

C. Number of other Board Committees in which a Director is a member or chairperson as on 31.03.2021:

Sl. No.	Name of the Director Category (Chairperson / Executive / Non Executive / independent / Nominee)	No. of Directorship inlisted entities including this Listed entity.	No. of memberships in Audit / Stakeholder Committee(s) including this listed entity (Refer Regulation 26(1) of Listing Regulations)
1	Shri. S B Bhide* Chairman and Managing Director Additional Charge (HOCL Nominee)	2	2
2	Shri. D.K. Madan, GoI Nominee, Non- Executive	1	1
3	Smt. Susheela S Kulkarni, HOCL Nominee, Non- Executive, Woman Director	1	0
4	Shri. K. K. Kunjumon** HOCL Nominee, Non- Executive	1	0



Name of the Director	Names of the other Listed Entities where the person is a Director and the category of Directorship
Shri. S B Bhide*	Chairman and Managing Director – Hindustan Organic Chemicals Limited
Shri. D.K. Madan	Gol Nominee Director – Hindustan Insecticides Limited
Smt. Susheela S Kulkarni	Nil
Shri. K. K. Kunjumon	Nil

* Tenure of Shri S B Bhide Chairman and Managing Director (Additional Charge) ended on 31.07.2021 due to Superannuation.

** Tenure of Shri K K Kunjumon HOCL Nominee Director ended on 31.05.2021 due to Superannuation

D. Board Meetings:

The meetings of the Board of Directors are generally scheduled well in advance and are generally held either at Hyderabad where Regd. Office of the company is located or at Holding Company, HOCL Registered Office at Mumbai. The members of the Board have access to all information of the company and are free to recommend inclusion of any matter in the agenda for discussion. Senior management personnel are invited to attend the board meeting for clarifications as and when required.

In view of the COVID-19 pandemic and restrictions on the movements apart from social distancing, the MCA vide circular dated 19th March, 2020 and subsequent exemptions thereto to Section 173 (2) and Rule 4(2) of Companies (Meeting of Board of Directors and its Powers) Amendment Rules, 2020, HFL during the year 2020-21 has conducted all its Board Meeting through VC.

The Board of Directors met **5 times** during the financial year 2020-21 on: 15th June, 2020, 20th July 2020, 10th August, 2020, 27th October, 2020 and 25th January 2021.

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

None of the Board of Directors were related with each other.

F. Number of shares and convertible instruments held by non-executive directors: Nil

G. Board Skills Matrix: as on 31-03-2021:

S.No.	Name	Designation	Core skills, expertise and competencies
1	S B Bhide	Chairman and Managing Director, NED (HOCL Nominee)	Overall 35 years of experience in HOCL, Manufacturing of Organic Chemical and Intermediates
2	Dharmendra Kumar Madan	Govt Nominee, NED	More than 22 Years' experience of working for Ordnance Factory Board under Department of Defence Production, Ministry of Defence, Govt. Of India, having annual turnover of around 15000 Crores
3	Susheela S Kulkarni	NED (HOCL Nominee Director)	28 years' experience in the Secretarial legal work as Independent Company Secretary (as CS since 2001), possess managerial experience in Finance/ Marketing/production matters at a senior level of management in HOCL.
4	K.K. Kunjumon	NED (HOCL Nominee Director)	33 years of experience in HOCL Manufacturing of Organic Chemical and Intermediates

**H. Changes in the Board of Directors:**

- i. As per Gol order, Shri. S.C.Mudgerikar, Chairman and Managing Director (CMD) (Additional Charge) and Director (Finance) (Additional Charge) of Hindustan Organic Chemicals Limited (HOCL) to be Chairman (Additional Charge) of HFL Board pursuant to Article 77(a)(ii) of AOA of HFL w.e.f 05.08.2021 for a period of three months or until further orders whichever is earlier.
- ii. As per Gol Order, Shri. D K Madan, holds Additional Charge of Managing Director of HFL w.e.f 02.08.2021 for a period of three months or until further orders, whichever is earlier.
- iii. As per Gol Order, Shri. D K Madan, was re-appointed as Gol Nominee Director on the Board of HFL w.e.f. 09.08.2020 and for a period of three years or till the date of superannuation or till further orders, whichever is the earliest.
- iv. As per Gol order, Shri. S B Bhide, HOCL Nominee Chairman was appointed as Managing Director (Additional Charge) of HFL w.e.f 06.11.2020 up to 31.07.2021. (relinquished additional charge of MD HFL, due to superannuation)
- v. Smt. Susheela S Kulkarni, CGM & Company Secretary of HOCL was appointed as HOCL Nominee Director w.e.f 06.03.2021
- vi. Smt. K Kusumam, UIC & ED, Kochi Unit of HOCL was appointed as HOCL Nominee Director W.e.f 11.06.2021.
- vii. Shri. K. K. Kunjumon, UIC & ED, Kochi Unit of HOCL was appointed as HOCL Nominee Director w.e.f 06.03.2021 up to 31.05.2021
- viii. As per Gol order, Shri. Chander Prakash Bhatia, was appointed as Managing Director (Additional Charge) w.e.f 01.06.2020 and till closure activities of HFL are completed or till the date of his superannuation or till further orders, whichever is the earliest. However, as per Gol Order dated 05.11.2020, term of office of Shri. Chander Prakash Bhatia ended due to premature termination w.e.f 05.11.2020.
- ix. Shri. T S Gaikwad, Managing Director superannuated on 31.05.2020.

I. Profile of Director's appointed as on 31st March, 2021:**1. Smt. Susheela S Kulkarni**

- ◆ Qualification: B.Com, M.Com, FCS, L.L.B., MBA (Fin.)
- ◆ Business/Occupation: Service
- ◆ Experience: 28 years' experience in the Secretarial legal work as Independent Company Secretary (as CS since 2001), possess managerial experience in Finance/ Marketing/ production matters at a senior level of management in HOCL.

2. Sri. K. K. Kunjumon (w.e.f 06.03.2021 up to 31.05.2021)

- ◆ Qualification: B.Tech.(ENGG)
- ◆ Business/Occupation: Service
- ◆ Experience: 33 years of experience in HOCL Manufacturing of Organic Chemical and Intermediates

**A. Responsibilities:**

The Board has a formal schedule of matters reserved for its consideration and decision which includes review of corporate performance, financial resources, strategy formulation, policy and control, organizational structure and reporting to shareholders. The combined wisdom and experience of the Board has brought a wide range of skills and professionalism to the functioning of the organization.

B. Role of Independent Directors:

The independent directors including the nominee directors play an important role in the discussion & decision making at the Board Meetings and bring to the Company their wide-ranging experience in the fields of finance, audit, marketing, technical, engineering and public policy. All independent directors were members of the Audit Committee.

J. Meeting of Independent Directors:

HFL is yet to appoint independent directors and as appointment of Directors on the Board of HFL are made by Gol/HOCL (parent company), HFL is taking up the same timely / immediately with our administrative ministry & HOCL. Due to the present COVID-19 pandemic there is delay in the process of appointment of Independent Directors on the Board of HFL. No meeting of Independent Directors were held during the year.

3. Committees of the Board

To enable better and more focused attention on the efforts of the company, the Board delegates particular matters to the Committees of the Board set up for the purpose with adequate delegations of powers and to discharge urgent business of the company. These Committees are (a) Audit Committee; (b) Nomination and Remuneration Committee; c) Stakeholders Relationship Committee; (d) CSR & SD Committee (e) Share Transfer Committee

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

4. Audit Committee:**i. Terms of Reference:**

Apart from all the matters provided in Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Section 177 of the Companies Act, 2013 the Committee reviews reports of the Internal Auditors, meets internal Auditors periodically and discusses their findings, suggestions, internal control systems, compliance with the accounting standard, scope of audit, observations of the Auditors and other related matters. The committee also reviews the major accounting policies followed by the company. The committee invites senior executives as it considers appropriate at its meetings. MD and Chairman of HFL Board shall act as invitees as required by the committee. The representatives of the Statutory Auditors are also invited to attend the meetings.

ii. Composition:

The Committee as on 31st March, 2021 comprised of one GOI Nominee Non-Executive Director. The Committee did not meet during the year 2020-21.

iii. The attendance of the members at the meetings of the financial year 2020-21 was as follows: The Committee did not meet during the year 2020-21.

**5. Nomination and Remuneration Committee:****i. Terms of Reference:**

1. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
2. Remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

ii. Composition:

The Committee as on 31st March, 2021 comprised of Shri. S B Bhide, Chairman and Managing Director (Additional charge) (w.e.f. 08.03.2016 up to 31.07.2021) of the Company as a member and Gol Nominee Non-Executive Director., Shri.Dharmendra Kumar Madan as member

- iii. The Committee did not meet during the year 2020-21.

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

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

ii. Composition:

The Committee comprised of Shri. Chander Prakash Bhatia, Managing Director (Additional charge) HOCL Nominee Director (w.e.f. 08.11.2019 up to 05.11.2020) as a Member and Shri. S B Bhide, Chairman and Managing Director (Additional charge) as Member (up to 31.07.2021)

7. CSR & SD Committee: (Not Applicable)**i. Terms of Reference:**

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

ii. Composition:

The Committee comprised Shri.Dharmendra Kumar Madan, Govt Nominee Director, as Member; Shri. C P Bhatia, HOCL Nominee and Managing Director (Additional charge) as Member (w.e.f. 08-11-2019 up to 05-11-2020) and Shri. S B Bhide, Chairman and Managing Director (Additional charge) (w.e.f. 10-2-2017 up to 31-07-2021) of the Company as Members of the Committee.

- iii. The Committee did not meet during the year 2020-21.



8. Share Transfer Committee:

As required under the Companies Act, 2013, the company has a Share Transfer Committee which was re-constituted at the Board Meeting held on 25.01.2021 comprising of Shri. S B Bhide, HOCL Nominee Chairman and Managing Director (additional Charge) as Chairman (up to 31.07.2021) and Shri. Dharmendra Kumar Madan, GoI Nominee Director as a Member.

Share transfer system:

The company has a Share Transfer Committee which is authorized to transfer securities as and when they are received both under physical and electronic mode. Further for dematerialisation of Company shares can be done with CDSL and NSDL under ISIN No.INE 806J01013.

The share transfer committee meets regularly and approves all matters related to shares vis-à-vis transfers, deletions, transmissions, dematerialization and re-materialization of shares. There were no pending complaints and requests for demat. This committee is vested with requisite powers and authorities to specifically look into redressal of grievances of shareholders and investors.

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

The Committee did not meet during the year under review.

Summarized information on complaints received and resolved during

1st April, 2020 to 31st March, 2021:

Sl.No.	Nature of Complaint	Received	Redressed	Pending as on 31.03.2021
1.	Non-receipt of Dividend	NIL	NIL	NIL
2.	Non-receipt of shares lodged for transfer	NIL	NIL	NIL
3.	Others (N/R of Annual Report, etc.).	NIL	NIL	NIL

Please note that the grievances, if any, have been redressed within 30 days of the receipt thereof.

9. Risk Management Committee: Not Applicable

10. Details of Remuneration Paid to the Directors for the year 2020-2021: (Amount in Lakhs)

Name	Salary Including benefits Amount	Sitting fees to NEID	Total
Shri. T S Gaikwad, MD*		-	41.29
Shri. C P Bhatia, MD (Additional Charge)	-	-	-
Shri. S B Bhide, CMD (Additional Charge)	-	-	-
Shri. D K Madan, GoI Nominee Director,			
Smt. Susheela S Kulkarni, HOCL Nominee Director	-	-	-
Sri. K K Kunjumon, HOCL Nominee Director	-	-	-

* Superannuated on 31.05.2020 * Additional charge



The Executive Directors have been appointed by the President of India for a period of 5 years or till attaining the age of superannuation, whichever is earlier. The appointment may be terminated even during this period by either side on three months' notice or on payment of three months' salary in lieu thereof. The company has not issued any stock options.

A. Non-executive Directors:

- i. Non-Executive Directors does not hold any shares in the Company.
- ii. **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
- iii. All pecuniary relationship or transactions of the non-executive directors vis-à-vis the listed entity: Nil.

