

TANFAC INDUSTRIES LIMITED

ANNUAL REPORT

2014 - 2015



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DIRECTORS

Shri A.K. Agarwala
 Shri V.T. Moorthy
 Shri Lalit Naik – Manager and Director
 Shri M.R. Sivaraman, IAS [Retd.]
 Dr. Shankar Narasimhan
 Shri Kannan K Unni
 Shri T.S. Raghavan
 Shri R. Karthikeyan
 Smt. R. Rajalakshmi

UNIT HEAD

Shri K. Sendhil Naathan

CHIEF FINANCIAL OFFICER (CFO)

Shri N.R. Ravichandran

COMPANY SECRETARY

Mrs. Punita Aggarwal

AUDITORS

M/s. Khimji Kunverji & Co.
 Chartered Accountants
 Sunshine Tower, Level 19
 Senapathi Bapat Marg, Elphinstone Road
 Mumbai – 400 013
 Phone No.: 022 - 2439 1111

REGISTERED OFFICE AND WORKS

Plot No.14 SIPCOT Industrial Complex
 Kudikadu, Cuddalore – 607 005
 Cuddalore Dist. TAMIL NADU
 Phone No.04142-239001 TO 239005
 Fax No. 04142-239008
 Email: invreln.tanfac@adityabirla.com

CORPORATE OFFICE

Oxford Centre, First Floor
 No.66 Sir C.P. Ramaswamy Road
 Alwarpet
 Chennai – 600 018
 Phone No.044-24990451 / 24990464
 Fax No. 044-24993583
 Email: cfo.tanfac@adityabirla.com

NOTICE OF THE FORTY FIRST ANNUAL GENERAL MEETING

TANFAC INDUSTRIES LIMITED

REGD. OFFICE: 14 SIPCOT Industrial Complex, CUDDALORE - 607 005.

CIN: L24117TN1972PLC006271

Website : www.tanfac.com

NOTICE OF THE FORTY FIRST ANNUAL GENERAL MEETING

NOTICE is hereby given that the 41st Annual General Meeting of TANFAC INDUSTRIES LIMITED will be held on Tuesday, the 29th September, 2015, at 11.00 A.M. at the Registered Office of the Company at 14, SIPCOT Industrial Complex, Kudikadu, Cuddalore – 607005 to transact the following:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statement of the Company for the year ended 31st March, 2015, including the audited balance sheet as at March 31, 2015, the statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint Statutory Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :-

"RESOLVED THAT pursuant to Sections 139, 142 and other applicable provisions, if any, of The Companies Act, 2013 and the rules framed there under as amended from time to time, M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai [Registration No.105146W] be and are hereby re-appointed as "Statutory Auditors" of the Company, to hold office from the conclusion of this Forty First Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as may be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS :

3. To appoint Shri V.T. Moorthy (DIN: 00007648) as an Independent Director and

in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions of The Companies Act, 2013 and The Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and under clause 49 of the Equity Listing Agreement, Shri V.T. Moorthy (DIN: 00007648), who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Shri V.T. Moorthy as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto March 31, 2020, not liable to retire by rotation."

4. To appoint Shri M.R. Sivaraman (DIN: 00020075) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions of The Companies Act, 2013 and The Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and under clause 49 of the Equity Listing Agreement,

NOTICE OF THE FORTY FIRST ANNUAL GENERAL MEETING (Contd.)

Shri M.S. Sivaraman (DIN: 00020075), who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Shri M.R. Sivaraman, as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five years upto March 31, 2020, not liable to retire by rotation."

5. To appoint Shri T.S. Raghavan (DIN: 00446651) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions of The Companies Act, 2013 and The Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and under clause 49 of the Equity Listing Agreement, Shri T.S. Raghavan (DIN: 00446651), who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Shri T.S. Raghavan as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five years upto March 31, 2020, not liable to retire by rotation."

6. To appoint Dr. Shankar Narasimhan (DIN: 01484214) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 149 and 152 read

with Schedule IV and other applicable provisions of The Companies Act, 2013 and The Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and under clause 49 of the Equity Listing Agreement, Dr. Shankar Narasimhan (DIN: 01484214), who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Dr. Shankar Narasimhan as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five years upto March 31, 2020, not liable to retire by rotation."

7. To appoint Smt. R. Rajalakshmi (DIN: 01982132) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of The Companies Act, 2013 and The Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and under clause 49 of the Equity Listing Agreement, Smt. R. Rajalakshmi (DIN: 01982132), who was appointed as an Additional Director of the Company with effect from 24th March, 2015, as per the provisions of Section 161 of the Act in respect of whom the Company has received a Notice in writing from a Member under Section 160 of The Companies Act, 2013, signifying his intention to propose Smt. R. Rajalakshmi as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation and to hold

NOTICE OF THE FORTY FIRST ANNUAL GENERAL MEETING

office for a term of five consecutive years commencing from 24th March, 2015."

8. To appoint Cost Auditor and ratify his remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions of The Companies Act, 2013 read with Rule 14 of The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to the Cost Auditor, viz., Shri N. Krishna Kumar (Membership No.27885 and Firm Registration No.100814), appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016, amounting to ₹40,000/- (Rupees Forty Thousand only) in connection with the above said audit, be and is hereby ratified and approved."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. To report to BIFR on erosion of more than fifty percent of the peak net worth of the Company and in this regard to consider and if thought fit, to pass, with or without

modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT the erosion of more than fifty percent of the peak net worth of the Company during immediately preceding four financial years, by its accumulated losses, as per the duly finalized audited accounts of the company for the financial year ended 31st March, 2015, as also the causes for such erosion, be and are hereby noted, in compliance with the provisions of Section 23(1) (a) (ii) of the Sick Industrial Companies (Special Provisions) Act, 1985"

"RESOLVED FURTHER THAT the fact of the above erosion be reported to the Board for Industrial & Financial Reconstruction ("BIFR"), New Delhi, by the Board of Directors of the Company or by any person duly authorised by it in this behalf, in accordance with the provisions of the Section 23(1)(a)(i) of the said Act."

"RESOLVED FURTHER THAT a certified true copy of this resolution be forwarded to BIFR for their information and necessary action, if any, in accordance with the provisions of the said Act."

By Order of the Board
For TANFAC INDUSTRIES LIMITED

Place : Chennai PUNITA AGGARWAL
Date : 10.8.2015 COMPANY SECRETARY

NOTICE OF THE FORTY FIRST ANNUAL GENERAL MEETING (Contd.)

NOTES :

1. The Register of Members and Share Transfer Books of the Company will remain closed from 24.9.2015 (Thursday) to 29.9.2015 (Tuesday) both days inclusive.
2. A Member entitled to attend and vote at the Annual General Meeting ("the meeting") is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member.
3. The Form of Proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
4. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Shareholder.
5. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The details of e-voting procedure are given under Note No.17. The Company will also send communication relating to remote e-voting which inter alia would contain details of User ID and Password along with the copy of this Notice separately.
6. A Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business under item Nos. 3 and 9 to be transacted at the Meeting is set out in the annexure.
7. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified true copy of Board Resolution duly authorizing their representative to our Registered Office to attend and to vote on their behalf at the meeting.
8. Members holding their shares with multiple folios in physical mode in identical names or joint holding in the same order of names are requested to send their Share Certificates with a request to our Registrar and Transfer Agent (RTA) viz., M/s. Integrated Enterprises (India) Limited, Kences Towers, Second Floor, No.1, Ramakrishna Street, Off. North Usman Road, T. Nagar, Chennai – 600 017 for consolidation. All documents relating to share transfer, transmission, change of address, change of bank account details may be sent to our above RTA.
9. Members desirous of obtaining any information as regards Accounts and Operations of the Company are requested to write at least one week before the meeting so that the same could be complied in advance.
10. The Company has transferred all unpaid/unclaimed payment of dividend for the financial years upto 2006-2007, to the Investors Education and Protection Fund Account within the due dates, established by the Central Government. Pursuant to the provisions of The Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts for the years up to 2006-2007 on the website of Ministry of Corporate Affairs and also the Company's website www.tanfacs.com.
11. Pursuant to the provisions of Sub-section (5) of Section 124 of the Companies Act, 2013, as amended, dividends for the financial year ended 31st March, 2008, which remain unpaid or unclaimed for a period of seven years has been transferred to the Investor Education and Protection Fund of the Central Government within the stipulated time.
12. Members, who have not encashed their dividend warrants for the financial year ended 31st March, 2009 and for the financial year ended 31st March, 2011, declared by the Company, may claim their unclaimed

NOTICE OF THE FORTY FIRST ANNUAL GENERAL MEETING (Contd.)

dividend(s) directly from the Company's Registered Office at 14, SIPCOT Industrial Complex, Cuddalore - 607005.

13. Members holding shares in physical form can avail of the nomination facility by filing Form SH-13 (in duplicate) with the Company's Registrar and Share Transfer Agents which will be made available on request and in the case of shares held in dematerialised form, the nomination has to be lodged with their Depository Participant.

14. As on 31.3.2015, 92.78% of the Company's shares have been dematerialized. Members, who have not yet dematerialized their shares, at their own interest, may please get their shares dematerialized to avail of the benefits of electronic holding/trading.

15. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding the shares in electronic form are, therefore, requested to submit their PAN to the Depository Participant(s), Members holding shares in physical form shall submit their PAN details to the RTA of the Company.

16. The annual report of the Company circulated to the Members of the Company, will be made available on the Company's website at www.tanfac.com.

17. Information relating to Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business

may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

II. The facility for voting through ballot paper shall be made available at the venue of AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right to vote at the meeting through ballot paper.

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

IV. The remote e-voting period commences on Saturday the 26th September, 2015 at 9:00 A.M. and ends on Monday the 28th September, 2015 at 5:00 P.M. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday the 23rd September, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

V. The process and manner for remote e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)] :

(i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID

NOTICE OF THE FORTY FIRST ANNUAL GENERAL MEETING (Contd.)

and password/PIN for remote e-voting. Please note that the password is an initial password.

- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select "EVEN" of "TANFAC INDUSTRIES LIMITED".
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG

Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to cskalyanisrinivasan@gmail.com with a copy marked to evoting@nsdl.co.in

- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM):

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/ PIN

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- I. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- II. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IV. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd September, 2015.

NOTICE OF THE FORTY FIRST ANNUAL GENERAL MEETING (Contd.)

- V. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd September, 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or corpserve@iepindia.com

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free No.: 1800-222-990.

- VI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- VII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- VIII. Ms. Kalyani Srinivasan, Practicing Company Secretary (C.P. No.3109 & FCS No.5854) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- IX. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which

voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" or "Ballot Paper" or "Poling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

- X. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XI. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.tanfac.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

By Order of the Board
For TANFAC INDUSTRIES LIMITED

PUNITA AGGARWAL
COMPANY SECRETARY

Place : Chennai
Date : 10.8.2015

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following statement sets out all material facts relating to the special business mentioned in the accompanying Notice.

ITEM NOS. 3 TO 6

Pursuant to the provisions of clause 49 of the Equity Listing Agreement entered with the Stock Exchanges, the Company had appointed Shri V.T. Moorthy, Shri M.R. Sivaraman, Shri T.S. Raghavan and Dr. Shankar Narasimhan as Independent Directors of the Company (the "Proposed Independent Directors") at various times, in compliance with the requirements of the Equity Listing Agreement. All of the aforementioned directors were also liable to retire by rotation after completing their respective terms, under the erstwhile Companies Act, 1956.

Pursuant to the provisions of section 149 of the Companies Act, 2013, which came in to effect from April 1, 2014 and revised Clause 49 of the Equity Listing Agreement, every listed Public Company is required to appoint independent directors, who are not liable to retire by rotation based on the composition of Executive and Non Executive Directors appointed by the Company.

The Nomination and Remuneration Committee has recommended the appointment of these directors as Independent Directors at their meeting held on March 17, 2015. (Members of Interested Directors have recused themselves and not participated when the proposal of their appointments were discussed).

The Company has received Notices in writing from the Members along with the deposit of requisite amount under Section 160 of The Companies Act, 2013, proposing the candidature of office of respective Independent Directors of the Company.

The Company has received following documents from the proposed Independent Directors –

- (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;

- (ii) Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that they are not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 and

- (iii) Declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act read with the Equity Listing Agreement with the Stock Exchange(s).

In the opinion of the Board, each of these directors fulfill the conditions as specified in the Act and the Rules framed thereunder and also Equity Listing Agreement with the Stock Exchange. Their appointment as Independent Directors are independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Companies Act, 2013, the appointment of these directors as Independent Directors are now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

Brief resume of abovementioned Independent Directors, viz., Shri V.T. Moorthy, Shri M.R. Sivaraman, Shri T.S. Raghavan and Dr. Shankar Narasimhan, including nature of their expertise in specific functional areas and names of Companies in which they hold Directorships and Memberships/ Chairmanships of the Board Committees, Shareholding and relationships between Directors inter-se as stipulated under clause 49 of the Equity Listing Agreement with the Stock Exchange, are provided as an annexure.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of proposed Independent Directors.

The Board recommends the Ordinary Resolutions set out in Item No. 3 to 6 of the Notice for approval by the Members.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (Contd.)

None of the Directors, Key Managerial Personnel OR their relatives except Shri V.T. Moorthy, Shri M.R. Sivaraman, Shri T.S. Raghavan and Dr. Shankar Narasimhan and their relatives are in any way interested in the said resolutions of the Notice.

