

Board's Report

The Scheme of Arrangement ("the Scheme") between Gujarat Fluorochemicals Limited, now known as GFL Limited ("the demerged company") and Inox Fluorochemicals Limited, now known as Gujarat Fluorochemicals Limited ("the Company" or "the resulting company") for demerger of the Chemical Business Undertaking of the demerged company into the resulting company was approved by Hon'ble National Company Law Tribunal, Ahmedabad Bench on 4th July, 2019. The said NCLT Order was filed by both the companies with the Registrar of Companies on 16th July, 2019 making the Scheme operative from that date. Accordingly, all the assets and liabilities pertaining to the Chemical Business Undertaking, as defined in the Scheme, including employees and investment in subsidiaries and joint venture pertaining to the said Chemical Business, stand transferred and vested into the Company from its Appointed Date i.e. 1st April, 2019. The name of the Company was changed from Inox Fluorochemicals Limited to Gujarat Fluorochemicals Limited w.e.f. 26th July, 2019. The shares of the Company were listed on the stock exchanges w.e.f. 16th October, 2019.

To,
The Member(s),
Gujarat Fluorochemicals Limited
(Earlier known as Inox Fluorochemicals Limited)

Your Directors take pleasure in presenting to you their Second Annual Report of your Company together with Audited Financial Statements for the Financial Year ended on 31st March, 2020.

1. Financial Performance

The financial performance of your Company for the Financial Year ended 31st March, 2020 is highlighted below:

Sr. no.	Particulars	Consolidated		Standalone	
		2,019-20	2,018-19	2,019-20	2,018-19
I.	Revenue from Operations	2,60,637	2,72,927	2,49,639	2,73,055
II.	Other Income	21,628	8,597	22,127	8,386
III.	Total Revenue (I+II)	2,82,265	2,81,524	2,71,766	2,81,441
IV.	Less Total Expenses	2,46,452	2,16,159	2,36,859	2,16,379
V.	Share of Loss of joint venture	(*)	(12.19)	-	-
VI.	Profit before exceptional items (III-IV+V)	35,813	65,353	34,907	65,062
VII.	Exceptional Items	(2,604)	(824)	(2,604)	(824)
VIII.	Profit before tax (VI+ VII)	33,209	64,529	32,303	64,238
IX.	Total Tax Expenses	14,278	(60,080)	13,308	(60,380)
X.	Profit/(Loss) for the period (VIII-IX)	18,931	1,24,608	18,995	1,24,618
XI.	Other comprehensive income	855	134	(209)	(110)
XII.	Total Comprehensive Income (X+XI)	19,786	1,24,742	18,786	1,24,508
	Attributable to				
	Owners of the Company	20,540	1,24,985	-	-
	Non-controlling Interest	(754)	(244)	-	-

*Figure is less than ₹ 1 lakh.

The figures of the profit and loss account of the demerged Chemical Business Undertaking vested in the Company are regrouped or recomputed for the entire Financial Year 2018-19. Detailed analysis of the Financial and Operational Performance of the Company has been given in the Management Discussion and Analysis forming part of this Annual Report.

2. Consolidated Financial Statements

As per Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and applicable provisions of the Companies

Act, 2013 read with the Rules issued thereunder, the Consolidated Financial Statements of the Company for the Financial Year 2019-20 have been prepared in compliance with applicable Accounting Standards and on the basis of audited financial statements approved by the Board of Directors of the Company and its joint venture and management of the foreign subsidiary companies.

The Consolidated Financial Statements together with the Auditors' Report form part of this Annual Report. The Audited Standalone and Consolidated Financial Statements for the Financial Year 2019-20 shall be laid before the Annual General Meeting for approval of the Members of the Company.

3. Scheme of Arrangement

During the Financial Year under review, The Hon'ble National Company Law Board Tribunal, Ahmedabad Bench (NCLT) vide its order dated 04th July, 2019 has approved a Scheme of Arrangement between the Company (Resulting Company) and GFL Limited (Demerged Company) for transfer of Chemical Business Undertaking of Demerged Company to the Resulting Company. In view of the said order, the Demerged Company has transferred all Assets and Liabilities pertaining to Chemical Business Undertaking to the Resulting Company with effect from 1st April, 2019.