B. Criteria of making payments to non-executive directors: The Company does not pay any remuneration to non-executive Directors and Non-Executive directors are entitled to sitting fees of Rs.5000 for each Board and Committee meetings. The Non-executive directors are appointed by Gol or/and by Holding Company (HOCL).

C. Disclosures with respect to remuneration: The Company pays Sitting Fees of Rs.5000/- per meeting per Non-Executive Director for attending each meeting of the Board of Directors and also Rs.5000/- for attending each meeting of Committee of the Directors. No sitting fees was paid during the year 2020-21.

- a) all elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.: Nil
- b) details of fixed component and performance linked incentives, along with the performance criteria: Nil
- c) service contracts, notice period, severance fees: Nil
- d) stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable: Nil

11. Annual General Meetings

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

Particulars	FY-2017-2018	FY-2018-2019	FY-2019-20
Date	24.09.2018	24.09.2019	25.09.2020
Time	3.00 P.M.	3.00 P.M.	3.00 P.M.
Venue	Press club, Deshodharaka Bhavan, Basheerbagh, Hyderabad-500 001	Press club, Deshodharaka Bhavan, Basheerbagh, Hyderabad-500 001	Through VC/OAVM



- b) No special resolutions were passed in 36th and 37th AGM.
- c) **Postal Ballot**
- i. Whether any special resolution passed last year /during the year through postal ballot – (2019-20 and 2020-21): Yes. During the previous year 2019-20, 3 Special Resolutions were passed u/s 180(1) (a) through the process of postal ballot.

Details of Resolutions passed (2019-20):

- ♦ Increase the borrowing powers of the company and creation of charge / providing of security and
 - ♦ To approve the shutting down of the plant/unit and closure of the company
 - ♦ To sell or otherwise dispose of the whole or substantially the whole of the undertaking of the company
- d) 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.
- e) Person who conducted the postal ballot exercise: - Company.
- f) Whether any special resolution is proposed to be conducted through postal ballot: - No
- g) Procedure for postal ballot:- In pursuance of Section 130 of the Companies Act, 2013 and Rule 22 in Postal Ballot Procedure of the Rules framed under Companies Act, 2013 [i.e. Rule 22 of the Company (Management and Administration) Rules, 2014]. The results of the postal ballot and scrutinizer report are available at the website of the Company i.e. www.hfl.co.in
- h) During the year 2020-21, No Special Resolutions were passed.

12. Means of Communication:

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

**13. General Shareholder Information:****a) Compliance Officer:**

Mrs. S Krithika, is the Compliance Officer of the Company under Regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Registered Office	303, Babukhan Estate, Basheerbagh, Hyderabad-1
Website	www.hfl.co.in
Annual General Meeting	24-September-2021
Tentative Financial Calendar	1st Un-audited Quarter Results on or before 14th August, 2021 2nd Un-audited Quarter Results on or before 14th November, 2021 3rd Un-audited Quarter Results on or before 14th February, 2022 4th Un-audited Quarter Results on or before 15th May, 2022 or Annual Audited Results on or before 30th May, 2022.
Date of book closure	For the purpose of Annual General Meeting September 17, 2021 to September 24, 2021 (both days inclusive)
Dividend payment date (tentative)	N.A
Listing on Stock Exchanges	Bombay Stock Exchange (BSE) Scrip Code: 524013
Registrar & Transfer Agents	M/s KFin Technologies Private Limited Selenium, Plot 31 & 32, Gachibowli Financial District, Nanakramguda, Hyderabad-500 032

b) Market Price Data

Scrip Code: 524013

Scrip Id: HINFLUR

The high/low prices of Equity shares traded month wise as available at BSE site are stated hereunder.

Month	High Price	Low Price
April -20	4.67	2.83
May-20	7.04	4.90
June-20	8.22	5.41
July-20	7.98	5.35
August-20	9.10	4.94
September-20	9.16	6.10
October-20	6.87	5.24
November-20	6.38	5.15
December-20	8.28	5.45
January-21	10.04	7.88
February-21	9.45	7.10
March-21	8.36	6.76



c) Performance in comparison to broad based indices:

Period	BSE S&P Sensex	BSE-PSU Index	HFL Price (BSE)
March 2021	54,843.98	7,758.33	10.05
March 2020	47,751.33	5,781.29	8.28

d) In case the securities are suspended from trading, the directors report shall explain the reason thereof; none /N.A.

e) Registrar to an issue and share transfer agents:

KFin Technologies Private Limited, Unit: Hindustan Fluorocarbons Limited, Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad 500 032. Ph.: 1800 345 4001/ 1800 309 4001 and einward.ris@kfintech.com.

f) Share Transfer System:

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

g) Distribution of Shareholding

Distribution of Shareholding as on 31/03/2021

Distribution of Shareholding as on 31/03/2021

Sl.No	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 – 500	13740	91.76	2308805	11.78
2	501 – 1000	730	4.88	620067	3.16
3	1001 – 2000	268	1.79	408933	2.09
4	2001 – 3000	75	0.50	190832	0.97
5	3001 – 4000	35	0.23	124979	0.64
6	4001 – 5000	32	0.21	152684	0.78
7	5001 – 10000	47	0.31	337203	1.72
9	10001 and above	47	0.31	15455597	78.86
	TOTAL:	14974	100.00	19599100	100.00

h) Dematerialisation of Shares & Liquidity:

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

86.74% of the Share Capital of the Company has been Dematerialize the shares, the Company has been Dematerialized as on 31st March, 2021- total accounts Dematerialized is 3149 involving 17000925 shares (which constitutes 86.74% of the share capital).



- i) Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity: Not Applicable
- j) commodity price risk or foreign exchange risk and hedging activities: Nil
- k) **Plant location:** - Rudraram PO, Kandi Mandal, Sangareddy District, Telangana
- l) **Address for correspondence:** 303, 3rd Floor, Bhabu Khan Estate, Basheer Bagh, Hyderabad- 500001
- m) List of all credit ratings obtained by the entity along with any revisions thereto during the financial year 2020-21: Nil

14. Listing Fees:

Listing fees for the year 2020-21 have been paid in full to BSE Ltd.

15. Other Disclosures:

- a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large; - None
- b) Details of non-compliance by the listed entity, penalties, and strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years; - None, as suitable explanations were submitted from time to time to the Exchange (BSE).
- c) **Vigil Mechanism - Whistle blower policy:** 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. Whistle blower policy is examined by the Audit Committee and No person has been denied access to the Audit Committee.
- d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements; - Company has complied with all the mandatory requirements.
- e) Web link where policy for determining 'material' subsidiaries is disclosed: Not Applicable
- f) Web link where policy on dealing with related party transactions: Not Applicable as the company has not entered into any related party transactions during the year 2020-21.
- g) Disclosure of commodity price risks and commodity hedging activities: Not Applicable
- h) Certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority forms a part of this Annual Report.
- i) Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof: -None
- j) disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
 - i. number of complaints filed during the financial year- Nil
 - ii. number of complaints disposed of during the financial year- Nil
 - iii. number of complaints pending as on end of the financial year- Nil



- k) 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 31-03-2021 Composition of Board of Directors were inadequate due to non-availability of Independent Directors on the Board of HFL. HFL is following up with Administrative Ministry/DCPC and parent company HOCL for appointment of Independent Directors on the Board of HFL. All other applicable compliances were complied with all the requirements of the Listing Regulations entered into with the Stock Exchanges. Company Secretary Responsibility statement under Corporate Governance Compliances forms part of this report.

16. 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.

17. 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.

18. 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.

19. Modified Opinion(s) in Audit Report:

Company has complied with the same and have reported un-modified opinion on the Annual Audited Financial Statements for the year 2020-21.

20. Separate posts of chairperson and chief executive officer:

The Company has a non-executive Chairman and Managing Director.

21. Reporting of internal auditor:

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

22. Details of unclaimed Shares: Nil

23. Secretarial Audit Report:

The Board has appointed M/s ARS & Associates, Company Secretaries LLP (LLPIN: AAG 3978) to conduct Secretarial Audit for the FY 2020-21. The Secretarial Audit Report for the Financial Year



ended March 31, 2021 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 ARS & Associates, Company Secretaries LLP (LLPIN: AAG 3978) for the year 2020-21.

24. Compliance of DPE Guidelines on Corporate Governance for the CPSEs:

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

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

The Company has adopted 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. 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 2020-21.

Place: Hyderabad

Date: 27-07-2021

Sd/-

S.B.Bhide

Chairman and Managing Director

For Hindustan Fluorocarbons Limited

Sd/-

(S Krithika)

Company Secretary

Place: Hyderabad

Date: 24-05-2021

**COMPLIANCE OFFICER'S RESPONSIBILITY STATEMENT:**

The Compliance Officer (Mrs. S Krithika) confirms as on 31st March, 2021 that the Company has:

- i. Maintained all the Statutory Registers required to be maintained under the Companies Act, 2013 ("the Act") and rules made thereunder.
- ii. Filed all forms and returns and furnished necessary particulars in time to Registrar of Companies (ROC) and/or Authorities as required under the Act.
- iii. Issued all notices as required to be given for convening the meeting of the Board of Directors and General Meetings of the shareholders within the time limits prescribed by the law.
- iv. Conducted the meetings of the Board of Directors and Annual General Meeting as per the provisions of the Act.
- v. Complied with all the requirements relating to the minutes of the proceedings of the meeting of the Directors and the shareholders.
- vi. Made due disclosures under the requirements of the Act including the requirements in pursuance to the disclosures made by the directors.
- vii. Obtained necessary approvals of the directors, shareholders, Central Government and other authorities as per the statutory requirements.
- viii. Not given loans or made investments in accordance with the requirements of the Act.
- ix. Not exceeded the borrowing powers of the company.
- x. Registered all the particulars relating to the creation, modification and satisfaction of the charges with the ROC.
- xi. Effected share transfers and dispatched the certificates within the time limit prescribed under the Act and rules made there under.
- xii. Complied with all the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 entered into with the Stock Exchanges. *(The Composition of Board of Directors of the Company is inadequate due to non-availability of Independent Directors. HFL is awaiting appointment of Independent Directors on its Board by Administrative Ministry/DCPC or by HOCL (Holding Company))*
- xiii. The company has also complied with the requirements prescribed by Securities and Exchange Board of India (SEBI) and other statutory authorities and also the requirements under the Act and related statutes in force.

Sd/-

S. KRITHIKA

Company Secretary &
Compliance Officer

Place: Hyderabad

Date: 24.05.2021

**CEO AND CFO CERTIFICATION**

To,
The Board of directors
Hindustan fluorocarbons limited
Hyderabad.

- a) We have reviewed financial statements and the cash flow statement of Hindustan Fluorocarbons Limited for the year ended 31st March, 2021 and that to the best of our knowledge and belief:
- i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2020-21 which are fraudulent, illegal or in violation of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design of operation of such internal controls, if any, of which they are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee :
- i. Significant changes in internal control over financial reporting during the year 2020-21;
 - ii. Significant changes in accounting policies during the year 2020-21 and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sd/-

S B Bhide

Chairman and Managing Director

Sd/-

D N V Srinivasa Raju

Chief Financial Officer

Place: Hyderabad

Date: 24-05-2021

**Annexure VI****CERTIFICATE OF CORPORATE GOVERNANCE**

Under Regulation 34(3) read with Schedule V (E) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

To,

The Members of

Hindustan Fluorocarbons Limited

(CIN: L25206TG1983PLC004037)

We have examined all the relevant records of **Hindustan Fluorocarbons Limited** (the Company) for the purpose of certifying the compliance of the conditions of Corporate Governance by the Company as stipulated under Regulation 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('SEBI Listing Regulations') for the period commencing from **1st April, 2020** and ended on **31st March, 2021**. We have obtained all the information and explanations which are to the best of our knowledge and belief were necessary for the purpose of certification.

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

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

- ◆ As on 31st March, 2021 composition of Board of Directors were not in compliance with Regulation 17.
- ◆ The composition of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee were inadequate as on 31st March, 2021.