ITEM NO. 7

Smt. R. Rajalakshmi, has been appointed as an Additional Director of the Company by the Board at its meeting held on 24th March, 2015, pursuant to Section 161 of The Companies Act, 2013, will hold office up to the date of the ensuing Annual General Meeting.

The Company has received Notice in writing from a Member along with the deposit of requisite amount under Section 160 of The Companies Act, 2013, proposing the candidature of Smt. R. Rajalakshmi, for the office of Independent Director of the Company.

As required under The Companies Act, 2013 ('the act'), the Company has received letter of consent to act as Director in Form DIR-2 and such other documents from Smt. R. Rajalakshmi, confirming that she is not disqualified under Section 164(2) of the act and she meets the criteria of independence as provided under Section 149(6) of the act and clause 49 of the listing agreement.

Brief resume of Smt. R. Rajalakshmi, nature of her expertise in specific functional areas and name(s) of Companies in which she hold directorships and Memberships/ Chairmanships of Board Committees, inter-se as stipulated under Clause 49 of the listing agreement with the stock exchanges, are provided as an annexure.

The Board recommends the Ordinary Resolution set out in Item No. 7 of the Notice for approval by the Members.

None of the Directors, Key Managerial Personnel OR their relatives except Smt. R. Rajalakshmi and her relatives, are in any way interested in the said resolution of the Notice.

ITEM NO. 8

The Board of Directors of the Company at their meeting held on 15th May, 2015, has, on recommendation by the Audit Committee, appointed Mr. N. Krishna Kumar, Cost Accountant (Membership No.27885), as the Cost Auditor of the Company for the financial year 2015-2016 at a remuneration of ₹40,000/- (Rupees Forty Thousand only) besides out of pocket expenses, if any, at actual.

As per Section 148 of The Companies Act, 2013 and applicable rules made thereunder, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company at their Annual General Meeting. The Board recommends the Ordinary Resolution as set out in Item No. 8 of the Notice for approval by the Members.

None of the Directors, Key Managerial Personnel OR their relatives are in any way interested in the said resolution of the Notice.

ITEM NO. 9

The audited accounts of your company for the Financial Year ended 31st March, 2015, is being placed for consideration and adoption of accounts at the Annual General Meeting (AGM) to be held at 11.00 A.M. on Tuesday the 29th September, 2015 at the Registered Office.

In terms of the above referred duly finalized audited accounts of the company, due to accumulated losses net worth as on 31st March 2015, amounted to ₹434.98 lacs vis-a-vis the peak net worth of ₹4,418.18 lacs as at 31st March, 2011, being the peak net worth in the preceding four financial years, which has resulted in the erosion of more than 50% of the said peak net worth of ₹4,418.18 lacs.

By virtue of the provisions of Section 23(1) (a) (ii) of the Sick Industrial Companies (Special Provisions) Act, 1985, the Board of Directors of the Company is required to report the fact of such erosion along with their report on the causes

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (Contd.)

for such erosion and the revival measures being taken by the Company to the Shareholders after the said Annual General Meeting, for consideration by the Shareholders.

The facts relating such erosion and its causes and the revival measures being taken by the Company are explained in the enclosed Report of the Board of Directors forming part of this Notice.

The Board of Directors of the Company has to report such erosion to the Board for Industrial & Financial Reconstruction in the prescribed Form "C", in compliance with the provision of Section 23(1)(a)(i) of the above referred Act.

The Board recommends the ordinary resolution as set out in Item No. 9 of the Notice for approval by the Members.

The documents referred to in this notice and explanatory statement are available for inspection during business hours on all working days (except Sundays and holidays) at the Registered Office until the date of Annual General Meeting or any adjournment thereof.

None of the Directors and key managerial personnel OR their relatives of the Company is in any way concerned or interested, financially or otherwise, in the said resolution except to the extent of shareholding, if any, in the Company.

By order of the Board
For TANFAC INDUSTRIES LIMITED

Place : Chennai (PUNITA AGGARWAL)
Date : 10.8.2015 COMPANY SECRETARY

STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 23(1)(a)(ii) OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

REPORT OF THE BOARD OF DIRECTORS OF TANFAC INDUSTRIES LIMITED PURSUANT TO THE PROVISIONS OF SECTION 23(1)(a)(ii) READ WITH SECTION 23(1)(b) OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

To

The Members

TANFAC INDUSTRIES LIMITED

As per the duly finalized audited accounts at the end of the financial year as on 31st March, 2015, the networth as at the end of 31st March, 2015 amounted to ₹434.98 lacs, which eroded the peak net worth of ₹4418.18 lacs in the preceding four financial years i.e. as on 31/03/2011, by more than 50%. Under Section 23(1)(a) and 23(1)(b) of the Sick Industrial Companies (Special Provisions) Act (SICA), 1985, the company is required, within a period of 60 days from the date of finalisation of the duly finalized audited accounts of the company for the relevant financial year, to report the fact of such erosion to The Board for Industrial & Financial Reconstruction (BIFR). The Board of Directors of the Company is also required to report to its Shareholders the fact of such erosion with causes for such erosion by holding a general meeting of the Shareholders of the Company for considering such erosion and, hence, this report.

REASONS FOR EROSION OF 50% OF PEAK NET WORTH

The reasons for erosion of over 50% of the peak net worth of ₹4418.18 lacs as at 31st March, 2011 during the last four years were due to:

I. STIFF COMPETITION FROM CHINA AND OVER CAPACITY OF ALUMINIUM FLUORIDE (ALF₃)

During the last five years, the Aluminium Fluoride (ALF₃) Industry has seen substantial capacity addition by China. China is the largest producer of ALF₃ in the world apart

from having the largest reserves of Fluorspar in the world which is the main raw material for the manufacture of ALF₃. This enables Chinese suppliers to export ALF₃ into India at a very low price. More than 90% of the domestic demand is currently met by imported ALF₃. Further volatility of Indian Rupee against U S Dollar also adversely impacts Company's competitive position. As a result, the company started losing its market share which reflected in its production volumes and its financial performance.

II. LOWER VOLUME OF HF SALES:

Due to withdrawal of CDM benefits on R22, the end user segments of Hydrofluoric Acid – Refrigerant gases, sales volume of HF Acid has reduced. Also due to poor demand and stiff competition from Chinese suppliers, the intake of HF Acid by other key end users, viz., Fluoropolymers and stainless steel, the sales volume of HF Acid has reduced significantly, resulted in under capacity utilization of HF coupled with poor sales realization. China continues to enjoy the benefits of backward and forward integration in the value chain and is increasingly becoming aggressive on competition.

III. OTHER REASONS :

- (a) Higher interest charges due to increase in interest rates and lower cash generation.
- (b) Impairment provision for IBAP plant and Bio Gas Plant during 2012-13
- (c) Significant increase in Fluorspar rates in the international markets leading to loss on some long-term contracts during 2011-12
- (d) Loss due to Cyclone 'Thane' which hit Pondicherry and Cuddalore on 30th December, 2011, causing heavy damage to the company's plant which had to be shut for a month to carry out substantial repairs

STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 23(1)(a)(ii) OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985. (Contd.)

TANFAC

at a cost of ₹4.42 crores during 2011-12. Insurance claim of ₹3.15 crores received against this was accounted during 2012-13 & 2014-15.

STEPS TAKEN FOR REVIVAL OF THE COMPANY

The Company has taken following steps to improve the overall operational performance:

- (a) Continuous emphasis on cost reduction
- (b) Developing alternate sources for its main raw material Fluorspar and other key raw materials.
- (c) Continuous engagement with suppliers of key input materials for long term understanding and reduction in rates compared to market price.
- (d) Improved customer and product mix.
- (e) Expansion of market for HF in Asia Pacific/ Europe markets.
- (f) Cost cutting initiatives through energy conservation.
- (g) Effective control on of working capital.

These steps have helped the company to register turnaround performance during the last quarter of the financial year 2014-15. The company is confident of further improving the performance in the coming years.

New Product:

The Company has successfully commercialized production of a new product, which finds application in Water and Waste Water Industry. Your Company is working on development of two more new products, finding application in Sanitation and food preservative industries which will be commercialized in the financial

year 2015-2016. With the help of in house Technology available within the Aditya Birla Group, the Company is also working on another product in its Sulphuric Acid Plant. The product caters to the needs of Textiles, Water treatment and Food industries.

The Company has also stabilized the operation of its Isobutyl Acetophenone (IBAP) plant as per requirement of end user and further optimized the cost of production.

Infusion of Fund through Issue of Redeemable Cumulative Non-Convertible Preference Shares:

The Company has issued and allotted 5,00,000 – 11% Redeemable Cumulative Non Convertible Preference Shares of face value of ₹100/- each for cash AT PAR on Private Placement basis to M/s. Aditya Birla Chemicals (India) Limited on 24th March, 2015 to shore up the net worth of the Company.

Disposal of Non-core Assets:

To further shore up the Networth and ease the financial burden the company has also plans to sell its non-core assets, viz., Freehold vacant land and underutilized Housing Colony. The Company expects to raise substantial fund through these sale.

The aforesaid actions are likely to help turnaround the Company and to restore its profitability and financial health in the future.

For and on behalf of the Board of Directors
TANFAC INDUSTRIES LIMITED

LALIT NAIK
DIRECTOR

Place : Chennai
Date : 10th August, 2015

STATEMENT PURSUANT TO SECTION 149 OF THE COMPANIES ACT, 2013

ANNEXURE

Additional information about Independent Directors in accordance with the provisions of Section 149 of The Companies Act, 2013, read with clause 49 of the listing agreement:

SHRI V.T. MOORTHY :

Shri V.T. Moorthy, a Professional Engineer, has served with Aditya Birla Group of Companies for more than four decades having vast and varied experience.

He started his career with HINDALCO Industries Limited, a large integrated aluminium smelter in India. During the period of his employment, was heading the various departments both technical and commercial in chemical and metal industries. He had initiated developments in the process chemistry of electrolyte to optimize power consumption in the aluminium electrolysis process and also taken patent for a new device to feed alumina in to the cell.

He was holding the positing of CEO in Aditya Birla Group Companies located in India. Also served in Overseas Companies of Aditya Birla Group as Business Director at Thailand, covering Thai Phosphates, Thai Sulphites, Thai Epoxy, Thai Organics and Thai Peroxide. After retirement, he was retained as Member of the Aditya Birla Group Business Review Council for cement and chemical business.

He was the Managing Director of TANFAC, instrumental in introducing Total Productive Maintenance (TPM) concept, a system for maintaining and improving the integrity of production and quality systems through the machines, equipment, processes, and employees that add business value to an organization, by Japan Institute of Plant Maintenance (JIPM) in during the year 1993. As a Director of TANFAC, he has been advising the executives on various new initiatives and on many innovative schemes through his rich and varied experience.

Shri V.T. Moorthy, through his relatives holds 500 Equity Shares in the Company as on 10.8.2015.

Companies (other than Tanfac Industries Limited) in which Shri V.T. Moorthy, holds Directorship and Committee Membership as on 10.8.2015 :

DIRECTORSHIP:

NIL

CHAIRPERSON OF BOARD COMMITTEES:

NIL

SHRI M.R. SIVARAMAN

Shri M.R. Sivaraman, IAS (Retd.), has got Masters Degree in Economics and has had several decades of experience in the State Government of Madhya Pradesh, in the capacity of Finance and Planning Secretary.

He has also served in Central Government as –

- (i) Additional Secretary, Ministry of Commerce, Government of India
- (ii) Additional Secretary, Director General of Civil Aviation, Ministry of Civil Aviation, Government of India
- (iii) Revenue Secretary, Department of Revenue, Ministry of Finance, Government of India.

He was also Executive Director in the International Monetary Fund (IMF) and subsequently Advisor to the United Nation Security Council Committee on Counter Terrorism. He has also been the Chairman of the Governing Council of Ministry of HRD Public School, Lawrence School, Lovedale Ooty.

Shri M.R. Sivaraman OR through his relative(s) does not hold any shares in the Company as on 10.8.2015.

STATEMENT PURSUANT TO SECTION 149 OF THE COMPANIES ACT, 2013 (Contd.)

Companies (other than Tanfac Industries Limited) in which Shri M.R. Sivaraman, holds Directorship and Membership as on 10.8.2015 :

DIRECTORSHIP :

1. CREATIVE EYE LIMITED

CHAIRMANSHIP:

1. NALTECH PRIVATE LIMITED

MEMBER OF BOARD COMMITTEES :

AUDIT COMMITTEE :

1. CREATIVE EYE LIMITED

REMUNERATION COMMITTEE :

1. CREATIVE EYE LIMITED

SHRI T.S. RAGHAVAN :

Shri T.S. Raghavan, M.A. Economics, CAIIB, has got more than thirty five years of rich experience in banking industry. He started his carrier with Indian Overseas Bank in 1965 and served various nationalized banks at different level. He was elevated in Nationalized Banks and attained the position of Chairman and Managing Director of Indian Bank during the period 1998 to 2000, where he was instrumental in turn around the bank to make operating profit within one year.

Shri T.S. Raghavan is actively involved in social, charitable, activities and written on management, literature and Indian culture. Also interested in organic farming, spiritual topics etc.

Shri T.S. Raghavan OR through his relative(s) does not hold any shares in the Company as on 10.8.2015.

