

हिन्दुस्तान फ्लूरोकार्बन्स लिमिटेड

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

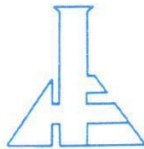
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ई-मेल: hiflon@hotmail.com

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ISO 9001:2015
IND/QMS/NAB-C2975/2648



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

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CIN-L25206TG1983PLC004037

HFL/SEC/2019

24th May, 2019

Fax No: 022-22723121

To,
The Secretary
The Stock Exchange Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI -400001.

Dear Sir,

Sub: - Audited Financial Results for the quarter and year ended 31st March, 2019.

Ref:- Script Code: 524013.

Please find the enclosed approved Audited Financial Results along with Audit Report for the quarter and year ended 31st March, 2019 in its 198th Board meeting held on 24th May, 2019 at 1.30 pm and concluded 5.00 pm in pursuance to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

This is for your information and record.

Thanking you,

Yours faithfully,

For HINDUSTAN FLUOROCARBONS LIMITED

(RAJANI K)
(COMPANY SECRETARY)

फैक्टरी: रुद्रारम 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 ।

STATEMENT OF STANDALONE AUDITED RESULTS FOR THE QUARTER ENDED 31.03.2019

	Particulars	Quarter ended			Year ended	
		31.03.2019	31.12.2018	31.3.2018	31.3.2019	31.03.2018
		Audited	Un-Audited	Audited	Audited	Audited
1	Revenue from operations					
	a) Gross sales/Income from operations	1,291.40	924.54	1,282.21	4,585.51	4,308.31
	Total Revenue from operations	1,291.40	924.54	1,282.21	4,585.51	4,308.31
2	Other Income	13.39	0.13	13.28	14.04	36.11
	Total income (1+2)	1,304.79	924.67	1,295.49	4,599.55	4,344.42
3	Expenses					
	a) Cost of materials consumed	447.93	276.27	409.45	1,581.93	1,369.41
	b) Changes in inventories	22.85	113.00	(32.79)	(44.02)	20.39
	c) Employee benefits expense	373.61	347.78	397.75	1,270.45	1,223.35
	d) Finance costs	80.34	77.80	73.96	310.44	296.74
	e) Depreciation and amortization	37.41	37.38	37.25	149.32	148.16
	f) Other expenditure(inclusive of ED/GST)	351.90	280.61	386.22	1,387.98	1,363.76
	Total expenses	1,314.04	1,132.84	1,271.84	4,656.10	4,421.81
4	Profit/(Loss) before exceptional items(1 + 2 - 3)	(9.25)	(208.17)	23.65	(56.55)	(77.39)
5	Exceptional items	0.00	0.00	0.00	0.00	0.00
6	Prior period items					
	a) Prior period expenses	0.00	0.00	0.00	0.00	0.00
	b) Prior period income	226.75	0.00	0.00	226.75	0.00
7	Profit/(Loss) before tax (4+5+6)	217.50	(208.17)	23.65	170.20	(77.39)
8	Tax expense	0.00	0.00	0.00	0.00	0.00
	a) Current tax	0.00	0.00	0.00	0.00	0.00
	b) Deferred tax	0.00	0.00	0.00	0.00	0.00
9	Net profit for the period / year (7-8)	217.50	(208.17)	23.65	170.20	(77.39)
	Other comprehensive income					
	a) (i) Re measurement of the defined plan	(297.46)	0.00	(249.92)	(297.46)	(249.92)
	(ii) Financial instruments through OCI at amortized cost	(225.90)	(41.64)	(155.34)	(350.81)	(155.34)
10	Total other comprehensive income(9)	(523.36)	(41.64)	(405.26)	(648.27)	(405.26)
11	Total Comprehensive income (9+10)	(305.86)	(249.81)	(381.61)	(478.07)	(482.65)
	Paid-up equity share capital	1,961.46	1,961.46	1,961.46	1,961.46	1,961.46
	Other Equity	0.00	0.00	0.00	0.00	0.00
12	Earnings per equity share (face value Rs. 10/- each)					
a)	Earnings per equity share (face value Rs. 10/- each)	(1.56)	(1.27)	(1.95)	(2.44)	(2.46)
b)	Weighted Average Number of Shares of Rs. 10/- each (Nos' in lakhs)	195.99	195.99	195.99	195.99	195.99

NOTES:

- 1 The above results were reviewed by the Audit Committee and taken on record and approved by the Board of Directors at their meeting held on 24.05.2019. The financial results for the Quarter and Year Ended March 31, 2019 have been audited by the company's Statutory Auditors.
- 2 The company has adopted Indian Accounting Standards(Ind AS) prescribed under section 133 of the Companies Act , 2013 read with the relevant rules issued thereunder from April 01, 2017 and accordingly, financial results for the quarter/year ended March 31, 2019, have been prepared following the Ind AS recognition and measurement principles.
- 3 The Ind AS Compliant financial results of the quarter ended March 31, 2018 and March 31, 2019 have been audited and reviewed by the statutory auditors and are the balancing figures between the Audited figures in respect of full financial year and the year to date figures up to the third quarter which was subjected to limited review by the auditors. However, management has exercised necessary due diligence to ensure that the said financials results provide a true and fair view.
- 4 The Audited accounts are subject to review by the Comptroller and Auditor General of India under section 143(6) of the companies act 2013

**BY ORDER OF THE BOARD OF DIRECTORS
HINDUSTAN FLUOROCARBONS LIMITED**

**(T S GAIKWAD)
MANAGING DIRECTOR
DIN NO.02411043**

**Place: Hyderabad
Date: May 24, 2019**

AUDITED STATEMENT OF ASSETS AND LIABILITIES AS T 31.03.2019

(Rs.in lacs)

Particulars		As at March 31, 2019		As at March 31, 2018	
I	ASSETS				
	1 Non-current assets				
	(a) Property, Plant and Equipment	4,846.64		4,974.74	
	(b) Capital work-in-progress	-		-	
	(c) Other Intangible assets	182.18		194.92	
	(d) Other Non Current assets	99.24		93.53	
	Total Non - Current Assets		5,128.06		5,263.19
	2 Current assets				
	(a) Inventories	558.20		538.98	
	(b) Financial Assets				
II	EQUITY AND LIABILITIES				
	EQUITY				
	1 Equity				
	(a) Equity Share capital	1,961.46		1,961.46	
	(b) Other Equity	(6,281.34)		(5,803.27)	
	Total equity		(4,319.88)		(3,841.81)
	2 Non-current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	0.00		336.00	
	(b) Provisions	973.66		802.48	
LIABILITIES	Total Non - Current Liabilities		973.66		1,138.48
	3 Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	408.80		258.59	
	(ii) Trade payables	393.17		376.20	
	(iii) Other financial liabilities (other than those specified in (b) below, to be specified)	6,453.19		5,514.85	
	(b) Provisions	369.19		328.28	
	(c) Other current liabilities	2,196.56		2,467.24	
	Total Current Liabilities		9,820.91		8,945.16
	TOTAL EQUITY AND LIABILITIES (1+2+3)		6,474.69		6,241.83

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**BY ORDER OF THE BOARD OF DIRECTORS
HINDUSTAN FLUOROCARBONS LIMITED**

Place: Hyderabad
Date: May, 24, 2019

(T S GAIKWAD)
MANAGING DIRECTOR
DIN NO.02411043

Extract of Audited Financial Results for the quarter and year ended 31.03.2019

(Rs.InLakhs)

Sl.No.	Particulars	Quarter ended			Year Ended	
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
		Audited	Un-Audited	Audited	Audited	Audited
1	Total Revenue from Operations (Net)	1094.40	783.86	1095.74	3886.03	3685.36
2	Profit / (Loss) for the period before tax	217.50	(208.17)	23.65	170.20	(77.39)
3	Profit / (Loss) for the period after tax	217.50	(208.17)	23.65	170.20	(77.39)
4	Total Other Comprehensive Income for the Period / Year	(523.36)	(41.64)	(405.26)	(648.27)	(405.26)
5	Total Comprehensive Income for the Period / Year	(305.86)	(249.81)	(381.61)	(478.07)	(482.65)
6	Equity Share Capital	1961.46	1961.46	1961.46	1961.46	1961.46
7	Other Equity	-	-	-	(6281.34)	(5803.27)
8	Earnings Per Share (of Rs. 10/- each) (for continuing and discontinued operations) -					
	1. Basic:	(1.56)	(1.27)	(1.95)	(2.44)	(2.46)
	2. Diluted	(1.56)	(1.27)	(1.95)	(2.44)	(2.46)

Note:

- The above Financial Results for the quarter and year ended March 31, 2019 have been prepared as per Ind AS rules and reviewed and recommended by the Audit committee and have been approved and taken on record by the Board of Directors at its meeting held on May 24, 2019 and Statutory auditors of the company have provided an Auditor's Report for the detailed Audited Financial Results.
- The above is an extract of the detailed format of Quarterly/ Annual Financial Results filed with the stock Exchange under Regulation 33 of the SEBI (Listing and other Disclosure Requirements) Regulations, 2015. The Full format of the Quarterly/Annual Financial Results are available on the company's website (www.hfl.co.in) and Stock Exchange i.e BSE Limited website (www.bseindia.com) and published in News Papers Andhra Prabha (Telugu) and Financial Express (English).
- The Audited accounts are subject to review by the Comptroller and Auditor General of India under section 143(6) of the Companies Act 2013