We certify that the company has complied with the conditions of Corporate Governance wherever possible as stipulated in the SEBI Listing Regulations for the Financial Year ended on 31st March, 2021 as well as the guidelines issued by DPE on Corporate Governance.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Date: May 24, 2021

Place: Hyderabad

Sd/-

Dafthardar Soumya

Designated Partner

ACS No.29312

C P No.:13199

UDIN: A029312C000364504

**Annexure - VII****Form No. MR-3**

[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]

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021**

To,
The Members,
Hindustan Fluorocarbons Limited
CIN: L25206TG1983PLC004037
303, Babukhan Estate,
Basheerbagh, Hyderabad, Telangana – 500001.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hindustan Fluorocarbons Limited** (hereinafter called the “**Company**”). 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.

Based on our verification of the Company’s books, papers, minute books, forms, returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has during the audit period covering the financial year ended on **31st March, 2021** complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Hindustan Fluorocarbons Limited** (“the Company”) for the financial year ended on **31st March, 2021** according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The Industry specific Acts, Labour laws and other applicable laws;
- vi. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (**Not Applicable as there was no Acquisition and Takeover of Shares**).
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;



- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable as the company did not issue any security during the financial under review)**
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable as the company has not granted any options to its employees during the financial year under review.)**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable as the company has not issued any debt securities during the financial under review)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not applicable as the company has not delisted its equity shares from any stock exchange during the financial under review).**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable as the company has not bought back any of its securities during the financial under review).**

We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

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

1. The Company is yet to appoint Independent Directors and the management informed us that they are following up with their respective administrative Ministry and parent company HOCL.
2. The constitution of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship committee were inadequate due to non-appointment of Independent Directors.
3. Due to lack of adequate balance in constitution of the Board of Directors as required, the company could not conduct any of the Committee meetings.

We further report that

The Board of Directors of the Company was not constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for



meaningful participation at the meeting.

During the period under review, resolutions were carried through majority decisions. As confirmed by the Management, there were no dissenting views expressed by any of the members on any business transacted at the meetings held during the period under review;

We Further report that there are adequate systems and processes in the Company to commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

WE FURTHER REPORT THAT:

- i) The Company has received letter from Ministry of Chemicals and Fertilizers, Department of Chemicals & Petrochemicals dated vide file no. 9- 51015/06/2019-Ch.III dated 29/01/2020 informing the decision of Cabinet Committee on Economic Affairs (CCEA) directing Closure of Operations of Hindustan Fluorocarbons Limited.
- ii) Company had received approval of shareholders for the shutting down of the plant/unit and closure of the company and to sell or otherwise dispose of the whole or substantially the whole of the undertaking of the company through postal ballot notice dated February 10, 2020.
- iii) Company is in the process of sale of land, subject to receipt of NOC from TSICC/TS Govt.
- iv) Sale of Plant & Machinery and other movable assets of the company would be done through MSTC as per decision taken by CCEA on 29.01.2020.
- v) Company had received for interest free loan of Rs.73.70 crore from Gol on 26.05.2020. As per Gol order HFL to utilize funds for payment of liabilities viz. VRS/VSS to existing employees, Clearing liabilities of Ex- employees, Statutory dues and secured / unsecured creditors, etc. related to shutting down of plant / unit of HFL as per CCEA decision dated 22.01.2020.
- vi) During the quarter ended 30th September 2020, BSE has sent penalty letter for non-compliance with the regulations of SEBI (Listing Obligations and Disclosure Requirements, 2015) and the Company has given explanations for such non-compliance of Corporate Governance requirements due to pending appointment of Independent Directors. BSE has taken company's explanation into consideration and has waived the penalty on the same.
- vii) The VRS-2020 scheme was implemented in the company accordingly 64 employees were relieved on VRS-2020.

For ARS & ASSOCIATES COMPANY SECRETARIES LLP

Sd/-

Dafthardar Soumya

Designated Partner

ACS No.29312, C P No.:13199

UDIN: A029312C000364504

Date: May 24, 2021

Place: Hyderabad

Note: This report is to be read with our letter of even date which is annexed as 'Annexure' and forms an integral part of this report.

**Annexure**

**To,
The Members,
Hindustan Fluorocarbons Limited, Hyderabad**

Our report of even date is to be read with this letter.

1. Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Companies Act, 2013 and other applicable laws, Rules, Regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
7. We further report that, based on the information provided by the Company, its officers, authorized representatives during the conduct of the audit in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws, Environment laws and Data protection policy.
8. We further report that the compliance by the Company of applicable fiscal laws like Direct & Indirect tax laws, Labour Laws – General and Other Specific laws as may be applicable to the company, have not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.
9. Under the situation of COVID-19 Pandemic prevailing during the period when the audit was conducted for the year 2019-20, all the documents, records and other information were verified and checked electronically as provided by the management.
10. We further report that during the audit report there were no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulation, guidelines, standards, etc.

For ARS & Associates Company Secretaries LLP

Sd/-

Dafthardar Soumya

Designated Partner

ACS NO: 29312

C P NO: 13199

UDIN: A029312C000364482

Date: 24th May, 2020

Place: Hyderabad

**Management replies to the remarks made in the Secretarial Audit Report for the year 2020-21:**

1	The Company is yet to appoint Independent Directors	HFL is following up with our administrative Ministry and parent company HOCL on the same.
2	The constitution of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship committee were inadequate due to non-appointment of Independent Directors	After appointment of required Independent Directors, the committees of the Board will be reconstituted as required under Companies Act, 2013 and SEBI, LODRR, 2015.

For Hindustan Fluorocarbons Limited**S KRITHIKA**
Company Secretary**Place: Hyderabad****Date: 24-05-2021**

**REVISED INDEPENDENT AUDITOR'S REPORT**

(Issued consequent to Provisional Comments by issued by O/o CAG, vide Lr No.DGCA/A/c/Desk/ 2020-21/HFL/1.05/79 dated 02.07.2021) and it supersedes our Independent Auditor's Report dated 24.05.2021)

To
The Members of
M/s Hindustan Fluorocarbons Limited
Hyderabad

Report on the Audit of Ind AS Financial Statements:

We have issued an Independent Audit Report dated 24th May 2021 on the Ind AS Standalone Financial Statements as adopted by Board of Directors on even date. Pursuant to the observations of Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013, we have included additional disclosures to comply with the above observations.

Opinion

1. We have audited the accompanying financial statements of **M/s Hindustan Fluorocarbons Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss, Cash Flow Statement and Statement of changes in Equity for the year ended on that date and notes to financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, and read with our comments below under the para 'Material Uncertainty relating to Going Concern', the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the said Company as at 31st March, 2021, the Loss for the year ended on that date including other Comprehensive Income, change in Equity and its Cash Flow for the year ended on that date.

Basis of Opinion

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

**Material Uncertainty related to Going Concern**

4. Attention is drawn to Note 37 to the Notes of Accounts wherein there is disclosure regarding the decision of the Cabinet Committee on Economic Affairs to close the operations of the Company which has been communicated to them through letter dated 29th Jan, 2020 from Ministry of Chemicals & Fertilizers, Department of Chemicals & Petrochemicals, Govt of India vide File No. 51015/06/ 2019 together with timelines for implementation of the said directions, the process of which is being initiated by the Board.

In this regard, while noting the above, in our view considering the decision of the Government to close the operations of the Company and the steps taken by the Company including grant of Interest Free Unsecured Loan for settling various liabilities by the Govt, receipt of the same, significant payments being made out of the total estimated liabilities by the year end, plan of action for balance payments, initiation of follow up measures regarding various legal cases filed by/against the Company and its follow up, adoption of applicable Ind AS 105 in the books of account, there is material uncertainty relating to Going Concern and the Company is no longer a Going Concern Entity.

Emphasis of Matter

5. We draw attention to Note No.38 to the Notes to Accounts as regards Management's evaluation of COVID-19 impact on the future performance of the Company in the light of decision to close the operations of the Company as per the decision of the Govt. Our opinion is not modified in this regard.
6. We draw attention to Note No. 26 in the Notes to Accounts regarding the case filed by one party against the Company wherein the Hon'ble High Court has given stay on disposal of the assets of the Company; this may affect the process of closure of the Company as directed by the Govt. of India. Our opinion is not modified in this regard.
7. We draw attention to Note No.26 in the Notes to Accounts regarding a legal case filed by one party against the Company wherein on account of arbitration award given dated 14.03.1998, against the Company for Rs.1385.04 Lakhs. As mentioned in the Notes to Accounts, the dispute was going since 1998 at various Forums and presently before Hon'ble High Court of Telangana and the Company did not provide for the said amount payable in this regard in the books of account. As the matter is sub judice our opinion is not modified in this regard.
8. We draw attention to Note No.2(a) in the Notes to Accounts regarding the decision of the Govt to close the operations of the Company resulting in the Company ceasing to be a Going Concern entity and the adoption of applicable Accounting Standard Ind-AS 105 'Non Current Assets held for Sale or Discontinuing Operations'. Accordingly, the Company had re-classified the assets which are part of disposal group as 'assets held for sale' at its carrying cost without providing for any pro-rata depreciation in the absence of any specific cut off date being adopted for the purpose which is not determinable. Our opinion is not modified in this regard.
9. We draw attention to Note No.37 in the Notes on Accounts regarding the decision of Ministry to shut down the operations of the plant/unit & closure of the company, together with the progress made by the Company in this regard. As a part of this exercise, the Company had entrusted the task of valuing plant assets. The process of independent valuation of the entire Stores & Spares items located at the factory site could not be completed during the year under review. The Company had valued the Stores & Spares at Book Value and have not ascertained realizable values of



inventories. Management assured to get the same done by September 2021. In view of the management assurance in this regard, our opinion is not modified.

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

10. The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material mis-statement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management Responsibilities for the Ind AS Financial Statements

11. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013, with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance, including other comprehensive income, cash flows and Statement of changes in Equity of the Company in accordance with the Accounting Principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
12. In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
13. The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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



15. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
16. Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
17. We also communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.
18. 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.
19. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

20. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company had disclosed the impact of pending litigations as on 31st March, 2021 on its financial position in its Ind AS financial statements;
 - ii. The Company had made provision, as required under the applicable law or accounting standards for material foreseeable losses, if any, on long term contract. The Company neither entered into any derivative contracts during the year nor have any outstanding derivative contract at the end of the year;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- h) As required under section 143(5) of the Companies Act, we report that:
 - i. As per the information, explanations and records produced for our verification, the Company has a system in place to process all the accounting transactions through IT system and there are no instances of processing of accounting transactions outside the IT system;
 - ii. There are no instances of any restructuring of existing loan availed by the Company or cases of waiver/write off of debts/loans/interest made by a Lender to the Company on account of company’s inability to repay the loan;
 - iii. As per the information, explanations and records produced for our verification, during the year under review, as a part of closure direction given by GoI, an amount of Rs.77.20 Crores was sanctioned by GoI as Interest Free Term Loan to be exclusively utilized for closure related expenditure including (a) implementation of VRS/Vs for HFL employees,



their dues, statutory dues, payment to suppliers/contractors/ utilities dues and repayment of SBI working capital loan (b) salary/wages and administrative expenses of HFL's skeletal staff to be temporarily retained for completing the closure of HFL for two years.