Companies (other than Tanfac Industries Limited) in which Shri T.S. Raghavan holds Directorship and Membership as on 10.8.2015 :

DIRECTORSHIP :

EMPEE DISTILLERIES LIMITED

EMPEE SUGARS LIMITED

LEATHER CRAFTS INDIA LIMITED

HINDUSTAN SAFE DEPOSIT LOCKERS LIMITED

INDOWIND ENERGY LIMITED

INDUS FINANCE CORPORATION LIMITED

GIRI TRADING AGENCY PVT LTD

CHAIRPERSON OF BOARD COMMITTEES:

AUDIT COMMITTEE:

EMPEE DISTILLERIES LIMITED

EMPEE SUGARS LIMITED

INDOWIND ENERGY LIMITED

INDUS FINANCE CORPORATION LIMITED

DR. SHANKAR NARASIMHAN

Dr. Shankar Narasimhan is currently a Professor in the Department of Chemical Engineering at IIT Madras. He obtained his Bachelor's degree from IIT Madras in 1982 and his MS and PhD degrees from Northwestern University, Illinois, USA in 1984 and 1987, respectively. Prior to joining IIT Madras, he was an Associate Professor in chemical engineering department at IIT Kanpur. Shankar Narasimhan's major research interests are in the areas of Data Mining, Process Design and Optimization, Fault Detection and Diagnosis (FDD) and Fault Tolerant Control. Dr. Shankar Narasimhan is well known for his work in the area of Data Reconciliation in which he has co-authored several important papers and a book which has received critical appreciation in India and abroad.

Dr. Shankar Narasimhan has been a visiting professor at the Centre for Automatic Control in Nancy, France, Purdue University, Clarkson University and Texas Tech University in USA and the University of Alberta in Canada. He has also spent summer internships at Engineers India Ltd., R&D Centre in Gurgaon, Honeywell Technology Solutions Ltd., R&D Centre at Bangalore, and ABB Global Services Ltd., Bangalore as part of high-level industry-academia

**STATEMENT PURSUANT TO SECTION 149 OF THE COMPANIES
ACT, 2013 (Contd.)**

interactions. Along with Prof. Raghunathan Rengaswamy of IIT Madras, he co-founded Gyan Data Pvt. Ltd. in 2011, which specializes in providing services and products in data analytics, process modeling and optimization. Dr. Shankar Narasimhan was elected as a Fellow of the Indian National Academy of Engineering in 2012.

Dr. Shankar Narasimhan OR through his relative(s) does not hold any shares in the Company as on 10.8.2015.

Companies (other than Tanfac Industries Limited) in which Dr. Shankar Narasimhan holds Directorship and Membership as on 10.8.2015 :

DIRECTORSHIP :

1. GYAN DATA PRIVATE LIMITED

MEMBER OF BOARD COMMITTEES :

- NIL -

SMT. R. RAJALAKSHMI

Smt. R. Rajalakshmi, Post Graduate in Commerce by academic qualification, having two decades of rich experience in business handling, office administration, construction activities etc. She also actively involved in social, religious activities, etc.

Smt. R. Rajalakshmi OR through her relative(s) does not hold any shares in the Company as on 15.5.2015.

Companies (other than Tanfac Industries Limited) in which Smt. R. Rajalakshmi holds Directorship and Membership as on 10.8.2015 :

DIRECTORSHIP :

RAMS REAL ESTATE LIMITED

CHAIRMAN AND MANAGING DIRECTOR :

SAI GURU REALTORS PRIVATE LIMITED.

MEMBER OF BOARD COMMITTEES :

- NIL -.

By Order of the Board
For TANFAC INDUSTRIES LIMITED

Place : Chennai
Date : 10.8.2015

PUNITA AGGARWAL
COMPANY SECRETARY

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

– From the Chairman to the Shareholders

PERFORMANCE REVIEW:

(₹ in Crores)

	Financial Year 2014-15	Financial Year 2013-14
Sales	117.91	116.32
Other Income (including operating income)	2.29	1.23
Operating Expenditure	112.37	107.53
Profit before Depreciation, Interest and Taxation (PBDIT)	7.83	10.02
Finance Cost :		
- Working Capital	7.47	7.04
- Term Loan	0.54	1.02
- Forex Cover charges and others	1.28	1.65
	9.29	9.71
Depreciation / Impairment / Amortisation	5.63	6.93
Profit before Tax (PBT)	(7.09)	(5.52)
Exceptional items / Excess Income Tax provision	0.00	0.00)
Profit/[Loss] after Exceptional items	(7.09)	(5.52)
- Deferred Tax/Reversal	(1.32)	(2.48)
Profit/[Loss] after Tax	(5.77)	(3.03)
Extraordinary Items * / Insurance claim	(0.48)	0.00)
Profit / Loss for the period	(5.29)	(3.04)

* Insurance Claim full and final settlement received against claim for Business Interruption/Loss of Profit due to natural calamity (cyclone) on 30th December 2011

INDUSTRY STRUCTURE AND DEVELOPMENTS:

The global sales volume of the chemical industry has more than doubled over the last decade, hitting a record US\$5.2 trillion in 2013. The emerging economies drove a large share of these gains, most notably in China, where chemicals sales grew at an average compound annual growth rate (CAGR) of 26 percent over that period. Growth in basic chemicals, which account for nearly two-thirds of industry sales, benefited from the general uplift in oil and gas prices.

The future growth of the chemicals industry will be driven by the developing markets, where growth is likely to range between 6 and 10 percent, compared to 2 to 3 percent in the developed economies. On account of local competition and the prevailing supply and demand conditions, global players are finding it hard to tap into the higher growth markets.

OPPORTUNITIES AND THREATS

In recent years, the markets and the requirements for success have changed dramatically as many companies in the chemicals sector continue to

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

falter under the weight of antiquated business models and go-to-market approaches. The problem is manifested in the over investments seen in specialty chemicals businesses that have offered differentiation and higher margins in the past, but are now rapidly commoditizing. Chemical companies need to adjust their business models by keeping pace with the changing requirements of the different sub-sectors.

Responding to the current industry trends, the Company will focus on identifying the distinct sub-sectors where to compete, and avoiding a “one size fits all” approach. We are working to develop local sales and market support, in order to ensure that customer preferences and requirements are captured appropriately and translated into market-specific product development. The Company is also working to keep manufacturing costs low, tailoring supply chains to gain agility and efficiency, and redesigning the operating model to optimize both global and regional objectives. The Company is also leveraging on the knowledge and experience obtained in developed markets.

OVERVIEW

The Company’s sales were maintained at last year’s level, despite a continued downward trend in demand for HF in the domestic market post withdrawal of CDM benefits on R22, a downturn in end-user segments and stiff competition from China in the Aluminium Fluoride segment. The Company achieved profit after tax during the fourth quarter ended 31st March, 2015, despite continued losses in the previous quarters. The Company has taken the following steps to improve its operational performance.

- (a) Continuous focus on cost reduction.
- (b) Resumed dispatch of Aluminium Fluoride to major sourcing customer.
- (c) Developing alternate sources for its main raw material, Fluorspar
- (d) Stabilising the purchase price of Sulphur.
- (e) Improving the customer and product mix.

- (f) Engaging with suppliers of other raw materials for reduction in rates.
- (g) Expanding the market for HF in Asia Pacific and Europe.
- (h) Effective utilisation of working capital limits.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

The Company operates in a single segment i.e., Fluoro-chemicals in India and all other activities revolve around the same. Hence, segment-wise or product-wise performance is not applicable.

SALES VOLUME AND REVENUE:

Sales Turnover was marginally higher by 1%, at ₹117.91 crores, against ₹ 116.32 crores in the previous year on account of sluggish demand.

Export turnover was ₹18.63 crores, against ₹ 17.13 crores in the previous year, registering an increase of 9%.

OTHER INCOME:

Other income, including operating income, was ₹ 2.29 crores, compared to ₹ 1.23 crores in the previous year.

PROFIT BEFORE DEPRECIATION, INTEREST AND TAXATION:

Profit before depreciation, interest and taxation was ₹ 7.83 crores during the year, compared to ₹11.12 crores in the corresponding period of the previous year.

However, factors such as depreciation of the Indian Rupee against the US Dollar, currency volatility and higher interest costs due to poor credit rating, impacted cash profits.

DEPRECIATION/IMPAIRMENT/AMORTISATION:

Depreciation during the year was ₹ 5.63 crores (Amortisation ₹ NIL), as against ₹ 6.93 crores (including Amortisation ₹ 1.09 crores) in the previous year. There was no impairment provision during the current year and the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

FINANCE COST:

During the year the Company was adversely affected by an increase in interest rate on account of poor credit rating due to continued losses. However, effective control on working capital has helped in marginally reducing the finance cost.

Finance cost including cover charges on foreign exchange borrowings, was ₹ 9.29 crores against ₹ 9.71 crores in the previous year.

INCOME TAX

There is no provision for current income tax. Deferred tax provision was reversed by ₹ 1.32 crores, against ₹ 2.48 crores in the previous year.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM :

The Company has already laid down the procedure for risk assessment and minimization. The risk assessment and mitigation plans were reviewed by the Board on a quarterly basis.

Pursuant to Clause 49(VI) of the revised listing agreement, effective from 1st October, 2014, the Company has constituted a Risk Management Committee, defined its roles and responsibilities, and laid down the procedure to assess the risk and risk minimization. Risk management includes identifying types of risks, assessing the risks, risk handling and monitoring, and reporting. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company. The details of the risk and mitigation plan would be reviewed by the Committee and forwarded to the Board with their recommendations, if any.

The Company's Enterprise Risk Management framework has been designed to assess and identify the risk and mitigation plan to maximise the business outcomes, and to protect customers, employees, shareholders and other stakeholders to achieve business objectives on a sustainable basis,

and to build long-term competitive advantage. The identified risks are being reviewed by the Board every quarter in their Board Meetings. The Board provides suggestions, wherever necessary, to ensure effective management of risk.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The Company has ERP solution for online control of all transactions which includes finance, materials, marketing etc. This provides reasonable assurance with regard to the Company's financial and operating functions.

OPERATIONAL RISK:

Your Company's most significant exposure relates to the US Dollar, since the key raw material, Fluorspar is imported. China is a major producer of Acid Grade Fluorspar and it continues to determine the international prices of Fluorspar. Similarly, the demand-supply position of sulphur determines the sulphur price.

Mitigation: The Company propose to source raw materials from other countries to optimise prices. The Company also continues to hedge its imports through forward contracts, in line with its hedging policy.

PRICE REALISATION FOR FINISHED PRODUCTS:

The selling price of your Company's key products like Aluminium Fluoride (AlF₃) and HF Acid are determined by global market dynamics, international prices, and also the exchange rate of the Indian Rupee against the US dollar.

Mitigation: The Company is diversifying its product line to produce value added products for high-growth sectors, in domestic and global markets. It is also expanding in Asia Pacific, Europe, and in countries where it can secure a good market for its products.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

FOREIGN EXCHANGE RISK:

The prices of key raw materials are influenced significantly by fluctuating global economic conditions and this significantly impacts the Company's margins and cash flows.

Mitigation: The Company hedges its net foreign exchange risk adequately as per its hedging policy.

CREDIT RISK:

Excess credit limit facility to customers and higher inventory may affect the Company's overall performance.

Mitigation: By reviewing the credit policy and credit limits of customers, the credit limit facility is managed prudently. Inventory and advances are maintained at the budgeted level.

WORKING CAPITAL:

Higher interest rate on working capital borrowings, on account of the Company's high debt-equity ratio, may affect the Company's day-to-day operations.

Mitigation: Tight control on working capital may reduce the interest burden. The Company is also evaluating alternate strategies to reduce debt and bring interest costs under control.

OUTLOOK:

The Company is considering moving to new-generation products, using the existing

infrastructure, in order to ensure its future growth. Your Company will continue to focus on moving up the value chain in speciality products where it can build a competitive advantage, and grow sales volumes and margins.

Your Board of Directors is optimistic about the turnaround of the Company in the coming years.

EXPORTS:

Your Company endeavours continuously to increase export revenues by expanding its customer base in new countries. We are optimistic about the outlook for exports in the coming years.

DOMESTIC MARKET:

The Company continued to witness a slowdown in demand in the domestic market in 2014-15. Your Company is hopeful of an improvement in demand in 2015-16.

HUMAN RESOURCES

Your Company believes in creating an environment where individuals can achieve their goals, both professional and personal. Developing the competencies of our employees continues to be a strategic focus area for us. Your Company continues to make investments for training and developing its employees. The Company continues to maintain a cordial and harmonious industrial relationship with its employees.

REPORT ON CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company is committed to the adoption of best governance practices and adherence to it, in letter and spirit. Our philosophy of governance rests on five basic tenets, viz., Board accountability to shareholders and other stakeholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders as well as transparency accountability and timely disclosure.

TANFAC Industries Limited, a Joint Venture of the Aditya Birla Group with Tamil Nadu Industrial Development Corporation Limited (TIDCO), believes in adopting the “best practices” that are followed in the area of corporate governance across various geographies and is committed to protecting and facilitating the exercise of shareholders’ rights, encouraging cooperation between the Company and the stakeholders, competing more effectively, and building long-term value for its shareholders. Your Company shall ensure timely and accurate disclosure on all material matters, including the financial situation, performance, ownership and governance, to its stakeholders.

Your Company’s compliance with requirements is presented in the subsequent sections of this Report.

I. BOARD OF DIRECTORS

The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties.

Composition of the Board

TANFAC’s Board consists of Nine Non-Executive Directors as on 31st March, 2015, who have varied experience in their respective areas. The Board has six Independent Directors, including a woman Director, viz., Smt. R. Rajalakshmi, who do not have business relationship with the Company. This is in conformity with the provisions of Clause 49 of the listing agreement with regard to composition of the Board. Smt. R. Rajalakshmi, has been appointed by the Board as an Independent Director with effect from 24th March, 2015.