4. Actions arising out of approval of the Scheme of Arrangement

During the Financial Year under review, pursuant to NCLT order and Scheme of Arrangement referred to in Para 3 above, the Company has taken following actions:

Change of name of the Company

Pursuant to NCLT Order referred to Para 3 above, the name of the Company is changed from Inox Fluorochemicals Limited to Gujarat Fluorochemicals Limited with effect from 26th July, 2019.

Increase in Authorised Capital of the Company

The Authorized Capital of the Company was increased from ₹ 1,00,000 to ₹ 20,00,00,000 divided into 20,00,00,000 Equity Shares of Re 1 each pursuant to the NCLT Order referred to in Para 3 above, by way of an Ordinary Resolution passed at the Extra Ordinary General Meeting held on 05th July, 2019.

Allotment of Shares and increase in Paid-up Capital of the Company

The Company has issued and allotted 10,98,50,000 equity shares having face value of Re 1 each as fully paid-up to the Shareholders of GFL Limited (Demerged Company) for every 1 (One) Equity Share of face value of Re. 1 each fully paid up held in the Demerged Company.

Listing of Shares

10,98,50,000 equity shares of Re 1 each of the Company were listed on BSE Limited and National Stock Exchange of India Limited with effect from 16th October, 2019.

5. Dividend

Your Directors, after considering various external factors that may have an impact on the business as well as internal factors such as the long-term growth strategy of the Company, have not recommended any dividend for the Financial Year ended 31st March, 2020.

In accordance with Regulation 43A of the Listing Regulations, the Company has formulated a 'Dividend Distribution

Policy' and details of the same have been uploaded on the Company's website www.gfl.co.in. and is annexed to this report as **Annexure A**

6. Transfer to Reserves

During the Financial Year under review, Hon'ble National Company Law Board Tribunal, Ahmedabad Bench vide its order dated 04th July, 2019 has approved a Scheme of Arrangement between the Company (Resulting Company) and GFL Limited (Demerged Company) for transfer of Chemical Business Undertaking from the Demerged Company to the Resultant Company with effect from 01st April, 2019. In view of the said order, the Demerged Company has transferred all Assets and Liabilities pertaining to Chemical Business Undertakings to the Company with effect from 01st April, 2019. Therefore, on account of the said transfer, the Company has accounted for transfer of various Reserves in its Books of Account including ₹ 3,20,000 lakhs on account of the General Reserve.

7. Directors and Key Managerial Personnel

Directors

Appointments / Re-appointments:

The following Directors are proposed for appointments / re-appointments at the Second Annual General Meeting of the Company:

- Appointment of Shri Sanjay Borwankar (DIN: 08640818) as Whole time Director of the Company and approve payment of remuneration to him.
- Re-appointment of Shri Sanath Kumar Muppurala (DIN: 08425540) as Whole-time Director of the Company and approve payment of remuneration to him.
- Re-appointment of Shri Devendra Kumar Jain (DIN: 00029782) who retires by rotation and being eligible, offers himself for re-appointment.

Necessary Resolutions in respect of Directors seeking re-appointment and their brief resume pursuant to Clause 36 of the Securities and Exchange Board of India Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) are provided in the Notice of the Annual General Meeting forming part of this Annual Report.

The following Directors have resigned during the Financial Year 2019-20:

- Shri Anand Bhusari resigned as Whole Time Director of the Company with effect from 28th April, 2019 due to his personal reasons.
- Shri Rajagopalan Doraiswami resigned as Non-Executive Independent Director of the Company with effect from 25th September, 2019 due to his personal reasons.

- Shri Dinesh Kumar Sachdeva resigned as Whole-time Director of the Company with effect from 15th February, 2020 due to his pre occupations.