Following table shows the said Interest Free Loan amount sanctioned, received and spent during the FY 2020-21 for the said purpose against each head of expenditure

(Amt. in Crores)

Sl. No.	Particulars of Fund requirements for closure	Estimated Amount	Amount Released	Actual amount spent upto 31.03.2021	Amount yet to be spent
1	Implementation of VRS/VSS	23.50	22.32	13.11	9.21
2	Payment of salary/ wages and statutory dues of employees	20.00	18.40	16.04	2.36
3	Payment of wage revision arrears (1997 & 2007)	14.30	14.30	14.08	0.22
4	Provision for salary/wages and administrative expenses of skeletal staff to be retained for implementation of closure plan (for 2 years @ 3.50 crore per year)	7.00	7.50	2.84	4.66
5	Suppliers / Contractors dues	5.25	4.03	0.31	3.72
6	Working capital cash credit (SBI)	5.15	5.15	5.15	0
7	Water & Electricity dues	2.00	2.00	0.84	1.16
	Total	77.20	73.70	52.37	21.33

Considering the timelines given for the purpose, as could be seen from the above, there was delay in spending the amounts, particularly in case of Suppliers/Contractor Dues, Water & Electricity Dues, Implementation of VRS as well as Payment of Salaries/Wages/Statutory Dues of employees

21. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure B**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Sarath & Associates**

Chartered Accountants

Firm Registration No: 005120S

CA S Srinivas

Partner

Membership No. 202471

UDIN : 21202471AAAAGF1986

Date: 20.07.2021

Place: Hyderabad

**“Annexure – A” to the Independent Auditor’s Report of even date on the Ind AS Financial Statements of M/s Hindustan Fluorocarbons Limited****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

1. We have audited the internal financial controls over financial reporting of **M/s Hindustan Fluorocarbons Limited** (“the Company”) as of 31st March, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

2. The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.
3. The Company’s Management has in present financial year amongst other areas has specifically identified the following areas (i) Property Plant & Equipment (ii) Loans (iii) Trade Receivables (iv) Other Financial Liabilities (v) Trade Payables; and (vi) Provisions, as a benchmark criteria for establishing Internal Financial Controls over financial reporting.

Auditors’ Responsibility

4. Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.
6. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the



assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

10. In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For **Sarath & Associates**
Chartered Accountants
Firm Registration No: 005120S

CA S Srinivas
Partner
Membership No. 202471
UDIN : 21202471AAAAGF1986

Date: 20.07.2021
Place: Hyderabad

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

(referred to in paragraph 19 under the heading ‘Report on Other Legal & Regulatory Requirements’ of our report of even date to the financial statements of the M/s Hindustan Fluorocarbons Limited for the year ended 31st March, 2021)

As per the books and records produced before us and as per the information and explanations given to us and based on such audit checks that we considered necessary and appropriate, we confirm that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The fixed assets have been physically verified by the management at reasonable intervals in accordance with its phased programme designed to cover all the assets by physical verification over a period of one to five years, which in our opinion, is reasonable having regard to the size of the Company and nature of assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company
- (ii) (a) The management has conducted the physical verification of inventories at reasonable intervals.
- (b) The discrepancies noticed on physical verification of the inventory as compared to book records, which has been properly dealt in the books of account were not material.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 during the period under review. Accordingly, the provisions of Clause 3(iii)(a) to Clause 3 (iii)(c) of the said Order are not applicable for the Company during the year under review.
- (iv) In our opinion and according to the information and explanations given to us, the company has not given any loans, made any investments, provided any guarantees, and given any security to which the provisions of section 185 and 186 of the Companies Act, 2013 are applicable.
- (v) According to information and explanation given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (v) of Paragraph 3 of the Order are not applicable to the Company
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Govt. of India relating to maintenance of Cost Records specified under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.



- (vii) (a) The Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, GST, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2021
- (b) There are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or GST have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to Govt. of India, Ministry of Chemicals & Fertilizers (Dept. of Chemicals and Petrochemicals). However, as per the directions given by the Govt. relating to closure proceeds, this existing loan of Rs. 15.80 Crores together with interest needs to be settled from the sale proceeds of the assets of the Company.
- (ix) During the year under review, Company had not raised any moneys by way of initial public offer or term loans from any Banks/Financial Institutions. However, as a part of closure direction given by Govt., an amount of Rs. 77.20 Crores was sanctioned by Govt. as Interest Free Unsecured Loan to the Company to be exclusively utilized for closure related expenditure including (a) implementation of VRS/VSSs for HFL employees, their dues, statutory dues, payment to suppliers/contractors/ utilities dues and repayment of SBI working capital loan (b) salary/wages and administrative expenses of HFL's skeletal staff to be temporarily retained for completing the closure of HFL for two years. During the year 2020-21, Company had received an amount of Rs. 73.70 Crores as Interest Free Term Loan, out of which an amount of Rs. 52.37 Crores was utilized till 31.03.2021 for the purpose towards implementation of VRS/VSS, payment of salaries/wages/ statutory dues of employees, wage revision arrears, suppliers dues, repayment of entire Working Capital loan, Water & Electricity Dues as well as salaries/wages of skeletal staff.
- (x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration which has been paid or provided during the current year is in accordance with the requisite approvals as per the provisions of Sec 197 of the Act.
- (xii) As the Company is neither carrying on business of Nidhi nor reported as a Nidhi company, paragraph 3(Xii) of the order is not applicable.
- (xiii) The transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Ind AS Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.



- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the paragraph 3(XV) of the order is not applicable.
- (xvi) The Company is not carrying on the business of Non- Banking Finance, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Sarath & Associates**
Chartered Accountants
Firm Registration No: 005120S

CA S Srinivas
Partner
Membership No. 202471
UDIN : 21202471AAAAGF1986

Date: 20.07.2021
Place: Hyderabad

**REPORT OF THE C&AG SUPPLEMENTARY AUDIT 2020-21****COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HINDUSTAN FLUOROCARBONS LIMITED FOR THE YEAR ENDED 31 MARCH, 2021.**

The preparation of financial statement of Hindustan Fluorocarbons Limited for the year ended on 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 20 July 2021 which supersedes their earlier Audit Report dated 24 May 2021.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Hindustan Fluorocarbons Limited for the year ended 31 March 2021 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records.

In view of the revision made in the Statutory Auditor's Report 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 Auditor's Report under Section 143(6)(b) of the Act.

For and Behalf of the Comptroller and Auditor General of India

Sd/-

M S SUBRAHMANYAM

Director General of Commercial Audit
Hyderabad

Place: Hyderabad

Date: 30 July 2021

BALANCE SHEET AS AT 31st MARCH 2021

(Rs. in lakhs)

	Note	As at March 31, 2021	As at March 31, 2020
I ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	-	4,713.85
(b) Capital work-in-progress			
(c) Other Intangible assets	3.1	-	169.44
(d) Financial Assets			
(i) Other Financial assets	4	-	105.37
Total Non - Current Assets		-	4,988.66
2 Current assets			
(a) Inventories	5	266.86	416.22
(b) Financial Assets			
(i) Trade receivables	6	130.79	455.62
(ii) Cash and cash equivalents	7.1	17.62	0.35
(iii) Bank balances other than (ii) above	7.2	3.10	3.06
(iv) Others Financial Assets	8	2,442.29	92.07
(c) Other current assets	9	23.39	60.04
(d) Assets held for sale	3	4,716.92	
Total Current Assets		<u>7,600.97</u>	<u>1,027.36</u>
TOTAL ASSETS (1+2)		<u>7,600.97</u>	<u>6,016.02</u>
II EQUITY AND LIABILITIES			
EQUITY			
1 Equity			
(a) Equity Share capital	10	1,961.46	1,961.46
(b) Other Equity	11	(9,225.41)	(6,693.34)
Total equity		(7,263.95)	(4731.88)
LIABILITIES			
2 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12	-	-
(b) Provisions	13	-	867.12
Total Non - Current Liabilities		-	867.12
3 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	12,147.08	5,282.33
(ii) Trade payables	15	56.90	171.34
(iii) Other financial liabilities (other than those specified in (b) below)	16	1,797.13	1,727.01
(b) Provisions	17	232.38	522.68
(c) Other current liabilities	18	631.43	2,177.42
Total Current Liabilities		<u>14,864.92</u>	<u>9,880.78</u>
TOTAL EQUITY AND LIABILITIES (1+2+3)		<u>7,600.97</u>	<u>6,016.02</u>
General Information and Significant Accounting Policies	1&2		

See accompanying notes forming part of the standalone financial statements

As per our report of even date

For and on behalf of the Board of Directors
of Hindustan Fluorocarbons Ltd.,For **Sarath & Associates**
Chartered Accountants (FRN 005120S)Sd/-
S SRINIVAS
Partner
M No. 202471Sd/-
S B BHIDE
Chairman and Managing Director
DIN No. 05323535Sd/-
S S KULKARNI
Director
DIN No. 09100453Place: Hyderabad
Date: 24-05-2021Sd/-
D N V Srinivasa Raju
Chief Financial OfficerSd/-
S Krithika
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2021

(Rs. in lakhs)

Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
REVENUE			
Revenue from operations	19	432.79	3,695.77
Less: GST		(65.88)	(563.31)
Other income	20	249.90	4.31
Total Revenue		616.81	3,136.77
EXPENSES			
Cost of materials consumed	21	170.57	1,303.02
Changes in inventories of work-in-process	22	90.66	120.72
Employee benefits expense	23	2218.67	1,210.45
Finance costs	24	89.02	199.99
Depreciation and amortisation expense	3 & 3.1	169.44	148.31
Other expenses	25	361.54	517.52
Total Expenses		3099.90	3,500.01
Profit before tax from Discontinued Operations		(2483.09)	(363.24)
Tax expense		-	-
Profit for the year from Discontinued Operations		(2483.09)	(363.24)
Profit before tax from Continuing Operations		-	-
Tax expense		-	-
Profit for the year from Continuing Operations		-	-
Profit For the Year		(2483.09)	(363.24)
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset)		(48.98)	(54.47)
Financial Instruments through OCI at amortised cost		-	5.71
Other comprehensive income / (loss) for the year		(48.98)	(48.76)
Total Comprehensive Income for the Year		(2532.07)	(412.00)
Earnings per equity share of face value of Rs. 10 each (for discontinued Operations)			
Basic and Diluted		(12.90)	(2.10)
Earnings per equity share of face value of Rs. 10 each (for continuing Operations)			
Basic and Diluted		-	-
Earnings per equity share of face value of Rs. 10 each (for discontinued & continuing Operations)			
Basic and Diluted		(12.90)	(2.10)
General Information and Significant Accounting Policies1&2			

See accompanying notes forming part of the standalone financial statements

As per our report of even date

For and on behalf of the Board of Directors
of Hindustan Fluorocarbons Ltd.,For **Sarath & Associates**
Chartered Accountants (FRN 005120S)Sd/-
S SRINIVAS
Partner
M No. 202471Sd/-
S B BHIDE
Chairman and Managing Director
DIN No. 05323535Sd/-
S S KULKARNI
Director
DIN No. 09100453Place: Hyderabad
Date: 24-05-2021Sd/-
D N V Srinivasa Raju
Chief Financial OfficerSd/-
S Krithika
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021 (Rs. in lakhs)**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES:		
Total Comprehensive Income	(2,532.07)	(412.00)
Adjustments for:		
Depreciation & Amortization	169.44	148.31
Interest Income	(114.86)	(4.16)
Interest Expense	89.02	199.09
Effect of measurement of Financial Instruments at amortised cost	-	(5.71)
Operating Cash Flows before Working Capital changes (A)	(2,388.47)	(74.47)
Adjustments for:		
(Increase)/Decrease in Inventories	149.36	141.98
(Increase)/Decrease in Trade receivables	324.83	53.31
(Increase)/Decrease in Other Financial Assets	(2,244.65)	85.47
(Increase)/Decrease in Other Current Assets	36.65	38.41
(Increase)/Decrease in Other Non Current Assets	105.37	(6.13)
Increase/(Decrease) in Trade Payables	(114.44)	(221.83)
Increase/(Decrease) in Other Financial Liabilities	70.12	-
Increase/(Decrease) in Other Current Liabilities & Provisions	(2,703.41)	27.81
Cash Generated from Operations (Working Capital Changes) (B)	(4,376.17)	119.02
Net Cash flow from Operating activities (1) (A+B)	(6,764.64)	44.55
CASH FLOW FROM INVESTING ACTIVITIES :		
Changes in Fixed Assets	(3.08)	(2.79)
Interest Income	9.25	4.16
Net Cash flow from / (used in) Investing activities	6.17	1.37
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/Decrease in Secured Loans (Net of Repayments)	-	-
Increase/Decrease in Unsecured Loans (Net of Repayments)	6,864.75	147.35
Effect of measurement of Financial Instruments at amortised cost	-	5.71
Interest Paid	(89.02)	(199.09)
Net cash used in financing activities	6,775.73	(46.03)
Net Increase / Decrease in Cash and Cash Equivalents	17.26	(0.11)
Cash & cash equivalents at the beginning of the period	0.35	0.45
Cash & cash equivalents at the end of the period	17.61	0.34