The Company has defined guidelines and an established framework for the meetings of the Board and Board Committees.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Composition and Directorship(s) / Committee Membership(s) / Chairmanship(s) as on 31st March, 2015:

Name of Director	Category / Representing	Directorship held in other Companies		Membership in other Companies' Board Committees	Chairmanship in other Companies' Board Committees
		Public	Private		
Shri A.K. Agarwala	Non-Executive –Promoter	6*	-	1	-
Shri Lalit Naik	Non-Executive –Promoter	7#	-	2	1
Shri R. Karthikeyan	Non-Executive –Promoter	7	-	1	-
Shri V.T. Moorthy	Non Executive - Independent	-	-	-	-
Shri M.R. Sivaraman, IAS (Retd.)	Non Executive - Independent	1	1	2	-
Shri Kannan K Unni	Non Executive - Independent	3	-	-	2
Dr. Shankar Narasimhan	Non Executive - Independent	-	1	-	-
Shri T.S. Raghavan	Non Executive - Independent	7	-	-	4
Smt. R. Rajalakshmi	Non Executive - Independent	1	1		

* excluding four foreign companies

excluding one foreign company

Board / General Meetings attendance details of Directors:

Name of Director	Category / Representing	ATTENDANCE DETAILS			
		Board Meeting (Six meetings held)	AGM held on 13.8.2014	EGM held on	
				13.8.2014	03.3.2015
Shri A.K. Agarwala	Non-Executive –Promoter	1	N	N	N
Shri Lalit Naik	Non-Executive –Promoter	4	Y	Y	N
Shri R. Karthikeyan	Non-Executive –Promoter	4	Y	Y	N
Shri V.T. Moorthy	Non Executive - Independent	6	Y	Y	Y
Shri M.R. Sivaraman, IAS (Retd.)	Non Executive - Independent	6	Y	Y	Y
Shri Kannan K Unni	Non Executive - Independent	3	Y	Y	N
Dr. Shankar Narasimhan	Non Executive - Independent	5	Y	Y	N
Shri T.S. Raghavan	Non Executive - Independent	6	Y	Y	Y
Smt. R. Rajalakshmi*	Non Executive - Independent	1*	NA	NA	NA

* has been appointed w.e.f. 24th March, 2015.

Y = YES N = NO NA = NOT APPLICABLE

REPORT ON CORPORATE GOVERNANCE (Contd.)

Definition of Independent Directors

Pursuant to provisions of sub-section 6 of Section 149 of The Companies Act, 2013 and under clause 49 of the equity listing agreement with the stock exchanges, an Independent Director is a person who is not an officer or employee of the company or its subsidiaries. It also states that none of his/her relatives has or had material pecuniary relationship or transaction with the Company, which in the opinion of the Board, would interfere in exercising independent judgment and carrying out the responsibilities of a director. The Company has six Non-Executive Independent Directors on the Board and has received a declaration from them confirming that they met the criteria of independence as provided in sub-section (6) of Section 149 of The Companies Act, 2013.

The Company has complied with the provision of listing agreement with regard to convening of Board Meeting by allowing not more than four months time gap between two such meetings. During the financial year 2014-2015, six meetings of the Board of Directors were held, viz., 29th May, 2014, 13th August, 2014, 6th November, 2014, 23rd January, 2015, 3rd February, 2015 and 24th March, 2015, with adequate quorum of Directors, to consider and approve inter alia, the statement of standalone unaudited quarterly financial results, audited financial results, approval of annual budget, issue of redeemable cumulative non-convertible preference shares etc. Shri A.K. Agarwala, Non Executive Director, representing Promoter, held 1,150 Equity Shares as on 31st March, 2015. No other Directors are holding any Equity Shares in the Company.

AUDIT COMMITTEE:

The Company has an Audit Committee with six Non-Executive Directors, including four Independent Directors as per the terms of reference contained in the clause 49(III)(A) of the listing agreement with the stock exchange.

The Members of Audit Committee chart, monitor and provide effective supervision of the Management's handling of finances, stocks, loans and advances and the financial reporting process, with a view to ensuring effective and efficient financial control. The committee reports to the Board. The role of the Audit Committee will be in accordance with the provision contained under clause 49(III)(D) of the Listing Agreement.

The Audit Committee met four times during the financial year 2014-2015, viz., 29th May, 2014, 13th August, 2014, 6th November, 2014 and 23rd January, 2015, with adequate quorum of members, including two independent members present. All the members of the Committee are financially literate, with relevant experience. Shri M.R. Sivaraman, IAS (Retd.), Chairman of the Audit Committee, has expertise in accounting and financial management. The Company Secretary / Compliance Officer acts as Secretary to the Committee.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Name of Member	AUDIT COMMITTEE ATTENDANCE DETAILS			
	MEETING DATE			
	29.5.2014	13.8.2014	06.11.2014	23.01.2015
Shri Lalit Naik	Y	Y	Y	Y
Shri R. Karthikeyan	Y	Y	Y	N
Shri V.T. Moorthy	Y	Y	Y	Y
Shri M.R. Sivaraman, IAS (Retd.)*	Y	Y	Y	Y
Shri Kannan K Unni	Y	Y	N	N
Dr. Shankar Narasimhan	N	Y	Y	Y

* Chairman of the Audit Committee; Y = YES; N = NO

Details of Remuneration to Board of Directors

(₹ in lacs)

Name of Director	Relationship with other Directors	Business relationship with the Company if any	Remuneration paid during 2014-2015 (All figures in Rupees)			
			Sitting fees@	Salary and Perks	Commission	Total
Shri A.K. Agarwala	Non-Executive	NIL	0.20	-	-	0.20
Shri V.T. Moorthy	Non-Executive Independent	NIL	2.40	-	-	2.40
Shri Lalit Naik	Non-Executive	NIL	-	-	-	-
Shri R. Karthikeyan	Non-Executive	NIL	1.70	-	-	1.70
Shri M.R. Sivaraman, IAS (Retd.)	Non-Executive Independent	NIL	2.40	-	-	2.40
Shri Kannan K Unni	Non-Executive Independent	NIL	1.00	-	-	1.00
Dr. Shankar Narasimhan	Non-Executive Independent	NIL	1.60	-	-	1.60
Shri T.S. Raghavan	Non-Executive Independent	NIL	1.20	-	-	1.20
			10.50			10.50

@ includes sitting fee paid for committee meetings.

REMUNERATION POLICY:

The Board of Directors has been paid sitting fee for attending the Board Meeting and Board Committee Meetings, viz. Audit Committee and Stakeholders Relationship Committee. No other remuneration is being paid to its Non-Executive Directors.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Shri Lalit Naik, Manager and Director, has not drawn any remuneration, including sitting fees during the year.

The Company has adopted a remuneration policy for its Senior Management and its other employees in line with the Group HR Policy.

RISK MANAGEMENT COMMITTEE

Pursuant to Clause 49(VI) of the revised listing agreement which was made effective from 1st October, 2014, the Company had constituted a Risk Management Committee comprising of the following Directors - Shri Lalit Naik, Shri V.T. Moorthy and Shri M.R. Sivaraman, IAS (Retd.). Shri Lalit Naik will act as Chairman of the Committee.

The role of the Risk Management Committee –

- ❖ To assess the risk and minimise the procedures
- ❖ To review the Company's policy on financial and risk management
- ❖ To frame, implement and monitor the risk management plan.

NOMINATION AND REMUNERATION COMMITTEE

Pursuant to Section 178(1) of The Companies Act, 2013 read with the provision as contained under clause 49 of the listing agreement with the stock exchange, the Company has constituted Nomination and Remuneration Committee consisting of three non-executive directors, including two independent directors, viz., Shri Lalit Naik, Shri V.T. Moorthy and Shri M.R. Sivaraman, IAS (Retd.). Shri V.T. Moorthy, act as Chairman of the Committee.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Share Transfer Committee has Stakeholders' Relationship Committee, empowered to perform all the functions of the Board in relation to the handling of investors' grievances.

Pursuant to Section 178(5) of The Companies Act, 2013, a Company which consists of more than one thousand shareholders at any time during the financial year shall constitute a Stakeholders Relationship Committee consisting of a Chairperson who shall be a non-executive director and such other members as may be decided by the Board. As the Company already has an Investors Relation Committee, the same has been re-christened as Stakeholders Relationship Committee in line with the compliance requirement.

The primary focus of Stakeholders Relationship Committee -

- ❖ to resolve the grievances of shareholders with regard to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc;
- ❖ to ensure expeditious share transfer process through the Registrar and share Transfer Agent
- ❖ evaluate performance and service standards of the Registrar and Share Transfer Agent of the Company.

REPORT ON CORPORATE GOVERNANCE (Contd.)

The Composition of the committee is as follows:

1. Shri V.T. Moorthy
2. Shri Lalit Naik
3. Shri R. Karthikeyan
- and
4. Shri M.R. Sivaraman, IAS (Retd.)

The Stakeholders Relationship Committee met four times at the Board level. The details of attendance by the Committee Members are as follows:

Name of Member	No. of Meetings	
	Held	Attended
Shri M.R. Sivaraman, IAS (Retd.)*	4	4
Shri Lalit Naik	4	4
Shri R. Karthikeyan	4	3
Shri V.T. Moorthy	4	4

* Chairman of the Committee

The Compliance Officer/Company Secretary acts as Secretary to the Committee.

During the year NIL complaint was received from Shareholder(s).

GENERAL BODY MEETINGS

Location and time, where last three Annual General Meetings (AGMs) were held:

YEAR	TYPE	Location	Date and Time	Details of Special Resolution
2013 - 2014	A.G.M.	Registered Office at- Plot No.14 SIPCOT Industrial Complex, Cuddalore - 607 005	13.8.2014/ 2.45 p.m.	Borrowings power u/s 180(1) (c) of the Act and Powers to mortgage u/s 180(1)(a) of the Act.
2012 - 2013	A.G.M		12.9.2013/ 11.30 a.m.	Re-appointment of Statutory Auditors u/s 224A of The Companies Act 1956
2011 - 2012	AGM		13.8.2012/ 2.30 p.m.	Re-appointment of Statutory Auditors u/s 224A of The Companies Act 1956

The Company had not passed any special resolution applicable through postal ballot during the last financial year 2013-2014. No special resolution is proposed to be passed through postal ballot at the ensuing Annual General Meeting.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Annual General Meeting for the financial year 2014-2015:

Date and Time	:	Tuesday the 29th September, 2015 at 11.00 A.M.
Venue	:	Registered Office at – Plot No.14, Industrial Complex, Cuddalore – 607 005 TAMIL NADU
Period of Book Closure	:	24.09.2015 (Thursday) to 29.09.2015 (Tuesday)

DISCLOSURE:

Disclosure on materially significant related party transaction that may have potential conflict with the interest of the Company at large.	:	None of the transactions with any of the related parties were in conflict with the interest of the Company
Details of non-compliance by the Company, penalties, strictures imposed by stock exchanges / SEBI or any statutory authority, on any matter related to capital markets, during the last three years.	:	None
Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee.	:	The Company has a Group's Whistle Blower Policy to articulate the Group's point of view on whistle blowing, and the objective is to strengthen the whistle blowing mechanism. The objectives of the policy are – • To provide a platform and mechanism for the employees and Directors to voice genuine concerns or grievances about unprofessional conduct without fear of reprisal • To provide an environment that promotes responsible and protected whistle blowing. It reminds employees and directors about their duty to report any suspected violation of any law that applies to the Group and any suspected violation of the Group Values or Aditya Birla Group's Code of Conduct. Whistle Blower Policy is made available on the Company's website, www.tanfac.com. As per whistle bower mechanism of the Company, it is hereby confirmed that no personnel has been denied access to the Audit Committee.
Details of compliance with mandatory requirements and adoption of the non-mandatory requirements as per Clause 49 of the listing agreement.	:	The Company has complied with all the mandatory requirements as per clause 49 of the listing agreement. The Company has also adopted the following non-mandatory requirements : (a) Auditor's Report does not contain any qualifications. (b) The Internal Auditors report directly to the Audit Committee.

REPORT ON CORPORATE GOVERNANCE (Contd.)

OTHER DISCLOSURES

❖ Details of related party transactions

A comprehensive list of related party transactions as required by the Accounting Standards (AS) 18 issued by the Institute of Chartered Accountants of India, forms part of Note No. 27.8 (B) of the Annual Audited Accounts.

❖ Pecuniary relationship or transactions of the Non-Executive Directors

There is no material pecuniary transaction with any Non-Executive as well as Independent Directors of the Company that requires a separate disclosure.

❖ Details of the use of proceeds from public issues, rights issues, preferential issues, etc.

The Company has issued and allotted 5,00,000 – 11% Redeemable Cumulative Non Convertible Preference Shares of face value of ₹100/- each for cash AT PAR on a private placement basis to Aditya Birla Chemicals (India) Limited on 24th March, 2015 to shore up the net worth of the Company, for general corporate purpose, and to meet the on-going business requirements of the Company,

❖ Details of information on appointment of new directors:

A brief resume, nature of expertise in specific functional areas, names of companies in which the person already holds directorship and membership of committees of Board of Directors forms part of the Notice to the Annual General Meeting, annexed to this Annual Report.