Key Managerial Personnel

The services of the following Key Managerial Personnel are transferred to the Company in terms of Para 1.7 of the Scheme of Arrangement referred to in Para 3 above with effect from 1st August, 2019:

- Shri Vivek Jain – Managing Director and Chief Executive Officer
- Mr. Manoj Agrawal – Chief Financial Officer
- Mr. Bhavin Desai – Company Secretary and Compliance Officer

8. Nomination and Remuneration Policy

The Nomination and Remuneration Policy of the Company is uploaded on the Company's website www.gfl.co.in. Salient features and objectives of the Policy are as follows:

- To lay down criteria for identifying persons who are qualified to become Directors and who may be appointed in Senior Management of the Company in accordance with the criteria laid down by Nomination and Remuneration Committee and recommend to the Board their appointment and removal.
- To formulate criteria for determining qualification, positive attributes and Independence of a Director;
- To determine the composition and level of remuneration, including reward linked with the performance, which is reasonable and sufficient to attract, retain and motivate Directors, KMP, Senior Management Personnel & other employees to work towards the long term growth and success of the Company.

9. Declaration of Independence

The Independent Directors of the Company have given the declaration and confirmation to the Company as required under Section 149 (7) of the Companies Act, 2013 and Regulation 25 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 confirming that they meet the criteria of independence and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

10. Familiarisation Programme for Independent Directors

The details of Familiarisation Programme for Independent Directors are given in the Corporate Governance Report of the Company at Annexure G to this Report.

11. Performance Evaluation

Performance Evaluation forms containing criteria for evaluation of Board as a whole, Committees of the Board and individual Directors and Chairperson of the Company were sent to all the Directors with a request to provide their feedback to the Company on the Annual Performance Evaluation of Board as a Whole, Committees of Board, Individual Directors and Chairperson of the Company, fulfillment of the independence criteria and independence of Independent Directors from the Management for the Financial Year 2019-20. Further, based on the feedback received by the Company, the Nomination and Remuneration Committee at its Meeting held on 14th February, 2020 had noted that the Annual Performance of each of the Directors is highly satisfactory and decided to continue the terms of appointment of all the Independent Directors of the Company.

12. Meetings of the Board

During the year under review, the Board met eight times and details of Board Meetings held are given in the Corporate Governance Report at Annexure G to this Report. The intervening gap between the two Meetings was within the time limit prescribed under Section 173 of the Companies Act, 2013 and Regulation 17 of the Listing Regulations.

13. Directors' Responsibility Statement as per Sub-Section (5) of Section 134 of The Companies Act, 2013

To the best of their knowledge and belief and according to the information and explanations obtained by your Directors, they make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

- in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2020, the applicable Accounting Standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;
- the Directors had 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 of the Company for that period;
- the Directors had 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;
- the Directors had prepared the Annual Accounts on a going concern basis;
- the Directors had laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls were adequate and were operating effectively and

vi. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

14. Significant and Material Orders passed by The Regulators or Courts or Tribunals Impacting The Going Concern Status and Company's operations in future

Except details given in Para 3 above, there are no orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

15. Particulars of Loans given, Investments made, Guarantees given and Securities provided

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the Standalone Financial Statements of the Company. For details, please refer to Note no 8, 9, 38, 46 and 49 of the Standalone Financial Statements of the Company.

16. Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the year under review with Related Parties are approved by the Audit Committee and/or Board, as per the provisions of Section 188 of the Companies Act, 2013 read with the Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the Listing Regulations. During the Financial Year under review, the Company had not entered into any contract / arrangement / transaction with Related Parties which could be considered material in accordance with the Policy of the Company on materiality of Related Party Transactions review except as stated at Item No 11 of the Notice of Second Annual General Meeting seeking approval of the Shareholders by way of Ordinary Resolution under the Regulation 23 of the Listing Regulations.

The Policy on materiality of Related Party Transactions and dealing with Related Party Transactions as approved by the Board may be accessed on the Company's website at the link: <http://www.gfl.co.in/pdf/GFL%20-%20Related%20Party%20Transaction%20Policy.pdf>

All transactions entered with Related Parties for the year under review were on arm's length basis and hence, disclosure in Form AOC -2 is not required to be annexed to this report.

17. Deposits

The Company has not accepted any deposits covered under Chapter V of the Act.