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

As per our report of even date

For and on behalf of the Board of Directors

For **Sarath & Associates**

of Hindustan Fluorocarbons Ltd.,

Chartered Accountants (FRN 005120S)

Sd/-

S SRINIVAS

Partner

M No. 202471

Sd/-

S B BHIDE

Chairman and Managing Director

DIN No. 05323535

Sd/-

S S KULKARNI

Director

DIN No. 09100453

Sd/-

D N V Srinivasa Raju

Chief Financial Officer

Sd/-

S Krithika

Company Secretary

Place: Hyderabad

Date: 24-05-2021



Statement of Changes in Equity

A. Equity share capital		
Particulars	Number of Shares	Amount (INR in Lakhs)
Balance as at March 31, 2018	19,630,000	1,961.46
Add: Equity Shares Allotted during the year	-	-
Balance as at March 31, 2019	19,630,000	1,961.46
Add: Equity Shares Allotted during the year	-	-
Balance as at March 31, 2020	19,630,000	1,961.46
Add: Equity Shares Allotted during the year	-	-
Balance as at March 31, 2021	19,630,000	1,961.46

B. Other Equity

Rs. in Lakhs

Particulars	Reserves and Surplus		Revaluation Surplus	Total
	Surplus in statement of profit and loss	Retained Earnings		
Balance as at March 31, 2017	(8,067.51)	(248.88)	2,995.77	(5,320.62)
Profit/(Loss) for the year	(77.39)	(405.66)	-	(482.65)
Balance as at March 31, 2018	(8,144.90)	(654.14)	2,995.77	(5,803.27)
Profit/(Loss) for the year	170.20	(648.27)	-	-
Balance as at March 31, 2019	(7,974.70)	(1,302.41)	2,995.77	(6,281.34)
Profit/(Loss) for the year	(363.24)	(48.76)	-	-
Balance as at March 31, 2020	(8,337.94)	(1,351.17)	2,995.77	(6,693.34)
Profit/(Loss) for the year	(2,483.09)	(48.98)	-	-
Balance as at March 31, 2021	(10,821.03)	(1,400.15)	2,995.77	(9,225.41)

See accompanying notes forming part of the standalone financial statements

In terms of our report attached.

For and on behalf of the Board of Directors

For **Sarath & Associates**

of Hindustan Fluorocarbons Ltd.,

Chartered Accountants (FRN 005120S)

Sd/-
S SRINIVAS
Partner
M No. 202471

Sd/-
S B BHIDE
Chairman and Managing Director
DIN No. 05323535

Sd/-
S S KULKARNI
Director
DIN No. 09100453

Place: Hyderabad
Date: 24-05-2021

Sd/-
D N V Srinivasa Raju
Chief Financial Officer

Sd/-
S Krithika
Company Secretary



**Notes to the Standalone Ind AS financial statements
for the year ended 31st March , 2021**

3. Property, Plant & Equipment

a) Carrying Value

(Rs. in Lakhs)

	As at March 31 2021	As at March 31 2020
Land	-	3,054.83
Buildings	-	142.04
Plant and Machinery	-	1,506.66
Furniture & Fixtures	-	9.51
Computers	-	0.81
Total	-	4,713.85

a) Carrying Value of Assets Held for Sale

(Rs. in Lakhs)

	As at March 31 2021	As at March 31 2020
Land	3,054.83	-
Buildings	142.04	-
Plant and Machinery	1,506.66	-
Furniture & Fixtures	12.59	-
Computers	0.81	-
Total	4,716.92	-

The above land is revalued as per Ind AS and the original land value before Ind AS revaluation was Rs.59 Lakhs. The other assets above are only optional for Ind AS valuation method of adoption and the Company has adopted the cost method. Factory land of 126.13 acres is located at Rudraram P.O., Kandi Mandal, Sangareddy Dist. Telangana State and land is freehold in which built up area is 6.72 acres and balance is vacant land. HOCL is secured part of land to the extent of 84.31 acres and part of the land i.e., 15.11 acres which was secured by SBI got vacated with ROC on 15.12.2020 based on the NOC given by SBI.

b) Deemed Cost as Fair Value

(Rs. in Lakhs)

Description of Assets	Land	Buildings	Plant and Machinery	Furniture & Fixtures	Computers	Total
Balance as at 01 April, 2020	3,054.83	306.32	7,403.87	90.12	43.17	10,898.31
Additions	-	-	-	3.08	-	3.08
Disposals	-	-	0.44	-	-	-
	3,054.83	306.32	7,403.43	93.20	43.17	10,900.95
Reclassified as Held for Sale	(3,054.83)	(306.32)	(7,403.43)	(93.20)	(43.17)	(10,900.95)
Balance as at 31 March, 2021 (b)	-	-	-	-	-	-


c) Accumulated depreciation

(Rs. in Lakhs)

Description of Assets	Land	Buildings	Plant and Machinery	Furniture & Fixtures	Computers	Total
Balance as at 01 April, 2020 (c)	-	164.28	5,897.22	80.61	42.36	6,184.47
Depreciation / amortisation expense for the year	-	-	-	-	-	-
Eliminated on disposal of assets	-	-	0.44	-	-	0.44
	-	164.28	5,896.78	80.61	42.36	6,184.03
Reclassified as Held for Sale	-	(164.28)	(5,896.78)	(80.61)	(42.36)	(6,184.03)
Balance as at 31 March, 2020 (c)	-	-	-	-	-	-

d) Net Block Value (b-c)

(Rs. in Lakhs)

Description of Assets	Land	Buildings	Plant and Machinery	Furniture & Fixtures	Computers	Total
Balance as at 01 April, 2020 (c)	3,054.83	142.04	1,506.65	9.51	0.81	4,713.84
Additions	-	-	-	3.08	-	3.08
Disposals	-	-	-	-	-	-
	3,054.83	142.04	1,506.65	12.59	0.81	4,716.92
Reclassified as Held for Sale	(3,054.83)	(142.04)	(1,506.65)	(12.59)	(0.81)	(4,716.92)
Balance as at 31 March, 2021 (c)	-	-	-	-	-	-

3.1 - Intangible Assets

(Rs. in Lakhs)

Carrying Value		As at March 31 2021	As at March 31 2020
Particulars			
Software and Technical know-how		-	169.44
Particulars	Software	M-PTFE	Total
I. Deemed Cost as Fair Value			
Balance as at 31 March, 2020	14.60	219.25	233.85
Additions	-	-	-
Disposals	-	-	-
Balance as at 31 March, 2021	14.60	219.25	233.85
II. Accumulated depreciation and impairment			
Balance as at 31 March, 2020	10.02	54.39	64.41
Depreciation / amortisation expense for the year	4.58	164.86	169.44
Eliminated on disposal of assets	-	-	-
Balance as at 31 March, 2021	14.60	219.25	233.85
Net Block / Carrying Value	-	-	-

*Pursuant to decision taken by CCEA to shut-down the operations of the company, Intangible Assets are completely written-off during the current F.Y., since it is not recoverable.



(Rs. in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
4. Long Term Trade Receivable		
- Unsecured, considered Doubtful		
Long-Term Trade Receivables	-	329.59
Less : Provision for Expected Credit Loss	-	(329.59)
Total Long Term Trade Receivables	-	-
Other Financial Assets		
- Unsecured, considered good		
Sundry Deposits	-	105.37
Total Other Financial Assets	-	105.37

(Rs. in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
5. Inventories		
a) Raw materials	12.05	66.84
b) Work-in-progress	-	78.16
c) Finished Goods	-	12.50
d) Stores and spares	254.81	258.72
Total	266.86	416.22

(Rs. in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
(A) The closing stock-in-process includes the following products:		
CFM – 22 Product	0.00	86.43
TFE	0.00	3.89
POLY-SUSPENSION	0.00	58.63
POLY-EMULSION	0.00	13.02
	0.00	161.97



(Rs. in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
6. Trade Receivable		
Trade Receivables considered good - Secured	-	-
Trade Receivables considered good - Unsecured	424.26	785.21
Trade Receivables which have significant increase in Credit Risk		
Trade Receivables - credit impaired	-	-
Provision for Doubtful Debts	(293.47)	(329.59)
Total	130.79	455.62
(A) Balance standing to the debit/credit of parties is subject to confirmation by them and reviews by the Company.		
(B) Debts over due for a period exceeding six months includes towards case filed in High Court of Andhra Pradesh / Telangana which is pending amounting to Rs.129.16Lacs(2018 Rs 129.16 lakhs)		
		(Rs. in Lakhs)
7. Cash and Bank Balances	As at March 31 2021	As at March 31 2020
7.1) Cash and Cash Equivalents		
Cash on hand	0.00	0.16
Balances with banks:		
in current accounts	(8.15)	0.19
in liquid deposits	25.77	0.00
	17.62	0.35
7.2) Other Bank Balances		
in earmarked accounts		
Deposits accounts (Refer note (A))	3.10	3.06
	3.10	3.06
Total	20.72	3.41
		(Rs. in Lakhs)
8. Other Financial Assets	As at March 31 2021	As at March 31 2020
Interest Receivable	109.31	3.70
Advance to Employees	9.99	88.37
Sundry Deposits	82.99	
Short term deposits	2,240.00	
Total	2,442.29	92.07
		(Rs. in Lakhs)
9. Other Current Assets	As at March 31 2021	As at March 31 2020
Prepaid expenses	8.67	42.27
Amounts withheld with Govt and other Departments	9.08	12.21
Other Current Assets	5.64	5.56
Total	23.39	60.04



10. Share capital (Rs. in Lakhs)				
	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
10.1 Authorised:				
Equity shares of Rs. 10 each	21,000,000	2,100.00	21,000,000	2,100.00
	21,000,000	2,100.00	21,000,000	2,100.00
10.2 Issued:				
Equity shares of Rs. 10 each	19,630,000	1,963.00	19,630,000	1,963.00
	19,630,000	1,963.00	19,630,000	1,963.00
10.3 Subscribed and fully paid:				
Equity Share Capital (Rs. in Lakhs)				
Equity shares of Rs. 10 each	19,599,100	1,959.91	19,599,100	1,959.91
Forfeited Equity Shares of Rs. 10 each partly paid at Rs. 5	30,900	1.55	30,900	1.55
Total Equity	19,630,000	1,961.46	19,630,000	1,961.46
10.4 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year: (Rs. in Lakhs)				
(a) Equity shares				
Opening balance	19,599,100	1,959.91	19,599,100	1,959.91
Add: Changes during the year	-	-	-	-
Closing balance	19,599,100	1,959.91	19,599,100	1,959.91
10.5 Details of equity shares held by each shareholder, holding more than 5% of shares: (Rs. in Lakhs)				
Name of equity shareholder	No. of shares	% of holding of that class	No. of shares	% of holding of that class
Equity shares M/s Hindustan Organic Chemicals Ltd	11,060,000	56.43%	11,060,000	56.43%
10.6 Rights, preferences and restrictions attached to equity shares:				
<p>The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. There are no restrictions attached to equity shares except as contained in the Articles of Association of the Company.</p>				



(Rs. in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
11. Other Equity		
A Revaluation Surplus		
Revaluation of Property, Plant and Equipment	2,995.77	2,995.77
B Surplus in statement of profit and loss		
Opening balance	(8,337.94)	(7,974.70)
Add: Profit for the year	(2,483.09)	(363.24)
Closing balance	(10,821.03)	(8,337.94)
C Other Comprehensive Income		
Opening Balance of Other Comprehensive Income	(1,351.17)	(1,302.41)
Remeasurements of the defined benefit liabilities / (asset)	(48.98)	(54.47)
Financial Instruments through OCI at amortised cost	-	5.71
Income tax relating to items that will not be reclassified to profit or loss	-	-
	(1,400.15)	(1,351.17)
Total	(9,225.41)	(6,693.34)

12. Long-Term Borrowings

(Rs. in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Secured		
Term loans - State Bank of India	-	-
Unsecured		
Government Plan Loan	-	-
Total	-	-

(Rs. in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
13. Provisions		
Provision for employee benefits-		
Provision for gratuity	-	618.10
Provision for PF contribution	-	-
Provision for compensated absences	-	249.02
LTA and other Provisions	-	-
Total	-	867.12



(Rs. in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
14. Short-term borrowings		
Cash credit facilities @		
From Banks		
- Secured	0.00	505.25
From GOI		
Interest free Loan from GOI*	7,370.00	0.00
Govt Plan Loan	1,580.00	1,580.00
Loan from HOCL	3,197.08	3,197.08
Total	12,147.08	5,282.33

@ Company had closed the cash credit facilities with the funds provided by GoI.