❖ Details of non-compliance, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

- None -

MEANS OF COMMUNICATION

Quarterly results – Which newspapers normally published in	...	BUSINESS STANDARD / MAKKAL KURAL (REGIONAL LANGUAGE)
Any Website, where displayed	...	Information with regard to Quarterly Unaudited / Annual Audited Results, Shareholding pattern, Annual Reports can be accessed from - BSE Limited website www.bseindia.com , where your Company shares are listed and your Company's website www.tanfac.com
Whether it also displays official news releases	...	NO
Presentation made to Institutional Investors or to the analyst	...	NO

REPORT ON CORPORATE GOVERNANCE (Contd.)**GENERAL SHAREHOLDER INFORMATION:**

A.G.M., Date, Time and Venue	...	29 th September, 2015 (Tuesday) at 11.00 A.M. at the Registered Office of the Company at - 14 SIPCOT Industrial Complex CUDDALORE – 607 005, TAMIL NADU
Financial Year	...	1 st April to 31 st March
Date of Book Closure	...	24 th September 2015 (Thursday) to 29 th September 2015 (Tuesday)
FINANCIAL CALENDAR 2015-2016 : (TENTATIVE)		
First Quarter Results		End - On or before 14 th August, 2015
Second Quarter Results	...	End – On or before 14 th November 2015
Third Quarter Results	...	End – On or before 14 th February, 2016
Results for the year ending March 2015	...	End – On or before 30 th May 2016
Annual General Meeting for the year ending 31 st March 2015.	...	Before September, 2016
Dividend Payment Date	...	Not Applicable. Payment of dividend has not been recommended by the Board as the Company suffered loss during the financial year 2014-2015.
Listing on Stock Exchange : EQUITY SHARES	...	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, MUMBAI – 400 023.
Stock Code	...	506854
Listing fee	...	The Company has paid Annual Listing Fee for the year 2015-2016 to BSE.
Depository	...	Annual Custodial/Issuer fee to NSDL and CDSL for the year 2015-2016 will be made on receipt of their invoices.

Madras Stock Exchange Limited (MSE), where the Company's Equity Shares have been listed since the Public Issue, had withdrawn the permission granted for dealing of the Company's Equity Shares vide their letter MSE/LD/PSK/731/379/14 dated 29th December, 2014 and removed them from the list of listed securities of the exchange with effect from 29th December, 2014, in terms of SEBI (Delisting of Equity Shares) Regulations, 2009 for voluntary delisting. MSE, unable to meet the threshold limit of annual trading turnover stipulated by SEBI before the timeframe, decided to seek voluntary surrender of recognition and exit as a Stock Exchange to SEBI. Hence the Company has voluntarily delisted its Equity Shares from the MSE.

REPORT ON CORPORATE GOVERNANCE (Contd.)

MARKET PRICE DATA (HIGH/LOW DURING EACH MONTH IN LAST FINANCIAL YEAR):

MONTH	BSE LIMITED (BSE)	
	BSE SCRIP CODE: 506854	
	HIGH (Rs.Ps.)	LOW (Rs.Ps.)
APRIL'14	8.92	8.00
MAY '14	11.45	8.25
JUNE'14	14.04	11.00
JULY'14	15.17	10.50
AUGUST'14	18.55	12.85
SEPTEMBER'14	18.10	13.10
OCTOBER'14	18.70	13.82
NOVEMBER'14	17.55	14.30
DECEMBER'14	18.25	12.75
JANUARY'15	17.95	11.50
FEBRUARY'15	24.60	16.70
MARCH'15	21.00	13.00

Registrar and Transfer Agents (For share transfers and other communications relating to share certificates, and change of address etc.)	...	PHYSICAL and DEMAT Investors Services Department INTEGRATED ENTERPRISES LTD "KENCES TOWERS" IIND FLOOR NO.1 RAMAKRISHNA STREET OFF. NORTH USMAN ROAD, T.NAGAR CHENNAI – 600 017. TEL: (044)28140801 TO 3 FAX: (044) 28142479/28143378 Email Id: corpserv@integratedindia.in
Share Transfer System	...	Share Transfers in physical form are registered and returned within 15 days. An officer of the Company is authorised by the Board to approve transfer of shares and the Share Transfer Committee of the Board meets at regular intervals to ratify such transfers. During the year, the company obtained from a Company Secretary in Practice half-yearly certificates for compliance with the share transfer formalities as required under Clause 47(c) of the listing agreement and filed the same with the listed stock exchanges

REPORT ON CORPORATE GOVERNANCE (Contd.)

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH

NO. OF EQUITY SHARES HELD	2015				2014			
	NO. OF HOLDERS	% TO HOLDERS	NO. OF SHARES	% TO SHARES	NO. OF HOLDERS	% TO HOLDERS	NO. OF SHARES	% TO SHARES
Up to 500	15,580	94.64	15,12,291	15.16	16052	94.67	15,78,692	15.83
501 - 1000	468	2.84	3,85,279	3.86	489	2.88	4,03,571	4.05
1001 - 2000	222	1.35	3,43,937	3.45	216	1.27	3,30,696	3.32
2001 - 3000	68	0.41	1,71,462	1.72	70	0.41	1,78,091	1.79
3001 - 4000	27	0.16	94,890	0.95	29	0.17	1,01,008	1.01
4001 - 5000	18	0.11	82,937	0.83	20	0.12	93,928	0.94
5001 - 10000	34	0.21	2,56,241	2.57	35	0.21	2,57,513	2.58
Above 100001	46	0.28	71,27,963	71.46	45	0.27	70,31,501	70.48
TOTAL	16,463	100.00	99,75,000	100.00	16,956	100.00	99,75,000	100.00
No. of Shareholders in Physical mode	8,978	54.54	7,20,098	7.22	9,119	53.78	7,35,814	7.38
No. of Shareholders in electronic mode	7,485	45.46	92,54,902	92.78	7,837	46.22	92,39,186	92.62
TOTAL	16,463	100.00	99,75,000	100.00	16,956	100	99,75,000	100.00

CATEGORIES OF SHAREHOLDING AS ON 31ST MARCH

CATEGORY	2015		2014	
	NO. OF SHARES HELD	% AGE OF SHARE-HOLDING	NO. OF SHARES HELD	% AGE OF SHARE-HOLDING
PROMOTERS/PROMOTERS GROUP	50,84,802	50.98	50,84,802	50.98
UTI AND MUTUAL FUNDS	8,200	0.08	8,200	0.08
BANKS, FINANCIAL INSTITUTIONS AND INSURANCE COMPANIES	1,000	0.01	1,000	0.01
FOREIGN INSTITUTIONAL INVESTORS	650	0.01	650	0.01
GDRs	NIL	NIL	NIL	NIL
NON RESIDENT INDIANS (NRIs)/OCBs	22,308	0.22	25,534	0.26
CORPORATES	9,02,256	9.04	8,40,593	8.43
CLEARING MEMBER	48,736	0.49	5,431	0.05
RESIDENT INDIVIDUALS	39,07,048	39.17	40,08,790	40.19
TOTAL	99,75,000	100.00	99,75,000	100.00

REPORT ON CORPORATE GOVERNANCE (Contd.)

DEMATERIALIZATION OF SHARES AND LIQUIDITY :

As on 31st March, 2015, 92,54,902 shares, against subscribed fully paid equity shares of 99,75,000, were converted from the physical to electronic form. Over 92.78% of the outstanding equity shares have been dematerialised up to 31st March, 2015.

In view of the advantages offered by the Depository System, members who have not yet dematerialised their shares are requested to avail of the facility of dematerialisation of the equity shares. They have the choice to open an account with Depository Participants of either of the Depositories by quoting the Company's **ISIN No.INE639B01015**.

Plant location	14 SIPCOT INDUSTRIAL COMPLEX, CUDDALORE – 607 002, TAMILNADU
Address for correspondence	Address for Shareholders' correspondence INTEGRATED ENTERPRISES (INDIA) LTD "KENCES TOWERS", IIND FLOOR NO.1 RAMAKRISHNA STREET OFF. NORTH USMAN ROAD, T.NAGAR CHENNAI – 600 017. TEL: (044)28140801 TO 3 FAX: (044) 28142479/28143378 Email Id: corpserve@integratedindia.in Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant. Investors' Grievance with respect to non receipt of dividend may please be addressed to our Secretarial Department at our Registered Office at 14, SIPCOT Industrial Complex, Cuddalore – 607 005, Tamilnadu, OR mail to - mohan.srinivasan@adityabirla.com.

SEBI (Prohibition of Insider Trading) Regulations, 2015 :

The Board of Directors of the Company has adopted formulation of "Code of Conduct" and Code of Practices and Procedure as required under The SEBI (Prohibition of Insider Trading) Regulations, 2015, vide its Extraordinary Notification dated 15th January, 2015, effective from 15th May, 2015. The details are made available in the Company's website, viz., www.tanfac.com.

CODE OF CONDUCT

The Company has laid down the Code of Conduct (the "code") after incorporating the duties of the Independent Directors as required under The Companies Act, 2013 and as per clause 49 of the listing agreement. The Code of Conduct applies to all employees and Directors of the Company to ensure integrity, transparency, independence and accountability in dealing with all stakeholders.

The Board and the senior management affirm compliance with the code of business conduct and ethics annually. The details of code of conduct have been posted on the Company's website www.tanfac.com.

A Certificate to this effect has been given by our Manager and Director, affirming compliance of the said Code by all the Board Members and Members of the senior management to whom the Code is applicable, is annexed elsewhere in the Annual Report.

REPORT ON CORPORATE GOVERNANCE (Contd.)**SCORES**

Securities and Exchange Board of India (SEBI) Complaints Redress System (SCORES) has formed a website www.scores.gov.in to take up investors complaints related issue, viz, transfer of securities, non payment dividend etc. with the listed companies. SCORES is processed in a centralized web based complaints redress system in which the action taken reports of the concerned companies are uploaded on this website for online viewing by investors. The website lists the complaints, action taken and the current status of the complaint.

During the year, no complaint was registered against your Company on this website.

BSE CORPORATE COMPLIANCE & LISTING CENTRE ('the listing Centre') :

BSE Limited listing centre is a web-based application designed for corporates. All periodical/quarterly compliance filing, viz. Shareholding pattern, report on corporate governance, and other such reports are filed electronically on the listing centre.

ISIN:

International securities identification number (ISIN) is a unique identification number of traded scrip. This number has to be quoted in each transaction relating to the dematerialized equity shares of the Company. The ISIN of the equity shares of the Company is **INE639B01015**.

CORPORATE IDENTIFICATION NUMBER (CIN):

Your Company's Corporate Identification number registered with Registrar of Company is **L24117TN1972PLC006271**

CEO/CFO Certification:

The Manager and Director and the Chief Financial Officer of the Company duly authorised by the Board have given their annual certification on financial reporting and internal controls to the Board as required under clause 49 of the listing agreement which is available in this report.

INTIMATION TO BIFR

The net worth of the Company for the financial year 2013-2014 had eroded by more than 50% of its peak net worth during the immediately preceding four financial years. As required under the provisions of Section 23(1)(a)(i) of The Sick Industrial Companies (Special Provisions) Act, 1985, the Company has made necessary intimation to The Board for Industrial and Financial Reconstruction (BIFR) and filed Form C prescribed for this purpose after the adoption of accounts by the Members at their Annual General Meeting.

The Members present at their Extraordinary General Meeting held on 13th August, 2014, have passed the required resolution.

NON-MANDATORY REQUIREMENTS:**THE BOARD:**

Your Company is a Joint Sector undertaking with Tamilnadu Industrial Development Corporation Limited (TIDCO), a Government of Tamilnadu undertaking. The Chairman of the Company is nominated by TIDCO as per Joint Venture Agreement and performs his duty at their office. Hence no separate Chairman's office is maintained at your Company

REPORT ON CORPORATE GOVERNANCE (Contd.)

SHAREHOLDERS' RIGHTS

The Company's quarterly and half yearly results are published in the English and vernacular newspapers and the results are also on the uploaded on the Company's website www.tanfac.com. As per the requirements of listing agreement with BSE Limited, the Company has uploaded the Unaudited/Audited Financial Results and also Shareholding Pattern etc. to its designated website.

Therefore, no individual communications with respect to quarterly/half yearly financial performance are sent to the Shareholders. However, based on request from the Shareholders, if any, the Company would provide the same to them individually

AUDIT QUALIFICATION

There are no qualifications in the Auditors' Report of the accounts for the financial year 2014-2015.

SEPARATE POSTS OF CHAIRMAN AND CEO

The Company does not have the post of Chairman and Managing Director/CEO.

REPORTING OF INTERNAL AUDITOR

The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

TRAINING OF BOARD MEMBERS

The Board of Directors of the Company have extensive experience in their fields and contribute substantially in the decision-making process. The Board seeks to impart training to its Directors, if necessary, to ensure that Board members are kept up to date.