18. Subsidiaries and Joint Ventures

A separate statement containing the salient features of financial statements of all Subsidiaries, Associates and

Joint Ventures of the Company forms a part of Consolidated Financial Statements in compliance with Section 129 and other applicable provisions, if any, of the Companies Act, 2013. In accordance with Section 136 of the Companies Act, 2013, the Financial Statements of the subsidiaries, joint ventures, associate companies are available for inspection by the members at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays upto the date of the Annual General Meeting ('AGM'). Any member desirous of obtaining a copy of the said Financial Statements may write to the Company Secretary at the Registered Office of the Company. The Financial Statements including the Consolidated Financial Statements, Financial Statements of subsidiaries and all other documents required to be attached to this report have been uploaded on the website of the Company www.gfl.co.in. The Company has formulated a policy for determining material subsidiaries. The Policy may be accessed on the website of the Company www.gfl.co.in.

The Report on the performance and financial position of each of the Subsidiaries, Associates and Joint Venture Companies of the Company is annexed to this report in Form no AOC-1 pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 and Rule 5 of Companies (Accounts) Rules, 2014 is annexed to this report as **Annexure B**.

19. Internal Financial Controls

The Company has adequate Internal Financial Controls commensurate with its size and nature of its business. The Board has reviewed Internal Financial Controls of the Company and the Audit Committee monitors the same in consultation with Internal Auditors of the Company. One of the Internal Auditors of the Company also tests the internal controls independently.

20. Vigil Mechanism

As per the provisions of Section 177(9) of the Act read with Regulation 22(1) of the Listing Regulations, the Company is required to establish an effective vigil mechanism for Directors and Employees to report improper acts or genuine concerns or any leak or suspect leak of Unpublished Price Sensitive Information. The Company has accordingly establish a Vigil Mechanism and "Whistle Blower Policy" for all its Employees and Directors to report improper acts. The details of the said mechanism and policy are available on the Company's website www.gfl.co.in.

21. Independent Auditor's Report

There are no reservations, modifications or adverse remarks in the Independent Auditor's Report. The notes forming part of the accounts are self-explanatory and do not call for any further clarifications under Section 134 (3) (f) of the Companies Act, 2013.

22. Independent Auditors

Members at their 1st Annual General Meeting held on 6th August, 2019 had appointed M/s Patankar and Associates,

Chartered Accountants, Pune as Independent Auditors of the Company from the conclusion of 1st Annual General Meeting until conclusion of 6th Annual General Meeting. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on 06th August, 2019.

23. Cost Auditor

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company are required to be audited by a Cost Accountant in practice who shall be appointed by the Board. In view of the above, the Company has appointed M/s Kailash Sankhlecha & Associates to audit the cost audit records maintained by the Company for Financial Year 2019-20 on a remuneration of ₹ 4,00,000/-. As required under the referred Section of the Companies Act, 2013 and relevant Rules, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a resolution seeking Members' ratification for the remuneration payable to M/s Kailash Sankhlecha & Associates, Cost Auditors is included at Item No. 10 of the Notice convening the Annual General Meeting. The Cost Audit Report for the Financial Year 2018-19 submitted by M/s Kailash Sankhlecha & Associates was filed with Ministry of Corporate Affairs on 24th December, 2019 as per the statutory requirements.

24. Secretarial Auditor

In terms of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2013, the Company has appointed M/s Samdani Shah & Kabra, a firm of Practising Company Secretaries to conduct Secretarial Audit of the Company.

The Secretarial Audit Report given by M/s Samdani Shah & Kabra for the Financial Year 2019-20, is annexed herewith as **Annexure C** in Form no. MR-3. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

During the year under review, the Company has complied with the applicable provisions of the Secretarial Standards.

25. Management Discussion and Analysis Report

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the Listing Regulations read with para B of Schedule V is presented in a separate Section forming part of this Annual Report.

26. Corporate Governance Report

Pursuant to Regulation 34 read with Para C of Schedule V of Listing Regulations, the Corporate Governance Report of the Company for the year under review and the Auditors' Certificate regarding compliance of conditions of Corporate Governance is annexed to this report as **Annexure G**.

In compliance with the requirements of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate from the Managing Director and Chief Financial Officer of the Company, who are responsible for the finance function, was placed before the Board.