*GOI has disbursed loan of Rs.7370 Lakhs on 22-May-2020 for settling the dues of Employees, Creditors and closure of Loans as per decision of CCEA.

- (A). The Term loan from HOCL is secured by part of the land to the extent of 84.31 acres of the Factory & Plant and Buildings at Rudraram Village.
- (B). The Term loan from HOCL of Rs. 2744.06 lakhs is Zero coupon loan as per terms of the BIFR agreement and is repayable in seven equal annual instalments as per the loan agreement commencing from F Y 2010-11. The instalment due for F Y 2010-11 , 2011-12 , 2012-13, 2013-14, 2014-15, 2015-16 & 2016-17 amounting to Rs.2744.06 lacs is not paid by the company amounting to Rs.3197.08 lacs.
- (C). The Term loan from HOCL of Rs.756.42 lakhs is Interest bearing @ 10.25% to 14.50% repayable in 5 annual instalments commencing from F Y 2010-11 as per the loan agreement. The company is continuing default in payment of all the instalments due and interest during the F Y 2010-11 to 2015-16 amounting to Rs.453.01 lacs is not paid by the company
- (D). The company had outstanding plan loan of Rs.360 Lakhs availed for manufacture of MPTFE and Rs. 1320 Lakhs availed for refurbishment of the Plant @11.5% p.a. and both the loans repayable in 5 annual installments commencing from F.Y. 2015-16. The Company had repaid Rs.1.00 Crore with interest of Rs.24.92 lac during the month of March, 2017 and accordingly principal and interest outstandings were adjusted. The instalment due for F.Y. 2015-16,2016-17, 2017-18, 2018-19 and 2019-20 amounting to Rs. 1,580.00 lacs shown in Note-14. Company had received letter no.P.51015/06/2019-Ch.III(Vol.II) dated 29.01.2020 on closure of HFL in which interest on Rs.15.80 crore will be freezed upto 31.03.2019. Hence interest has not been charged for the year 2020-21.

(Rs. in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
15. Trade Payable		
Dues to Micro and SSI units	3.48	4.59
Others	53.42	166.75
Total Trade Receivables	56.90	171.34



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

(Rs. in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Principal amount remaining unpaid and interest due thereon	3.48	4.59
Interest paid in term of Section 16	Nil	Nil
Interest due and payable for the period of delay in payment	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil
Interest due and payable even in succeeding years	Nil	Nil

(B) The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

(Rs. in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
16. Other Financial Liabilities		
Interest accrued and due		
- on borrowings	1,748.06	1,690.05
Other Payables	49.07	36.96
Total	1,797.13	1,727.01
17. Provisions		
Provision for employee benefits		
Provision for gratuity	145.02	327.66
Provision for compensated absences	86.61	188.96
P F company contribution	0.75	5.53
LTA and Other Provisions	0.00	0.53
Total	232.38	522.68
18. Other Current Liabilities		
Creditors for Capital Goods	-	-
Employee Salaries and Arrears Payables	574.41	1,857.26
Customer Advances	-	3.68
Statutory Liabilities		
- GST and Other Taxes	2.07	33.84
Others	54.95	282.64
Total	631.43	2,177.42


(Rs. in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
19. Revenue from operations		
(i) Sale of products		
Polytetrafluoroethylene	11.08	62.76
Application Development Customer Support	2.50	51.13
CFM - 22	394.93	3,544.07
Tetrafluoroethylene	0.00	0.95
Hydrogenchloride	3.56	36.86
Others	4.49	4.49
	416.56	3,695.77
(ii) Other operating revenues:		
Sale of Scrap	16.23	0.00
	432.79	3,695.77
Less: GST	(65.88)	(563.31)
Total	366.91	3,132.46
		(Rs. in Lakhs)
20. Other income	As at March 31 2021	As at March 31 2020
Interest income from Banks	114.86	4.16
Miscellaneous income	135.04	0.15
Prior period income	-	-
Total	249.90	4.31
		(Rs. in Lakhs)
21. Cost of Raw Material and Packing Material consumed:	As at March 31 2021	As at March 31 2020
Opening balance	66.84	71.90
Add: Purchases during the year	115.78	1,297.96
Less: Closing balance	12.05	66.84
Total	170.57	1,303.02
(A) Details of raw material and packing material consumed: (100% Indigenous)		
AHF	97.75	794.71
CHLOROFORM	50.83	490.48
FC-26	-	-
OTHERS	21.86	16.03
PACKING MATERIAL	0.13	1.80
	170.57	1,303.02
(B) Details of closing Inventory :		
AHF	-	8.35
CHLOROFORM	1.35	26.27
FC-26	-	-
OTHERS	9.37	30.76
PACKING MATERIAL	1.33	1.46
	12.05	66.84



(Rs. in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
22. Changes in inventories of work-in-process		
Opening balance:		
Stock-in-process	78.16	161.98
Finished products	12.50	49.40
	90.66	211.38
Closing balance:		
Stock-in-process	0.00	78.16
Finished products	0.00	12.50
	0.00	90.66
Add: Increase/(Decrease) in Excise duty/ GST on Finished products	0.00	0.00
Total	90.66	120.72
23. Employee benefits expense		
Salaries, wages and Bonus	362.04	1,060.52
Contribution to Provident and other fund	34.62	120.28
Termination Benefits	1,805.07	0.00
Staff welfare expenses	16.94	29.65
Total	2,218.67	1,210.45

The Company's Provident Fund is exempted under section 17 of Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Conditions for grant of exemption stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate.

The employees' gratuity fund scheme managed by a trust (Life Insurance Corporation of India) is a defined benefit plan. The present Value of obligation is determined based on actuarial valuation using the Projected unit credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

Details of Actuarial Valuation of Gratuity

(Rs. in Lakhs)

Particulars	2020-21	2019-20
I. Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit obligation at beginning of the year	950.17	927.01
Current service cost	4.32	29.92
Interest cost	29.26	61.16
Actuarial(gain)/loss	49.31	54.47
Benefits paid	(887.82)	(150.31)
Defined Benefit obligation at the year end	145.24	950.17


(Rs. in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
II. Reconciliation of opening and closing balances of fair value of Plan assets		
Fair value of plan asset at the beginning of year	4.40	4.12
Expected return on plan assets	-	-
Actuarial gain/(loss)	-	-
Employer contribution	887.82	150.31
Benefits paid	(887.82)	(150.31)
Remeasurement of return on assets	0.33	0.29
Fair value of plan asset at the year end	4.73	4.40
Actual return on plan assets	-	-
III. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	(4.73)	(4.40)
Present value of obligation	145.24	950.17
Amount recognised in Balance Sheet	140.51	945.77
IV. Expenses recognised during the year		
Current service cost	4.32	29.92
Interest cost	29.26	61.16
Expected return on plan assets	-	-
Actuarial gain/(loss)	48.98	54.47
Net Cost	82.56	145.55
V. Actuarial assumptions		
Mortality Table (LIC)	(ultimate) 2012-14	(ultimate) 2012-14
Discount Rate (per annum)	6.31%	5.78%
Expected Rate of Return on Plan Assets		9.00
Attrition Rate		10.00
Salary Rise	4.00	4.00

Details of Actuarial Valuation of Leave Encashment
(Rs. in Lakhs)

Particulars	2020-21	2019-20
I. Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit obligation at beginning of the year	437.98	413.96
Current service cost	9.86	30.75
Interest cost	25.32	29.72
Actuarial(gain)/loss	(386.55)	(36.45)
Benefits paid	-	-
Defined Benefit obligation at the year end	86.61	437.98



(Rs. in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
II. Reconciliation of opening and closing balances of fair value of Plan assets		
Fair value of plan asset at the beginning of year	NA	NA
Expected return on plan assets		
Actuarial gain/(loss)		
Employer contribution		
Benefits paid		
Fair value of plan asset at the year end		
Actual return on plan assets		
III. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	0.00	0.00
Present value of obligation	0.00	437.98
Amount recognised in Balance Sheet	86.61	437.98
	86.61	837.98
IV. Expenses recognised during the year		
Current service cost	9.86	30.75
Interest cost	25.32	29.72
Expected return on plan assets	0.00	0.00
Actuarial gain/(loss)	(386.55)	(36.45)
Net Cost	(351.37)	24.02
V. Actuarial assumptions		
Mortality Table (LIC)	(ultimate) 2012-14	(ultimate) 2012-14
Discount Rate (per annum)	6.31	5.78
Attrition Rate	10.00	10.00
Salary Rise	4.00	4.00
24. Finance costs		
Interest on:		
- Borrowings	76.02	125.20
- Others	9.54	73.89
- Bank Charges	3.46	0.90
Total	89.02	199.99



(Rs. in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
25. Other expenses		
Consumption of stores and Spares	17.46	86.50
Power & Fuel	103.25	203.37
Water Charges	-	-
Rent	6.73	8.44
Rates & Taxes	12.70	21.75
Travelling and Transport charges	31.61	42.44
Insurance	68.35	51.46
Printing and Stationery	2.68	5.91
Communication Expenses	4.48	10.92
Repairs and Maintenance		
To Building	-	-
To Machinery	0.75	2.82
To Other Assets	2.90	6.03
Office Maintenance	5.04	13.65
Payments to auditors :		
Statutory audit fees & Limited Review	1.65	1.65
Professional charges	81.72	38.40
Security and Job Work	19.63	18.42
Freight	0.06	0.51
Corporate Social Responsibility	-	0.72
Miscellaneous Expenditure	2.53	4.53
Prior Period Items	-	-
Total	361.54	517.52

**Notes to the Financial Statements as at and for the year ended March 31, 2021****1. General Information**

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

2. Significant Accounting Policies**a) Statement of Compliance**

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

The Cabinet Committee on Economic Affairs (CCEA) Govt. of India in its meeting held on 22.01.2020 had approved shutting down of operations of the plant/unit of HFL and closure of the Company. Ministry of Chemicals and Fertilizers, Department of Chemicals & Petrochemicals, under which the Company functions had given a detailed roadmap in this regard. The Board had initiated the said process of closure which got delayed due to Covid-19 pandemic. Further, Hon'ble High Court of Telangana on 04-Nov-2020, in a legal case filed [Rockwell Industries Limited vs. HFL (Case No. COM.C.A. 16/2020)] has directed HFL (Appellant) not to dispossess or transfer or to create a third party right with regard to its assets. HFL is in the process of vacating the stay on disposal of assets.

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

Since the Company is in the process of closure and would not continue as a Going Concern, Ind AS 105 'Non Current Assets held for Sale or Discontinuing Operations' had been followed by the Company

b) Basis of Accounting and Preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the



fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as a net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- ◆ Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- ◆ Level 2 inputs are other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- ◆ Level 3 inputs are unobservable inputs for the asset or liability.

c) Accounting Estimates

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

Estimates and Assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Defined benefit plans

The cost and present value of the gratuity obligation and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**d) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of income can be measured reliably. Revenue is net of returns and is reduced for rebates, trade discounts, refunds and other similar allowances. Revenue is net of GST. Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

i) Sale of goods

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is recognised, when the significant risks and rewards of the ownership have been transferred to the buyers and there is no continuing effective control over the goods or managerial involvement with the goods. Revenue from sale of chemical products is generally recognised at the time of dispatch.

ii) Other Income

Dividend income from investments is recognized when the right to receive payment is established. Interest income from a financial asset is recognised on time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate which exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Insurance claims are recognised to the extent there is a reasonable certainty of the realizability of the claim amount.

e) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of Property, plant and equipment comprises of purchase price, applicable duties and taxes, any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets, upto the date the asset is ready for its intended use. "The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is required to be included in the cost of the respective item of property plant and equipment" and "Cost of major inspections is recognized in the carrying amount of property, plant and equipment as a replacement, if recognition criteria are satisfied and any remaining carrying amount of the cost of previous inspection is derecognized.