LOANS AND ADVANCES TO SUBSIDIARIES/ASSOCIATES AND INVESTMENTS IN ITS OWN SHARES:

Information pursuant to Clause 32 of the Listing Agreement:

Sl. No.	Disclosure of loans/advances/ investments outstanding during the year	As at 31 st March, 2015 (₹)	Maximum amount during the year (₹)
1.	Loans and advances in the nature of loans to subsidiaries	Not Applicable	Not Applicable
2.	Loans and advances in the nature of loans to associates	Not Applicable	Not Applicable
3.	Loans and advances in the nature of loans where there is – (i) No repayment schedule or repayment beyond seven years OR (ii) No interest or interest below section 372A of The Companies Act	NIL NIL	NIL NIL
4.	Investments by the loanee in the shares of parent company and subsidiary company, when the Company has made a loan or advance in the nature of loan.	NIL	NIL

REPORT ON CORPORATE GOVERNANCE (Contd.)**CEO/CFO CERTIFICATION**

Shri Lalit Naik, Manager and Director and Shri N.R. Ravichandran, Chief Financial Officer of the Company have certified to the Board that :

- a. They have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2015 and that to the best of their 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 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 their knowledge, no transactions entered into by the company during the year are fraudulent, illegal or a violation of the company's code of conduct.
- c. They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. They have indicated to the auditors and the Audit committee;
 - (i) that there no significant changes in internal control during the year;
 - (ii) that there are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;

and

 - (iii) that there is no fraud of which they have become aware and the involvement therein, of the management or an employee having a role in the company's internal control system.

LALIT NAIK
MANAGER AND DIRECTOR

N.R. RAVICHANDRAN
CHIEF FINANCIAL OFFICER

Place: Chennai

Date : 10.8.2015

REPORT ON CORPORATE GOVERNANCE (Contd.)

CERTIFICATE ON CORPORATE GOVERNANCE

As required under clause 49 of the listing agreement, the Chartered Accountant's Certificate on compliance of the Corporate Governance norms is attached.

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of TANFAC INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by TANFAC INDUSTRIES LIMITED, for the year ended March 31, 2015, as stipulated in Clause 49 of the listing agreements of the said Company with Stock Exchange in India.

The compliance with the conditions of Corporate Governance is the responsibility of the company's Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in Clause 49 of the listing agreement. 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 and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the above mentioned listing agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
M/s. Khimji Kunverji & Co.
Chartered Accountants
Registration No.105146W

(Hasmukh B Dedhia)
Partner
Membership No. F-033494

Place : Chennai
Date : 10.8.2015

REPORT ON CORPORATE GOVERNANCE (Contd.)**DECLARATION**

The Board of Directors of the Company has renewed the “TANFAC INDUSTRIES LIMITED CODE OF CONDUCT” for the Senior Management of the Company, including all functional heads, and the “Code of Conduct for Non-Executive Directors”, for the year 2014 - 2015.

Place: Chennai

Date : 15.5.2015

LALIT NAIK
MANAGER AND DIRECTOR

All Board Members and the Senior Management personnel, including all functional heads, have affirmed their compliance with the respective codes.

BOARD'S REPORT

To the Members,

Your Directors are pleased to present the report on the Company's business operations together with the audited statement of accounts for the financial year ended 31st March, 2015, for your review:

FINANCIAL RESULTS

[₹ in Crores]

Details	Year ended 31 st March 2015	Year ended 31 st March 2014
Net Sales/Income from Business operations	117.91	116.32
Other Income	2.29	1.24
Total Income	120.20	117.56
Profit/ [Loss] after Interest but before Depreciation and Taxation	(1.46)	1.41
Less: Depreciation/ Impairment/Amortisation	5.63	6.93
Profit/[Loss] before Taxation	(7.09)	(5.52)
Exceptional items	–	–
Profit/(Loss) after Exceptional items	(7.09)	(5.52)
Less: Deferred Tax Provision / (Reversal)	(1.32)	(2.48)
Profit/(Loss) after Tax	(5.77)	(3.03)
Extraordinary items / Insurance claim *	(0.48)	–
Net profit/[Loss] for the period	(5.29)	(3.03)
Add: Balance brought forward	(43.60)	(40.57)
Profit/(Loss) available for appropriation	(48.89)	(43.60)
Transferred from General Reserves	–	–
Balance Carried forward to Balance Sheet	(48.89)	(43.60)

* Insurance Claim full and final settlement received against claim for Business Interruption/Loss of Profit due to natural calamity (cyclone) on 30th December 2011.

OPERATIONS AND OVERALL PERFORMANCE:

The Company's sales performance was maintained at the previous year's level, despite continued drop in demand for HF in domestic markets post-withdrawal of CDM benefits on R22, and stiff competition from China in the Aluminium Fluoride segment. To turn around

the operations, the Company has taken various steps to improve operational performance:

- Continuous focus on cost reduction
- Increasing vendor base and developing alternate sources for its main raw material, Fluorspar and Sulphur, to reduce input costs.
- Improving customer and product mix

BOARD'S REPORT (Contd.)

- (d) Continuously engaging with suppliers of other raw materials and packing materials for reduction in rates.
- (e) Exploring market for HF in Asia Pacific and Europe.
- (f) Effective utilisation of working capital limits.

Profit before depreciation, interest and taxation (EBIDTA) was ₹ 7.83 crores during the year, compared to ₹ 11.12 crores in the previous year.

However, factors such as a significant depreciation of the Indian Rupee against the US Dollar, currency volatility, and higher interest outgo on working capital limits due to poor credit rating, impacted cash profits.

DIVIDEND:

As the Company has incurred loss in the current year, your Directors have not recommended any dividend for the year 2014 - 2015.

REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

The steps taken by the Company to turn around the operations as enumerated above under the heading Operations and Overall Performance, have started yielding results. After incurring continuous losses during the first three quarters of the financial year, the Company has registered improved performance during the fourth quarter and registered Profit After Tax (PAT) of ₹ 0.83 crore.

The Company is also taking steps to revive the IBAP plant and increase its viability by working on value-added products out of by-product generated during production of IBAP. Your company is also working on some other value-added products and will

continue to focus on moving up the value chain in speciality products where it can have competitive advantage and grow sales volumes and margins.

Your Board of Directors is optimistic about the turnaround of the Company in the coming years.

ALUMINIUM FLUORIDE:

Your Company has strategically reduced the production of Aluminium Fluoride due to its lower contribution. However, your Company will continue to service its long-term strategic customers.

HF ACID:

The entire value chain of Fluorspar – Hydrofluoric Acid suffers due to a wide gap in supply and demand. China, which continues to enjoy the benefits of backward and forward integration in the value chain, is competing more aggressively. Capacity shifting is possible in proximity to Fluorspar sources. The withdrawal of the 10% export duty by China has added further pressure on the price of the product, both in the domestic and export markets. However, we are continuously working on improving the operational parameters in order to increase margins.

EXPORTS:

Export turnover was higher by 9% at ₹ 18.63 crores, as compared to ₹ 17.13 crores in the previous year, despite lower off take by overseas customers on account of market demand and stiff competition from China.

Your Company endeavors continuously to increase export revenues by expanding the customer base in new markets.

BOARD'S REPORT (Contd.)

MATERIAL CHANGES AND COMMITMENT IF ANY:

ISSUE OF PREFERENCE SHARES::

During the year, the Company has issued and allotted 5,00,000 – 11% Redeemable Cumulative Non Convertible Preference Shares ("the Preference Shares") of face value of ₹ 100/- each for cash at par on private placement basis to M/s. Aditya Birla Chemicals (India) Limited ("ABCIL") for general corporate purposes, and also to meet the ongoing business requirements of the Company.

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

The information pertaining to conservation of energy, technology absorption, Foreign Exchange Earnings and outgo as required under Section 134 (3)(m) of The Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished as Annexure-A to the Annual Report.

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

Your Company has not provided any loan (s), guarantee(s) to any person or body corporate and has not made any investment(s) during the year under Section 186 of the Companies Act, 2013.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

In line with the requirements of the Companies Act, 2013 and Equity Listing Agreement, your Company has formulated a Policy on Related Party Transactions which is available on

Company's website at www.tanfac.com. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

The Company has obtained necessary prior omnibus approval from the Board pertaining to Related Party Transactions, in the ordinary course of business and on an arm's length basis. All such transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at arm's Length are placed before the Audit Committee on a quarterly basis for its review and approval. Details of related party transactions are made available under Annexure-B.

AUDITORS & AUDITORS' REPORT:

M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai (Firm Registration No.105146W) were appointed as Statutory Auditors of the Company by the Members at their Annual General Meeting held on 13th August, 2014.

The Report given by the Auditors on the Financial Statements of the Company forms part of the Annual Report. There were no qualifications, reservations or adverse remarks made by the Auditors in their report.

The Company has received a letter from the above auditors to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of The Companies Act, 2013 and that they are not disqualified for re-appointment.

COST AUDITOR

The Board has appointed Shri N. Krishnakumar, Cost Accountant, Cuddalore (Membership

BOARD'S REPORT (Contd.)

No.27885) for conducting the audit of cost records of the Company pertaining to Inorganic and Organic products manufactured by the Company covered under Central Excise Tariff Heading Chapter Nos.28 and 29 respectively

SECRETARIAL AUDIT REPORT

The Board has appointed Ms. Kalyani Srinivasan (Practicing Company Secretary, Chennai (C.P. No.3109 & FCS No.5854), to conduct Secretarial Audit for the financial year 2014-2015, which, inter alia, includes audit of compliance with the Companies Act, 2013, and the Rules made under the Act, Listing Agreement and Regulations and Guidelines prescribed by the Securities and Exchange Board of India. The Secretarial Audit Report furnished under Annexure-C, does not contain any qualification, reservation or adverse remark.

RISK MANAGEMENT POLICY

The Company has already laid down the procedure regarding risk assessment and minimization.

Pursuant to Clause 49(VI) of the revised listing agreement, which was made effective from 1st October, 2014, the Company has constituted a Risk Management Committee to define its roles and responsibilities and laid down the procedure to assess the risk and minimization procedures. The risk management includes identifying types of risks and its assessment, risk handling and monitoring and reporting. The Board shall also be responsible for framing, implementing and monitoring the risk management plan for the company. The details of identified risk and mitigation plan would be reviewed by the Committee every quarter and forwarded to the Board with their recommendation, if any, and the same will be reviewed and discussed by the Board in their meeting.

DISCLOSURE**AUDIT COMMITTEE AND VIGIL MECHANISM**

Pursuant to the provisions of Section 177 of the Companies Act, 2013, read with Rules 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014, the Company has constituted the Audit Committee, comprising of six Members, including four Independent Directors, viz., Shri M.R. Sivaraman, IAS (Retd.), Shri Lalit Naik, Shri V.T. Moorthy, Shri R. Karthikeyan, Shri Kannan K Unni and Dr. Shankar Narasimhan. All the recommendations made by the Audit Committee were accepted by the Board.

Pursuant to Section 177(9) of The Companies Act, 2013 read with Rule 7 of The Companies (Meetings of Board and its Powers) Rules, 2014 and also as per clause 49(II)(F) of the listing agreement with the stock exchanges, the Company has established a vigil mechanism in line with its Group Policy for Directors and Employees to report their genuine concerns or grievances.

The audit committee would be monitoring the established vigil mechanism which provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairman of the Audit Committee.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

In accordance with the Regulations of The SEBI (Prohibition of Insider Trading) Regulation, 2015, vide its Notification dated 15th January, 2015, effective from 15th May, 2015, the Company has established systems and procedures for Code of Practices and Procedures for Fair Disclosure of

BOARD'S REPORT (Contd.)

unpublished price sensitive information and a Code of Conduct to regulate, monitor and report trading by insiders, which includes, Directors, Employees and their relatives and other connected persons to restrict insider trading, on the basis of any unpublished price sensitive information, available to them by virtue of their position in the Company.

The objective of this Code is to prevent misuse of any unpublished price sensitive information and prohibit any insider trading activity, in order to protect the interest of the shareholders at large. The details of dealing in Company's shares by the insiders, if any, would be placed before the Board on a quarterly basis.

The Code of Practices and Procedures for Fair Disclosure of unpublished price sensitive information is available on the Company's website www.tanfac.com.

INTIMATION TO BIFR

The Net Worth of the Company for the financial year 2014-2015 has eroded by more than 50% of its peak Net Worth during the immediately preceding four financial years.

As required under the provisions of Section 23(1)(a)(i) of The Sick Industrial Companies (Special Provisions) Act, 1985, your Company, shall within a period of 60 days from the date of adoption of accounts of the Company for the financial 2014-2015 by the members at their Annual General Meeting to be held on 29.9.2015 report to BIFR under the specified guideline.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, the Board of Directors has appointed Smt. R. Rajalakshmi, as an Additional

Director with effect from 24th March, 2015, as required under clause 49 of the equity listing agreement, after recommendation by the Nomination and Remuneration Committee. The Committee has evaluated her skills, experience and knowledge to hold office as an Additional Director up to the date of the forthcoming Annual General Meeting. Being eligible, Smt. R. Rajalakshmi, offered herself to be appointed as the Independent Director of your Company and not be liable to retire by rotation. Smt. R. Rajalakshmi will hold office of Director for a term up to five consecutive years if approved by the Members at the ensuing Annual General Meeting as per applicable provisions of the Companies Act, 2013 and Clause 49 of the Equity Listing Agreement.

The following Independent Directors, viz., Shri V.T. Moorthy, Shri M.R. Sivaraman, IAS(Retd.), Shri T.S. Raghavan and Dr.Shankar Narasimhan are seeking their re-appointments for a term of five consecutive years upto March 31, 2020.

The Independent Directors of your Company have given their certificates of independence, stating that they meet the criteria of independence as mentioned under Section 149 (6) of the Companies Act, 2013. The details of the training and familiarization programmes and the Annual Board Evaluation process for Directors have been provided in the Corporate Governance Report.

The policy on Director's appointment, including criteria for determining qualifications, positive attributes and independence of Director forms part of the Corporate Governance Report of this Annual Report.

BOARD'S REPORT (Contd.)