BY ORDER OF THE BOARD OF DIRECTORS
HINDUSTAN FLUOROCARBONS LIMITED

PLACE: HYDERABAD
DATE : 24.05.2019

T S GAIKWAD
Managing Director
DIN NO.02411043



SARATH & ASSOCIATES

CHARTERED ACCOUNTANTS

Auditor's Report on Quarterly Financial Results and Year to Date Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors
Hindustan Fluorocarbons Limited
Hyderabad

We have audited the quarterly financial results of Hindustan Fluorocarbons Limited for the quarter ended 31st March, 2019 and the year to date results for the period 1st April, 2018 to 31st March, 2019, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. These quarterly financial results as well as the year to date financial results have been prepared on the basis of the audited annual financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such financial statements, which have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; or by the Institute of Chartered Accountants of India, as applicable and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s).

An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us these quarterly financial results as well as the year to date results:

- i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated July 5, 2016 in this regard; and
- ii. give a true and fair view of the net loss and other financial information for the quarter ended 31st March, 2019 as well as the year to date results for the period from 01st April, 2018 to 31st March, 2019.

The Statements includes the results for the Quarter ended March, 2019 being the balancing figures between the audited figures in respect of full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For Sarath & Associates
Chartered Accountants
F.R.N.: 005120S

P. Gopi
P Gopi Krishna
Partner
M.No.225868



Date: 24th May, 2019
Place : Hyderabad

HEAD OFFICE: 4th Floor, Maas Heights, 8-2-577/B, Road No. 8, Banjara Hills, Hyderabad - 500034

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SARATH & ASSOCIATES

CHARTERED ACCOUNTANTS

Independent Auditors' Report

To

The Members of
M/s Hindustan Fluorocarbons Limited
Hyderabad

Report on the Audit of Ind AS Financial Statements:

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, 2019, 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, 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, 2019, the Loss for the year ended on that date and total Comprehensive Income and the Cash Flow Statement 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.

Other Matter paragraph

4. The Comparative financial information of the Company for the earlier year ended 31st March, 2018 prepared in accordance with the Ind AS included in these Ind AS Financial Statements have been audited by the predecessor auditor. The report of the previous auditor on the comparative financial information dated 23.5.2018 expressed an unmodified opinion.



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Key Audit Matters

5. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.
- a) During the year under review, Company had revisited its status on reporting of Financial Instruments through OCI at amortized cost based on updated developments when compared to immediate previous year. Accordingly, based on realistic assessment of the underlying transactions, Company is of view that there are no Financial Instruments which are receivable/payable in future at discounted values and accordingly these are shown at actual values. Accordingly, the corresponding effect between the previous year and current year, amounting to Rs.350.81 Lakhs is passed through OCI during the current year.
- b) During the year under review, the Company had carried out a detailed review of certain reported errors/anomalies in pay fixation pertaining to employees and this exercise resulted in identifying excess payment to certain employees due to this error, amounting to Rs.268.00 Lakhs since 1997 onwards. Accordingly, the Company initiated recovery process from those employees and had already recovered/adjusted Rs.95.73 Lakhs upto 31.3.2019. Recovery proceeds of balance amount is under way.
- c) Other Income includes an amount of Rs.226.75 Lakhs of 'prior period income' relating to excess payments to certain employees, as indicated in above paragraph.

Management Responsibilities for the Ind AS Financial Statements

6. 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.
7. 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.
8. 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

9. 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.
10. 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.
11. 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.
12. 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.
13. 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.

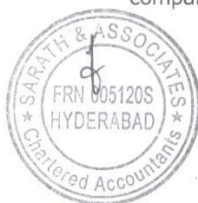


14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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

15. 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 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, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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, 2019 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;

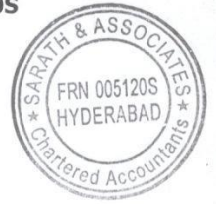


- iii. As per the information, explanations and records produced for our verification, during the year under review, no funds were received/receivable for any specific scheme from central/state agencies.
16. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central 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.

Place : Hyderabad
Date : 24th May, 2019

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


CA P Gopi Krishna
Partner
Membership No. 225868



**"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 Fluoro Carbons Limited** ("the Company") as of 31st March, 2019 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, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

**Place : Hyderabad
Date : 24th May, 2019**

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

P. Gopi
**CA P Gopi Krishna
Partner
Membership No. 225868**



"Annexure B" to the Independent Auditors Report

(referred to in paragraph 16 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, 2019)

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, 2019
(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). The Company had not paid Govt. plan Loan of Rs.1244 Lakhs (5 instalments) and interest payable being Rs.181.70 Lakhs in the current Financial Year.
- (ix) The company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company for the Current Year
- (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, there is no managerial remuneration which has been paid or provided during the current year.
- (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.

Place : Hyderabad
Date : 24th May, 2019

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

P. Gopi
CA P Gopi Krishna
Partner
Membership No. 225868