All the Board Members and Senior Management Personnel of the Company had affirmed compliance with the Code of Conduct for Board and Senior Management Personnel. A declaration to this effect duly signed by the Managing Director is annexed as a part of the Corporate Governance Report.

27. Business Responsibility Report

A Business Responsibility Report as per Regulation 34 of the Listing Regulations, detailing the various initiatives taken by the Company on the environmental, social and governance front forms an integral part of this report. The said report is available on the website of the Company www.gfl.co.in

28. Extract of Annual Return

In terms of Section 92 (3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management & Administration) Rules, 2013, the extract of Annual Return as provided in Form no. MGT -9 is annexed to this report as **Annexure D**.

29. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134 of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, in the manner prescribed is annexed to this report as **Annexure E**.

30. Particulars of Employees

Disclosure pertaining to remuneration and other details as required under Section 197 (12) read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report as **Annexure F**.

In accordance with the provisions of Section 197 (12) of the Companies Act, 2013 read with Rules 5 (2) and 5 (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the name and other particulars of the employees drawing remuneration in excess of the limits set out in the said rule is annexed to this report.

In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members of the Company excluding information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during the business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company.

31. Corporate Social Responsibility Activities

The provisions of Section 135 (5) of the Companies Act, 2013 which requires Company to spend 2% of average net profits of last three financial years on CSR activities is not applicable to the Company as the Company had no profit in its first Financial Year 2018-19.

The Company has constituted its Corporate Social Responsibility (CSR) Committee, which comprises of Shri Shanti Prashad Jain, Chairman and Independent Director, Shri Vivek Jain, Managing Director and Shri Deepak Asher, Non-Independent Director of the Company. The CSR Policy adopted by the Company is disclosed on the website of the Company which can be viewed at https://gfl.co.in/assets/pdf/gfcl_csr_policy_13082019.pdf

32. Safety, Health and Environment

Safety, health and environment are of prime concern to the Company and necessary efforts were made in this direction in line with the safety, health and environment policy laid down by the Company. The Company has achieved certification of ISO: 14001:2004 (Environment Management System), ISO 18001:2007 (Occupational Health and Safety Management System) and ISO 9001:2008 (Quality Management System) for its Ranjitnagar and Dahej Unit. Health of employees is being regularly monitored and environment has been maintained as per statutory requirements. Please refer to Nature Capital section of the Integrated Annual Report for more details.

33. Insurance

The Company's property and assets have been adequately insured.

34. Risk Management

The Company has Enterprise Risk Management (ERM) Framework of the Company which is derived from COSO ERM – Aligning Risk with Strategy and Performance 2016 (Draft) framework established by committee of sponsoring organizations. According to this, Enterprise Risk Management is "The culture, capabilities, and practices, integrated with strategy-setting and its execution, that organizations rely on to manage risk in creating, preserving, and realizing value". The Company has, therefore, adopted Residual risk approach and the Board of Directors have at its Meeting held on 29th June, 2020 approved revised Risk Reporting and its

Monitoring system. In the Board's view, one of the Internal Auditors of the Company have reviewed ERM and reported that there are no material or additional risks identified which may threaten the existence of the Company. Please refer to Risk Management section of the Integrated Annual Report for more details.

35. Reporting of Frauds

There have been no instances of fraud reported by the Statutory Auditors under Section 143(12) of the Act and rules framed thereunder either to the Company or to the Central Government.

36. Information Under The Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Your Company has formed an Internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

The following is the summary of sexual harassment complaints received and disposed of during the year 2019-20.

No. of Complaints Received	Nil
No. of Complaints disposed of	Not Applicable

Hence, the company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

37. Material Changes and Commitments, if any, affecting the Financial Position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of the Report

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of this report.

38. Acknowledgement

Your Directors express their gratitude to all other external agencies for the assistance, co-operation and guidance received. Your Directors place on record their deep sense of appreciation for the dedicated services rendered by the workforce of the Company.

By order of the Board of Directors

Place: New Delhi
Date: 30th July, 2020

Devendra Kumar Jain
Chairman