BOARD EVALUATION

The evaluation of Board of Directors and the Board, as required under Section 149(8) of The Companies Act, 2013, read with Schedule IV under Chapter VIII and clause 49 of the listing agreement, were done through selected parameters related to their roles, responsibilities and obligations of the Board and functioning of the committee. The evaluation criteria for Directors was based on their participation, contribution/guidance and suggestions for improvement, wherever required, made to the Company. The Board approved the evaluation results as presented by the Nomination Committee.

SEPARATE INDEPENDENT DIRECTORS' MEETINGS

The Independent Directors met during the year in the absence of Non-Independent Director and discussed inter alia the performance of Non-Independent Directors and the Board as a whole and the quality, quantity and timeliness of the flow of information between the Company management and the Board for effective and reasonable performance of their duties.

NUMBER OF MEETINGS OF THE BOARD

During the financial year 2014-2015, the Board met six times and the details of which are given in the Report on Corporate Governance that forms part of the Annual Report. The time gap between two meetings as required under the listing agreement was well within the period.

BOARD COMMITTEES

Presently, the Board has four Committees, viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Risk Management Committee, comprising of the required combination of

Non Independent and Independent Directors. Committeewise details are furnished in the Report on Corporate Governance section of the Annual Report.

ANNUAL RETURN

The details forming part of the extracts of Annual Return under Form MGT-9, pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished as an Annexure-D.

RESEARCH AND DEVELOPMENT

Your Company successfully commercialized production of a new product which finds application in the Water and Waste Water Industry. Your company is working on the development of two more new products, one finding application in the sanitation and food preservative industry, which will be commercialized in financial year 2015-2016, and another product, a Sulphuric Acid derivative which finds applications in the textiles, water treatment and food industries

SAFETY, HEALTH AND ENVIRONMENT PROTECTION (SHE)

Your Company is committed to sound Safety Health and Environmental Management Systems and processes and has implemented various best practices during the year, which helped to maintain its good safety record.

Your Company is Integrated Management System (IMS) certified. This comprises ISO 9001-2008 for Quality Management System (QMS), ISO 14001-2004 for Environment Management, System (EMS) & OHSAS 18001:2007 for Occupational Health, and Safety Assessment Series for Safety Management System by DNV GL AS, India.

BOARD'S REPORT (Contd.)

We ensure that economic considerations do not compromise safety and environment protection measures and the Board has mandated accordingly. We are constantly working to reduce the use of corrosive material, conserve energy and water, reduce chemical consumption, and recycle water and process wastes.

Your Company regularly updates its safety and risk management processes, conducts safety audits, and carries out HAZOP study for existing and new projects. Your Directors also periodically visit the factory to review the safety arrangements. Their suggestions are implemented systematically.

Your Company motivates employees, workers and contract workmen, through training on aspects related to safety, and by rewarding the best performers in the area of safety and environment.

As recommended by the Members of the Audit Committee, the Company takes continuous measures towards structural and foundation rehabilitation work and takes corrective action wherever necessary for further strengthening safety features of the plants, for safe operations.

Your Company periodically conducts on-site mock drills and actively coordinates with the local government and other nearby companies for off-site emergency mock drills and mutual aid.

MANAGEMENT POLICY

We, at Tanfac Industries Limited, are committed to continual improvement of the processes affecting quality, cost, and delivery, and also the environment, in order to prevent pollution and to comply with the requirements of customers, interested parties and the public

MANAGEMENT OBJECTIVE

Your Company's Management Policy entails:

- Meeting customer needs and expectations.
- Compliance with all applicable environmental regulations and other related requirements.
- Continuous improvement of Quality Management System (QMS) and Environmental Management System (EMS) through monitoring of performance indicators, identifying and updating environmental aspects, implementing management programmes, and pollution prevention.
- Establishing and reviewing management objectives at functional level, to meet contemporary requirements for improvement of the management system.
- Elimination of waste and conservation raw materials, energy and water.
- Involvement of staff in order to bring about a better work environment and culture.
- To provide value for money to our customers through continuous upgradation of technology and enhancing productivity through benchmarking.
- Maintaining a safe and healthy work environment.
- Minimize customer complaints and improve customer perception / feed back.
- Communicate the policy to all persons working for or on behalf of the organization.
- To take all safety measures as mandated by law and by the Board.
- The Environment Management Cell ensures effective implementation of the policy.

BOARD'S REPORT (Contd.)

Your management allocates all necessary resources on a priority basis.

CORPORATE GOVERNANCE

Your Company is strongly committed towards its philosophy of Corporate Governance. The Company has already constituted a Committee of Directors to assist the Board in good Corporate Governance. Your Company affairs are managed in a fair manner. The Corporate Governance Report, along with the Auditors certificate regarding compliance of the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchange, is attached herewith.

A Certificate of the CEO and CFO of the Company, in terms of sub-clause (IX) of Clause 49 of Listing Agreement, inter alia, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is also annexed.

Your Directors are pleased to report that the Company is fully complied with the SEBI guidelines and corporate governance as on financial year ended 31st March, 2015 and continue to comply with the same.

INSURANCE

The Company's properties of fixed asset, including building, plant and machinery, and insurable assets and current assets including stock of raw materials, finished goods, stores and spares etc., are adequately insured.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

As required under clause 49(VIII)(D) of the listing agreement with the stock exchanges, the Management's Discussion and Analysis Report for the year under review has been made as forming part of the Annual Report.

PERSONNEL

Pursuant to Section 197(12) of The Companies Act, 2013, read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of disclosure of remuneration are not applicable to the Company as no employees are covered under the specified ceiling of drawing remuneration of ₹ 5 Lakhs per month.

Except sitting fees for attending the Board, Audit Committee and Stakeholders Relationship Committee meetings, no other remuneration is being paid to the Directors. Shri Lalit Naik, Manager and Director has not drawn any remuneration, including sitting fees, for attending the Board/Committee meetings.

Details pertaining to remuneration as required under Section 197(12) of The Companies Act, 2013 read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is furnished forms part of the annual report.

INDUSTRIAL RELATIONS

Employee relations continued to be cordial throughout the year. The whole-hearted support of employees in the implementation of WCM, ISO-9002 systems, and ISO 14001 amply demonstrate the high level of team work, sense

BOARD'S REPORT (Contd.)

of belonging to the organization, and solidarity with the Management.

PUBLIC DEPOSIT

The Company has not accepted any deposits from the public during the year and there was no outstanding towards unclaimed deposit payable to depositors as on 31st March, 2015.

SUSTAINABLE DEVELOPMENT – COMMUNITY DEVELOPMENT INITIATIVES – CORPORATE SOCIAL RESPONSIBILITY (CSR):

CSR is a continuing commitment by business to behave ethically and contribute to economic development, while improving the quality of life of the workforce and their families, as well as of the local community and the society at large.

Your company has continued its commitment to CSR activities despite continuous losses. Your Company's CSR initiatives are an integral part of overall business policy and aligned with its business goals.

Projects are identified in a participatory manner, in consultation with the community, literally sitting with them and gauging their basic needs. We take recourse to the participatory rural appraisal mapping process. Subsequently, based on a consensus and in discussion with the village panchayats and other influentials, the projects are prioritised.

Arising from this, the focus areas that have emerged are education, health care, sustainable livelihood, infrastructure development, and espousing of social causes. All our community projects are carried out under the aegis of The Aditya Birla Centre for Community Initiatives and Rural Development.

Your Company is carrying out its community welfare activities in and around Cuddalore for more than a decade. Your Company has been reaching out to under-served communities under the aegis of The Aditya Birla Centre for Community Initiatives and Rural Development. This has entailed transcending business interests and grappling with the "Quality of Life" challenges the poor face, and working to make a meaningful difference to them.

Our Group vision is:

"To actively contribute to the social and economic development of the communities in which we operate. In so doing, build a better, sustainable way of life for the weaker sections of society and raise the country's human development index."

Your Company's focus areas include education, health care, sustainable livelihood, infrastructure development and espousing social causes. The specific initiatives include:

- Girl child education under Kasturba Gandhi Balika Vidyalaya (KGBV) Scheme
- Health - including Family Welfare and Total Health (Disease) Management
- Child/Women Empowerment Projects
- Need Assessment
- Identification of funding sources and opportunities
- Link up with Government agencies, NGO's and other potential partners
- Implementation of community upliftment projects involving government authorities, village Panchayats and end beneficiaries in specific areas of social development, such as health, education, water management,

BOARD'S REPORT (Contd.)

etc. The projects also cater to the needs of children, women, adolescents, the physically challenged, and to the overall development of villages and communities.

OTHER DISCLOSURES

- There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations
- Your Company has not issued any shares with differential voting.
- There was no revision in the financial statements.
- Your Company has not issued any sweat equity shares.
- During the year your Company has not received any complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

HUMAN RESOURCES DEVELOPMENT:

Your Company is widely acclaimed for its people development practices and has reinforced its position in this area. This, coupled with the ability to attract best talent, provides a competitive edge to the organization. Business priorities are aligned with the aspirations of employees, culminating in the development of an empowered and responsive human capital.

Our work environment encourages innovation and creativity and promotes a culture that facilitates entrepreneurial activity within the organization, while adhering to Group values. Your Company has been investing in progressive employee relations practices to build capability at the grass root level. Employees are motivated through various skill development, engagement and volunteering programs, for their continuous performance improvement.

ACKNOWLEDGEMENT:

Your Directors wish to express their appreciation for the continued assistance and cooperation of the consortium banks, Government authorities, customers, vendors and members during the year under review.

On behalf of the Directors and all shareholders, I would like to place on record my sincere appreciation of the committed services by the entire TANFAC family, comprising officers, staff and workers.

Finally, I look forward to your continued understanding and support in taking your Company forward in these challenging times.

For and on behalf of the Board

Chennai
10.8.2015

(LALIT NAIK)
DIRECTOR

ANNEXURE-A TO BOARD'S REPORT

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under The Companies (Accounts) Rules, 2014.

1. CONSERVATION OF ENERGY

(a) Steps taken for conservation of energy

Your Company has adopted various energy conservation measures during the financial year 2014-2015 at its manufacturing facility at Cuddalore, viz., Hydrofluoric Acid, Sulphuric Acid and Specialty fluorides plants.

(b) Major energy conservation initiatives taken during the Financial Year 2014-2015

- Reduction of power consumption in the Hydrofluoric Acid Plant by optimizing the usage of cooling towers and cooling tower pump;
- Optimization of the operational and maintenance practices in manufacturing Potassium fluoride;
- Besides steam condensate, recycle process was introduced in the Sulphuric Acid Plant.
- The company has achieved significant savings through these initiatives.

(c) Steps taken by the Company for utilising alternate sources of energy

No alternate sources of energy were utilized in the process carried out in the product mentioned in Sl.No1 (b) above.

(d) The capital investment on energy conservation equipment

NIL

RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

Your Company –

- Has obtained an order for production of larger quantities of Isobutyl Acetophenone (IBAP) for FY15-16, based on the product performance of material produced & supplied in FY14. This was possible because of the R&D efforts made in previous years.
- Your company is working on improving the quality of one of its bye products which would add value and will be used in a new product being developed.
- Continues to successfully operate the scheme implemented for reducing water consumption and effluent discharge by effective recycling in the plant.
- Continued efforts have enabled the Company to recycle the solid waste in the cement industry through focus on energy conservation. Schemes were also implemented to increase captive power generation.
- Planting of saplings to maintain greenery and protect the environment is an on-going activity.

ANNEXURE-A TO BOARD'S REPORT (Contd.)

TECHNOLOGY ABSORPTION

Your Company has formed cross functional teams to implement projects for new product development and to improve the process for existing products through In-house R&D, thereby achieving self-sufficiency in development of technology.

Continuous implementation of WCM practices and rewarding of Kaizens have motivated the young talented Engineers / Scientists to come up with creative ideas to improve efficiency in the areas of production, energy savings, safety, and systems improvements.

A. FOREIGN EXCHANGE EARNING AND OUTGO :

(₹ in Lakhs)

Details	2014-15	2013-14
Forex Earned	1,708.13	1,886.70
Forex used	2,635.74	4,595.18

Details of technology imported during the past five years:

Year	Technology imported	Status
	- NIL -	

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 134(3)(C) OF THE COMPANIES ACT, 2013.

Your Directors would like to inform members that the financial statements audited accounts containing the financial statements for the financial year 2014 - 2015 are prepared in accordance mandatory accounting standards as prescribed under Section 133 of The Companies Act, 2013 ('the Act'), read with Rule 7 of The

Companies (Accounts) Rules, 2014, and are in full conformity with the requirement of the Act. They believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the company's financial conditions and results of operations.

Your Directors further confirm that -

- in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- appropriate accounting policies have been applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;
- proper and sufficient care have been taken for the 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 fraud and other irregularities;
- the annual accounts have been prepared on a 'going concern' basis;
- the internal financial controls have been laid down, to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ANNEXURE-B TO BOARD'S REPORT

PARTICULARS OF CONTRACTS/ARRANGEMENTS MADE WITH RELATED PARTIES :

FORM NO.AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of The Companies Act, 2013 and Rule 8(2) of The Companies (Accounts) Rules, 2014]

This form pertains to the disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. Details of contract or arrangements or transactions not at arm's length basis :

The Company has NOT entered into any contract(s) or arrangement(s) or transaction(s) during the financial year ended 31st March, 2015, which were not under arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis :

Name of related party	Nature of relationship	Duration of contract	Salient terms	Date of approval	Amount (₹ in Lakhs)
Nature of Contract:					
Issue of Preference Shares :					
Aditya Birla Chemicals (India) Limited	Common Director	N.A.	5,00,000 – 11% Redeemable Cumulative Non Convertible Preference Shares of face value of ₹100/- each for cash AT PAR on private placement basis	24.3.2015	500.00
Purchase of raw material:					
Aditya Birla Chemicals (Thailand) Limited	Common Director	22.5.2014 & 13.6.2014	Cost plus pricing	13.8.2014 & 23.01.2015	379.95

ANNEXURE-B TO BOARD'S REPORT (Contd.)