An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

During the previous year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company has reassessed the estimated useful life of its assets to align the useful life with those specified in Schedule II and there have been no change in the useful life of the asset. The useful lives, for the computation of depreciation rates are as follows:

Asset	Depreciation method	Useful life based on SLM
Building	SLM	30 years
Plant and equipment	SLM	20 years
Furniture and fixtures	SLM	10 years
Computers	SLM	3-5 years
Intangible Assets - Software	SLM	5 Years for Software and 20 years for MPTFE

*Pursuant CCEA decision to close the Company, as per IND AS 105, the Property, Plant and Equipment (PPE) has been reclassified to Assets Held for Sale and is valued at lower of Carrying value and Fair value less costs to sell. And no depreciation is charged after such reclassification. Further, entire carrying value of intangible assets has been written-off since the fair value of such intangible that could be realized from its sale is Nil.

f) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the Ind AS16's requirement for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised.

g) Intangible Assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured. At initial recognition, the separately acquired intangible assets are recognised at cost. Following initial recognition, the intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. The estimated useful life and amortization method reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**h) Depreciation and Amortization**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost less its estimated residual value. Depreciation on Property, Plant and equipment has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 taking into account the nature of asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, maintenance, etc.

Intangible Assets are amortised, on straight line method based on the useful life as assessed by the Management. The amortisation period and the amortisation method for an intangible asset is reviewed at least at each financial year end.

i) Impairment of Assets

Intangible assets and property, plant and equipment: Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

j) Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the



contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

k) Employee Benefits

The estimated liability for employee benefits for present and past services which are due as per terms of employment are determined in accordance with the requirements of Ind AS 19 "Employee Benefits". A brief description of the employee benefits are as follows:

Gratuity:

The Company has an obligation towards gratuity, a defined benefit plan covering all eligible employees. The plan provides for lump sum payment in accordance with the Payment of Gratuity Act, 1972 to vested employees on retirement, death while in employment or on separation. Vesting occurs on completion of five years of service. The liability, which is determined by means of an independent actuarial valuation, is partly funded under Group Gratuity Plan Scheme managed by the Life Insurance Corporation of India.

Provident Fund:

Provident Fund is a defined contribution plan of the Government of India under which both the employer and employee contribute on a monthly basis at a pre-determined rate (currently upto 10% of employee salary) and the Company has no further obligation.

Compensated Absences

- a. In respect of the employees at Head Office, the Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method.



- b. In respect of the employees at the locations, the undiscounted amount of short term employee benefits which include the compensated absences such as paid leave expected to be paid in exchange for the services rendered by employees is recognised during the year when the employee renders the service and is calculated on an actual basis.

l) Inventories

- i) The closing stock of raw materials, packing material, stores and spares are valued at cost by adopting weighted average method. Stock in process (intermediate product) and finished goods are valued at cost or net realisable value whichever is lower.

Cost of stock-in-process includes costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

- ii) By-products are valued at NIL value.

m) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating result of the whole Company as one segment of "Manufacture of Chemicals". Thus, as defined in Ind AS 108 "Operating Segments", the Company's entire business falls under this one operational segment and hence the necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss.

n) Borrowing Costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Also, the EIR amortisation is included in finance costs.

Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the Statement of Profit and Loss in the period in which they occur.

o) Foreign Exchange Translation of Foreign Projects and Accounting of Foreign Exchange Transactions

The functional currency of the Company is the Indian rupee.

Foreign currency transactions are accounted at the exchange rates prevailing on the date of transactions. Gains and losses resulting from settlement of such transactions are recognized in the Statement of Profit and Loss. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Statement of Profit and Loss.

The exchange difference on restatement of long term receivables / payables from / to foreign operations that are considered as net investments in such operation are recognised in the statement of profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate.



Foreign branches functional currency is other than reporting currency of its parent and foreign branch financial statements are translated into reporting currency of its parent using the following procedures. Assets and Liabilities (both monetary and non-monetary) are translated at the closing rate at the year end. Income and expenses are translated at the monthly average rate at the end of the respective month. All resulting exchange differences are recognised in other comprehensive income till the disposal of the net investment.

p) Income Tax

1) Current Tax

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

2) Deferred Tax

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3) MAT

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period.

q) Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where the lease payments are structured to increase in line with expected general inflation. Assets acquired on finance lease are capitalised at fair value or present value of minimum lease payment at the inception of the lease, whichever is lower.

**r) Earnings Per Share**

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, which have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

s) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation.

Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

t) Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

u) Operational Cycle

The Company adopts operating cycle based on the project period and accordingly all project related assets and liabilities are classified into current and noncurrent. Other than project related assets and liabilities, 12 months period is considered as normal operating cycle.

v) Cash Flow Statements

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or



accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

w) Non-Current Assets held for Sale and Discontinued Operations

The company classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets are ceased.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

- (a) represents a separate major line of business or geographical area of operations,
 - (b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
 - (c) Is a subsidiary acquired exclusively with a view to resale.
- x) 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 amendments to Ind AS.**

Ind AS 109 – Prepayment Features with Negative Compensation

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

Ind AS 23 – Borrowing Costs

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

Ind-AS 116 – Leases

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



26. Contingencies and Commitments

Particulars	As at March, 31, 2021	As at March 31, 2020
i) Contingent Liabilities		
a) Bank Guarantee given to Pollution control board with SBI	14.50	14.50
b) ESI	13.46	13.46
c) Damages on Delayed Payment of Provident Fund with Interest *	94.89	94.89
	122.85	122.85
ii) Commitments		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
Total	122.85	122.85

(*)The Company has written to Central Provident Fund Commissioner for waiver of damages for delayed payment of PF dues during the period 2000-01 to 2010-11 considering the fact that the company was a BIFR referred Company.

The differential interest @ 2.75% (14.25%-11.50%) on Govt. Plan loan is not provided in the books as Gol had freezed interest up to 31.3.2019.

Litigations at Various Authorities**(Rs. In Lakhs)**

Authority	Nature of Litigation	Quantum	Remarks
Hon'ble High Court, judicature for the state of Telangana and for A.P, Hyd.	Recovery from Debtors	132.00	M/s HFL had won the case in single judge of AP High Court, Hyderabad. Aggrieved by the Single Judge Order, M/s Refex Refrigerant Ltd had approached Double Judge Bench. Now the case is pending at High Court.
Hon'ble Civil Court, Sec-bad	M/s Shanthy boiler & Pressure vessels Pvt Ltd, Sec-bad is the manufacturer of various types of pressure boilers had delivered the boiler and failed to comply the contractual terms as agreed. Aggrieved on the	6.00	The Company is pleading the case in the Court of Law and is of the view that the case will be in our favour as understood from the Legal advisors and the approximate legal implication in this matter is Rs. 6 Lac, in case HFL losses the case.



	supply of items a case was filed and counter was filed by the respondent company.		
Hon'ble City Civil Court, Hyderabad	Case filed by M/s Rockwell Industries Limited relating to supply of CFM-22 Gas.	269.00 Lakhs + interest claimed thereon	This dispute is going on since 1998 at various Forums – Arbitration in 1998, Hon'ble Chief Judge in 2001, Hon'ble High Court later which was sent back for fresh consideration. Again in 2017, Hyd Civil Court confirmed Order of Arbitrator, party filing fresh COP before Addl Chief Judge, City Civil Court and HFL filed case in Hon'ble High Court of Telangana. HFL also approached Supreme Court filing appeal. Matter presently is now before Hon'ble High Court of Telangana, which had vide its Order dated 04.11.2020 has given stay on disposal of the assets of the Company; The matter is sub-judice
CGIT, Hyderabad	Non regular employees	200.00	The non-regular employees filed a case during 2010 in Labour Court for regularization of their services and later the case was shifted to the Central Government Industrial Tribunal (CGIT) during 2014. The company is contesting this case with CGIT through Legal Counsel and a petition was filed against the order of CGIT in 2020. The matter is being settled out of court with the non-regular employees willing to accept the terms of VSS offered and the Petition being withdrawn by mutual consent.

27. Taxes on Income

The company has not provided deferred tax asset due to huge accumulated losses incurred since there is no virtual certainty to realise in future.


28. CIF Value of Imports

(Rs. in Lakhs)

Particulars	2020-21	2019-20
Import of Capital Goods	-	-
Import of Materials/Spares	-	2.71

29. Balances in respect of Trade payables, Other Liabilities, Trade Receivables and Other Loans and Advances are subject to Confirmation.

30. Earnings in Foreign Currency

Particulars	2020-21	2019-20
Sale of Goods	-	-

31. Related Party Disclosures

a) List of Related Parties

Name of the Party	Nature of Relationship
Hindustan Organic Chemicals Limited (HOCL)	Holding Company
T S Gaikwad, Managing Director (superannuated on 31.05.2020)	Key Management Personnel
C P Bhatia, Managing Director (From 1.6.2020 to 5.11.2020)	Key Management Personnel
S B Bhide, Managing Director (From 6.11.2020 to 31.07.2021)	Key Management Personnel
D N V Srinivasa Raju, Chief Financial Officer	Key Management Personnel
S Krithika, Company Secretary	Key Management Personnel

b) Transactions with Related Parties

(Rs. In Lakhs)

Sl. No.	Particulars	Holding Company		KMP	
		2020-21	2019-20	2020-21	2019-20
1	Interest Expense	63.62	63.62		
2	Remuneration Paid to				
	T S Gaikwad			41.29	29.58
	D N V Srinivasa Raju			16.97	15.89
	S Krithika			10.00	6.12



c) Balances with Related Parties

Sl.No.	Particulars	2020-21	2019-20
1	Loan Payable to HOCL (Principal+ Interest)	4157.60	4099.59
2	Interest Payable to HOCL	960.52	902.51
3	Remuneration Payables		
	T S Gaikwad	Nil	5.64
	D N V Srinivasa Raju	Nil	3.70
	Arrears Payable / (Receivable)		
	T S Gaikwad	Nil	5.79
	D N V SrinivasaRaju	Nil	-

32. Segment Reporting

The Company's operations consist only of manufacturing and sales of fluoro-carbons, and incidental/ ancillary activities. Hence, there are no other reportable segments under Ind AS - 108 "Operating Segment". During the year, substantial part of the Company's business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary. The Company does not have operations outside India and there is no other reportable segment on that account. There are no other reportable segments.

33. Earnings Per Share

	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Net profit after tax available to equity shareholders (Rs. lakhs)	(2532.07)	(412.00)
Weighted Average number of equity shares for Basic & Diluted EPS (No's)	196.30	196.30
Face value per share (Rs.)	10/-	10/-
Basic & Diluted earnings per share (Rs.)	(12.90)	(2.10)

34. Financial Instruments**a) Capital Management**

The Company's capital management objective is to maximize the total shareholder return by optimizing cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating.



The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other revenue reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.

The following table summarizes the total capital of the Company: (Rs.in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Equity	1,961.46	1,961.46
Short Term Borrowings & Current Portion of Long Term Debt	12,147.08	5,282.33
Long Term Debt	0.00	0.00
Cash and Cash Equivalents	(20.72)	(3.41)
Net Debt	12,126.36	5,278.92
Total Capital/funds deployed (Equity + Net Debt)	14,087.82	7,240.38

b) **Categories of financial instruments:** (Rs. In Lakhs)

	As at March 31, 2021	As at March 31, 2020
Financial Assets		
Measured at Fair Value through Profit or Loss (FVTPL)	-	-
Measured at amortized cost		
Cash and Bank Balances	20.72	3.41
Other financial assets at amortized cost	2573.08	547.69
Measured at Cost		
Financial Liabilities		
Measured at amortized cost	14,001.11	7180.68

c) **Financial Risk Management Objectives**

The company's business activities exposed to a variety of financial risks viz., market risk, credit risk and liquidity risk. The company's focus is to estimate a vulnerability of financial risk and to address the issue to minimize the potential adverse effects of its financial performance.

**d) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

i) Interest rate risk

Out of total borrowings, large portion represents short term borrowings and the interest rate primarily basing on the company's credit rating and also the changes in the financial market. Company continuously monitoring over all factors influence rating and also factors which influential the determination of the interest rates by the banks to minimize the interest rate risks.

ii) Foreign currency risk

The company has no balances in foreign currency and consequently the company is not exposed to foreign exchange risk.

Equity Risks

The company does not have any financial instruments which are exposed to listed and non listed equity investments.

e) Credit risk management

Credit Risk refers to the risk for a counter party default on its contractual obligation resulting a financial loss to the company. The maximum exposure of the financial assets represents trade receivables, work in progress and receivables from group companies. Credit risk on trade receivables, work in progress is limited as the customers of the company mainly consist of the Government promoted entities having strong credit worthiness. For doubtful receivables the company uses a provision matrix to compute the expected credit loss allowances for trade receivables. The provision matrix takes into account ageing of accounts receivables and the company's historical experience of the customers and financial conditions of the customers. The company has not made any provision towards amounts doubtful to receive during the year ended March 31, 2021 and March 31, 2020 respectively.

f) Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. As per CCEA approval for Shut-down of the company, HFL has received an amount of Rs.73.70 Crores for implementation of VRS/VSS, Statutory dues, payment to suppliers/contractors/utilities and other dues. The proceeds from sale of Land, Building, Plant & Machinery and other assets shall be utilised for meeting its contractual obligations. Note no.37 about CCEA procedure for disinvestment and sanction of loan from GOI details that the Company has financial assets at its disposal to reduce liquidity risk.



- i) The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2021: (Rs. In Lakhs)

Particulars	Carrying Amount	Upto 1 Year	1 – 3 Years	More than 3 years	Total Contracted Cash Flows
Accounts Payable and Acceptances	56.91	56.91	-	-	-
Borrowings and interest thereon	13,895.14	13,895.14	-	-	-
Others	49.07	49.07	-	-	-
Total	14,001.11	14,001.11	-	-	-

The table below provides details of financial assets as at March 31, 2021:

	Carrying Amount (Rs. Lakhs)
Trade Receivable	130.79
Other financial assets	2,442.29
Total	2,573.08

- ii) The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2020: (Rs. In Lakhs)

Particulars	Carrying Amount	Upto 1 Year	1 – 3 Years	More than 3 years	Total Contracted Cash Flows
Accounts Payable and Acceptances	171.34	171.34	-	-	-
Borrowings and interest thereon	6,972.38	6,972.38	-	-	-
Others	36.96	36.96	-	-	-
Total	7,180.68	7,180.68	-	-	-

The table below provides details of financial assets as at March 31, 2020: (Rs. In Lakhs)

Particulars	Carrying Amount
Trade Receivable	455.62
Other financial assets	92.07
Total	547.69

g) Fair value measurements

Company's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used):



(Rs. In Lakhs)

Particulars	Fair Value as at*		Fair Value Hierarchy	Valuation techniques & keyinputs used
	As at March 31, 2021	As at March 31, 2020		
Borrowings	13895.14	(2744.06)	Level 2	Refer Note Below
Security Deposits	82.99	84.78	Level 2	Refer Note Below
Total	13978.13	2659.28		

*Positive value denotes financial asset (net) and negative value denotes financial liability (net)

Notes:

- (1) There were no transfers between Level 1 and 2 in the period.
- (2) The Level 1 financial instruments are measured using quotes in active market
- (3) The following table shows the valuation technique and key input used for Level 2:

Financial Instruments	Valuation Technique	Key Inputs Used
Borrowings	Level 2	Fair Value as per discounted cash flows and present value computation based on the effective cost of capital

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Note on HOCL Interest Free Loan of Rs.2744 Lakhs

HOCL Loan will continue in the books at book value as against fair value as per discounted cash flows and present value computation based on the effective cost of capital.

Financial Assets

	Fair Value Hierarchy	As at March 31, 2021		As at March 31, 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at Amortized cost					
♦ Trade Receivables	Level 2	130.79	130.79	455.62	455.62
♦ Other Financial Assets	Level 2	2,349.31	2,349.31	92.07	92.07
♦ Cash and cash equivalents	Level 2	17.62	17.62	0.35	0.35
♦ Bank balances other than above	Level 2	3.10	3.10	3.06	3.06
Total		268.01	268.01	551.10	551.10

**Financial Liabilities**

(Rs. In Lakhs)

	Fair Value Hierarchy	As at March 31, 2021		As at March 31, 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Liabilities at Amortized cost					
♦ Borrowings	Level 2	13,895.14	13,895.14	505.25	505.25
♦ Other financial liabilities	Level 2	49.07	49.07	6,504.09	6,504.09
♦ Trade Payables	Level 2	56.90	56.90	171.34	171.34
Total		14,001.11	14,001.11	7,180.68	7,180.68

35. Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

Reconciliation Statement of Liabilities arising from financing activities (Rs in Lacs)

Opening Balance as on 01-Apr-2020	6,972.38
Increase in Working capital limits including interest	(505.25)
Ind As adjustment	7370.00
Interest for the reporting period	58.01
Closing balance as on 31-March-2021	13,895.14

36. During the year under review, the Company had revisited its status on the reporting of Financial Instruments through OCI at amortized cost based on updated developments. Accordingly, based on realistic assessment of the underlying transactions, the Company is of view that there are no Financial Instruments which are receivable/payable in future at discounted values and hence these are shown at actual values. Accordingly, the corresponding effect between previous year and current year is passed through OCI.

37. As per the letter dated 29.01.2020 from the Ministry of Chemicals and Fertilizers, Department of Chemicals & Petrochemicals, under which the Company functions, Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 22nd Jan, 2020 had approved.

a) Shutting down the operations of the plant/unit of HFL & closure of the Company



- b) Separating the employees (regular and non-regular/adhoc) rendered surplus due to closure of plant through VRS/VSSs, after payment of all their outstanding salary/wages and statutory dues, except for skeletal staff required to implement the full and final closure of the company. Employees not opting for VRS/VSS will be retrenched as per the provisions of Industrial Disputes Act, 1947
- c) Grant of interest free loan of Rs.77.20 crore by Govt. Of India to HFL to be utilized exclusively for closure related expenditure including (a) implementation of VRS/VSSs for HFL employees, their dues, statutory dues, payment to suppliers/contractors/utilities dues and repayment of SBI working capital loan (b) salary/wages and administrative expenses of HFL's skeletal staff to be temporarily retained for completing the closure of HFL for two years
- d) Above interest free loan of Rs.77.20 crore will be repaid by HFL to Govt. of India from the sale proceeds of land and other assets of the company, as and when disposed off and after settling all the liabilities related to closure of the company
- e) after settlement of all liabilities related to closure of HFL and repayment of interest free loan of Rs.77.20 crores, surplus proceeds from disposal of land and other assets, if any, will be used for repayment of HFL's outstanding Govt of India (Rs.15.80 crore) and interest thereon, with freezing of interest upto 31.3.2019. Full or part of the principal loan amount (Rs.15.80 crore) and interest thereon upto 31.3.2019 remaining unpaid due to insufficient sale proceeds is to be written off/waived.
- f) for facilitating disposal of HFL's land, M/s NBCC (India) Ltd may be appointed as Land Management Agency (LMA) to manage and assist in the land disposal subject to outcome of the decision of Telangana Govt/TSIIC on purchasing land of HFL.
- g) Disposal of plant/machinery and movable assets will be done by HFL through e-auction by MSTC Ltd.

In pursuance of the said decision, HFL had received an amount of Rs.73.70 Crores on 26.05.2020 as interest free loan from Gol. As per the above CCEA Order and as at 31.03.2021, 77 employees were relieved and had made payments of Rs.43.23 Cr. towards settlement of employee dues viz. VRS payments, Other payables to Employees including 1997 & 2007 wage revision arrears. Further Company had repaid Working Capital Loan with SBI amounting to Rs.5.15 Cr and satisfaction of charge was filed with ROC and also made payment of dues to Creditors. The total amount utilized upto 31.03.2021 was Rs.52.37 Crores. The balance amount will be utilized for settling the dues of skeletal staff retained and other operating expenditure for completing the closure of the Company. The said process is still going on.



38. MCA Notification dated 24th March, 2021, requires the entities to provide the following additional disclosures

Financial, Liquidity and Other Ratios

Ratios	Components of Numerator	Components of Denominator	For the Year ended March 31, 2021	For the Year ended March 31, 2020	% Change	Explanation by Management
Current Ratio	Current Assets	Current Liabilities	0.51	0.10	392%	Due to reclassification of PPE to Assets held for Sale
Debt Equity Ratio	Borrowings including interest	Total Equity	(1.91)	(1.47)	30%	Due to disbursement of loan by GOI for closure activities
Debt Service Coverage Ratio	Cash generated from operations before Interest and Tax	Current portion of borrowings including interest	(0.49)	0.01	-7838%	No profit is generated due to discontinuation of operations
Return on Equity	Total Comprehensive Income	Equity Share Capital	(1.29)	(0.21)	515%	No profit is generated due to discontinuation of operations
Inventory Turnover	Sales	Average Inventory	1.07	6.43	-83%	No revenue is generated due to discontinuation of operations
Trade Receivables Turnover Ratio	Sales	Average Trade Payables	3.22	11.10	-71%	No revenue is generated due to discontinuation of operations



Trade Payables Turnover Ratio	Sales	Average Trade Payables	3.22	11.10	-71%	No revenue is generated due to discontinuation of operations
Net Capital Turnover Ratio	Sales	Total Equity + Borrowings	0.08	5.69	-99%	No revenue is generated due to discontinuation of operations
Net Profit Ratio	Total Comprehensive Income	Sales	(6.90)	(0.13)	5147%	No profit is generated due to discontinuation of operations
Return on Capital Employed	Total Comprehensive Income + Interest	Total Equity + Borrowings	(0.50)	(0.39)	30%	No profit is generated due to discontinuation of operations
Return on Investment	Dividend	Share Price	-	-	0%	

Ageing of Trade Payables

Trade Payables Outstanding for following periods from due date of payment

Particulars	Less than 1 year	1 – 2 Years	2 – 3 Years	More than 3 Years	Total
MSME	0.28	0.01	0.48	2.72	3.48
Others	1.54	0.77	0.02	51.08	53.42
Total	1.82	0.78	0.50	53.81	56.90

Ageing of Trade Receivables

Trade Receivables Outstanding for following periods from due date of payment

Particulars	Less than 6 Months	6 Months – 1 Year	1 – 2 Years	2 – 3 Years	More than 3 Years	Total
Considered Good	1.53	-	-	-	129.26	130.79
Considered Doubtful	-	-	-	-	293.47	293.47
Total	1.53	-	-	-	422.73	424.26

**Promoters Shareholding at the end of the Year**

Name	No of Shares	% of Total Shares	% Change during the Year
Hindustan Organic Chemicals Ltd	1,10,60,000	56.43%	0%
Andhra Pradesh Industrial Development Corporation	8,70,000	4.44%	0%
Total		60.87%	

39. Considering the overall operations of the Company during the year under review and the decision of the Govt to close the operations, there is no significant impact on the functioning of the Company due to Covid-19 pandemic
40. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached
For Sarath & Associates
 Chartered Accountants
 FRN 005120S

Sd/-
S SRINIVAS
 Partner
 M. No. 202471

For and on behalf of the Board of Directors
 of Hindustan Fluorocarbons Ltd.,

Sd/-
SB BHIDE
 Chairman and Managing Director
DIN:05323535

Sd/-
D N V SRINIVASA RAJU
 Chief Financial Officer

Sd/-
SS KULKARNI
 Director
DIN:09100453

Sd/-
S KRITHIKA
 Company Secretary

Place: Hyderabad
 Date: 24.05.2021