Name of related party	Nature of relationship	Duration of contract	Salient terms	Date of approval	Amount (₹ in Lakhs)
Inter Corporate Deposit :					
Aditya Birla Epoxy (India) Limited	Common Director	18.3.2014 to 15.6.2014 and further rolled over for a period upto 18.3.2015	Acceptance of Inter Corporate Deposit	13.8.2014	3550.00
			Interest paid		393.80

For and on behalf of the Board of Directors

(LALIT NAIK)
DIRECTOR

Place : Chennai

Date : 10th August, 2015.

ANNEXURE-C TO BOARD'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

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

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

TO

THE MEMBERS,

TANFAC INDUSTRIES LIMITED

14 SIPCOT Industrial Complex

CUDDALORE – 607 005

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by TANFAC INDUSTRIES LIMITED (hereinafter called 'the Company'). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on my verification of the TANFAC INDUSTRIES LIMITED books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby, report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015, 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by TANFAC INDUSTRIES LIMITED ("the Company") for the financial year ended on 31st March, 2015, according to the provisions of:

- (i) The Companies Act, 1956 (old act)
- (ii) The Companies Act, 2013 (the Act) and the rules made there under;
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings: Not Applicable
- (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;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

ANNEXURE-C TO BOARD'S REPORT (Contd.)

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
- Not Applicable;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable;
- (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
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – Not Applicable;
- (vii) The Sick Industrial Companies (Special Provisions) Act (SICA), 1985.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited.

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of 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 Notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

I further report that during the audit period the company -

- (i) has filed the report with The Board for Industrial & Financial Reconstruction (BIFR) in Form C under Section 23 of SICA, 1985.
- (ii) Issued 5,00,000 - 11% Redeemable Cumulative Non Convertible Preference Shares of face value of ₹100/- each for cash AT PAR in single tranche on private placement basis

Kalyani Srinivasan
Company Secretary
FCS NO. 5854
C P No. 6047

Place: Chennai
Date :15th May, 2015

ANNEXURE-D TO BOARD'S REPORT

FORM NO.MGT-9

EXTRACT OF ANNUAL RETURN

(AS ON THE FINANCIAL YEAR ENDED 31ST MARCH, 2015)

[Pursuant to Section 92(3) of The Companies Act, 2013 and Rule 12(1) of The Companies (Management and Administration Rules, 2014)]

I. REGISTRATION AND OTHER DETAILS :

CORPORATE IDENTIFICATION NUMBER (CIN)	L24117TN1972PLC006271
Registration Date	20.12.1972
Name of the Company	TANFAC INDUSTRIES LIMITED
Category/Sub-category of the Company	Public Company / Limited by shares
Address of the Registered Office and contact details	14, SIPCOT Industrial Complex, Kudikadu CUDDALORE – 607 005, TAMIL NADU TEL: 04142-239001 TO 239005 FAX: 04142-239008 Email: invreln.tanfac@adityabirla.com
Whether listed company	YES
Name, Address and contract details of Registrar and Transfer Agent, if any	Integrated Enterprises (India) Limited "Kences Towers", Second Floor No.1 Ramakrishna Street Off. North Usman Road, T. Nagar CHENNAI – 600 017 TEL: 044-28140801 to 803 FAX: 044-2814279 / 28143378 Email: corpserv@integratedindia.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

Sl. No.	Name and Description of main products/services	NIC code of the product / service*	% to total turnover of the Company**
1.	Aluminium Fluoride	20119 Manufacture of organic and inorganic chemical compounds n.e.c.	13
2.	AHF Acid and Sulphuric Acid	20112 Manufacture of inorganic acids except nitric acid	67
3.	Speciality Chemicals and Others	20116 Manufacture of basic chemical elements	20

* As per National Industrial Classification – Ministry of Statistics and Programme Implementation.

** On the basis of Gross Turnover

ANNEXURE-D TO BOARD'S REPORT (Contd.)

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name of Company	Address of Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
	- NIL -					

IV. SHAREHOLDING PATTERN (Equity Share Capital break up as percentage of total Equity)

(i) Category-wise Shareholding

Category of Shareholder	No. of shares held at the beginning of the year (as on 01.04.2014)				No. of shares held at the end of the year (as on 31.3.2015)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. PROMOTER									
(1) INDIAN									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	25,95,000	-	25,95,000	26.020	25,95,000	-	25,95,000	26.020	-
d) Bodies Corporate	24,88,652	-	24,88,652	24.950	24,88,652	-	24,88,652	24.950	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other – Shri A.K. Agarwala – Director (person acting in concert)	1,150	-	1,150	0.010	1,150	-	1,150	0.010	-
SUB-TOTAL A(1)	50,84,802	-	50,84,802	50.980	50,84,802	-	50,84,802	50.980	-
(1) FOREIGN									
a) Individuals (NRIs/others)	-	-	-	-	-	-	-	-	-
b) Bodies Corporate	-	-	-	-	-	-	-	-	-
c) Banks/FI	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
SUB-TOTAL A(2)	-	-	-	-	-	-	-	-	-
TOTAL SHAREHOLDING OF PROMOTER (A) = (A)(1) + A(2)	50,84,802	-	50,84,802	50.980	50,84,802	-	50,84,802	50.980	-

ANNEXURE-D TO BOARD'S REPORT (Contd.)

Category of Shareholder	No. of shares held at the beginning of the year (as on 01.04.2014)				No. of shares held at the end of the year (as on 31.3.2015)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
B. PUBLIC SHAREHOLDING :									
1. INSTITUTIONS									
a) Mutual Funds	-	8,200	8,200	0.080	-	8,200	8,200	0.080	-
b) Banks/Fls	450	550	1,000	0.010	450	550	1,000	0.010	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	650	650	0.010	-	650	650	0.010	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
SUB-TOTAL B(1)	450	9,400	9,850	0.100	450	9,400	9,850	0.100	-
2. NON INSTITUTIONS									
a) Bodies Corporate									
i) Indian	8,28,917	11,676	8,40,593	8.427	8,90,580	11,676	9,02,256	9.050	0.623
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Share-holders holding nominal share capital up to ₹1 Lakh	20,79,607	7,03,888	27,83,495	27.900	20,14,337	6,88,172	27,02,509	27.090	-0.810
ii) Individual Share-holders holding nominal share capital in excess of ₹1 Lakh	12,22,795	-	12,22,795	12.260	12,03,689	-	12,03,689	12.070	-0.190
c) Others									
i) Directors' relatives	2,100	400	2,500	0.025	100	400	500	0.005	-0.020
ii) NRIs	15,084	10,450	25,534	0.260	11,858	10,450	22,306	0.220	-0.040
iii) Clearing Member	5,431	-	5,431	0.054	48,736	-	48,736	0.490	0.436

ANNEXURE-D TO BOARD'S REPORT (Contd.)

Category of Shareholder	No. of shares held at the beginning of the year (as on 01.04.2014)				No. of shares held at the end of the year (as on 31.3.2015)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
iv) Trust	-	-	-	-	350	-	350	0.003	0.003
SUB-TOTAL B(2)	41,53,934	7,26,414	48,80,348	48.930	41,69,650	7,10,698	48,80,348	48.930	
Total Public Share-holding (B) = (1) + b(2)	41,54,384	7,35,814	48,90,198	49.030	41,70,100	7,20,098	48,90,198	49.030	
C. Shares held by custodian for GDRs/ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A) + (B) + (C)	92,39,186	7,35,814	99,75,000	100.00	92,54,902	7,20,098	99,75,000	100.00	

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.4.2014)			Shareholding at the end of the year (as on 31.3.2015)			% 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	TAMILNADU INDUSTRIAL DEVELOPMENT CORPORATION LIMITED	25,95,000	26.015	-	25,95,000	26.015	-	-
2	TGS INVESTMENTS AND TRADE PRIVATE LIMITED	19,90,652	19.956	-	19,90,652	19.956	-	-
3	PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED	4,98,000	4.992	-	4,98,000	4.992	-	-
	Total	50,83,652	50.963	-	50,83,652	50.963	-	-

ANNEXURE-D TO BOARD'S REPORT (Contd.)

(iii) Change in Promoters' Shareholding

Sl. No.		Shareholding at the beginning of the year (as on 01.4.2014)		Cumulative Shareholding during the year (as on 31.3.2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	50,83,652	50.963	-	-
	Date wise Increase/ Decrease in Promoters Share holding during the year	-	-	-	-
	At the End of the year	50,83,652	50.963	50,83,652	50.963
HENCE THERE IS NO CHANGE IN PROMOTERS' SHAREHOLDING					

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name	Shareholding at the beginning of the year (as on 01.04.2014)		Cumulative Shareholding during the year (as on 31.3.2015)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
1.	AJIT SINGH JAGJIT SINGH CHAWLA – AABPC0858R				
	At the beginning of the year	3,47,766	3.486	-	-
	At the end of the year	-	-	3,47,766	3.486
2.	FOUR DIMENSIONS CAPITAL MARKET PRIVATE LIMITED – AAACF0659D				
	At the beginning of the year	2,44,000	2.446	-	-
	01/08/2014	20,000	0.201	2,64,000	2.647
	06/08/2014	-20,000	-0.201	2,44,000	2.446
	08/08/2014	-45,000	-0.451	1,99,000	1.995
	15/08/2014	-90,000	-0.902	1,09,000	1.093
	22/08/2014	-1,09,000	-1.093	-	-
	At the end of the year	-	-	-	-
3.	KAMAL MAVJI VISARIA – AAAPV6233C				
	At the beginning of the year	66,301	0.665	-	-
	At the end of the year	-	-	2,13,869	2.144
4.	MOTILAL OSWAL FINANCIAL SERVICES LIMITED – AAECM2876P				
	At the beginning of the year	1,62,148	1.626	-	-
	18/04/2014	1,000	0.010	1,63,148	1.636
	25/06/2014	200	0.002	1,63,348	1.638
	11/07/2014	-1,215	-0.012	1,62,133	1.625
	At the end of the year	-	-	1,62,133	1.625

ANNEXURE-D TO BOARD'S REPORT (Contd.)

Sl. No.	Name	Shareholding at the beginning of the year (as on 01.04.2014)		Cumulative Shareholding during the year (as on 31.3.2015)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
5.	FOUR DIMENSIONS SECURITIES (INDIA) LIMITED – AAACF1764F				
	At the beginning of the year	1,00,000	1.003		
	18/04/2014	-20,000	-0.201	80,000	0.802
	20/06/2014	19,000	0.190	99,000	0.992
	11/07/2014	-19,000	-0.190	80,000	0.802
	At the end of the year			80,000	0.802
6.	KANTA BAGADIA – AALPB9577C				
	At the beginning of the year	96,674	0.969		
	06/02/2015	-15,839	-0.159	80,835	0.810
	At the end of the year			80,835	0.810
7.	MANOJ J BAGADIA – AEZPB6289F				
	At the beginning of the year	66,301	0.665		
	04/04/2014	18,175	0.182	84,476	0.847
	18/04/2014	50	0.001	84,526	0.847
	25/04/2014	10	0.000	84,536	0.847
	16/05/2014	600	0.006	85,136	0.853
	23/05/2014	600	0.006	85,736	0.860
	30/05/2014	750	0.008	86,486	0.867
	25/07/2014	50	0.001	86,536	0.868
	29/08/2014	-6,786	-0.068	79,750	0.799
	05/09/2014	-50	-0.001	79,700	0.799
	12/09/2014	-50	-0.001	79,650	0.798
	17/10/2014	-2,650	-0.027	77,000	0.772
	07/11/2014	-2,950	-0.030	74,050	0.742
	05/12/2014	-1,000	-0.010	73,050	0.732
	06/02/2015	-5,050	-0.051	68,000	0.682
	At the end of the year			68,000	0.682
8.	NIRAL VIJAY SHAH – ADEPS9380A				
	At the beginning of the year	44,974	0.451		
	04/04/2014	-40,000	-0.401	4,974	0.050
	11/04/2014	-4,974	-0.050	-	-
	At the end of the year			-	-
9.	MILI CONSULTANTS AND INVESTMENT PRIVATE LIMITED – AACJ2078A				
	At the beginning of the year	41,637	0.417		
	05/09/2014	-1,145	-0.011	40,492	0.406
	27/02/2015	10,088	0.101	50,580	0.507
	06/03/2015	-50,088	-0.502	492	0.005
	At the end of the year			492	0.005
10.	MILI CAPITAL MANAGEMENT PVT LTD – INV.DIV – AAACJ2078A				
	At the beginning of the year	41,040	0.411		
	27/02/2015	-10,088	-0.101	30,952	0.310
	20/03/2015	-27,575	-0.276	3,377	0.034
	At the end of the year			3,377	0.034

ANNEXURE-D TO BOARD'S REPORT (Contd.)

(v) Shareholding of Directors and Key Managerial Personnel(s):

Sl. No.	Name of Director and KMP	Shareholding at the beginning of the year (as on 01.04.2014)		Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year / at the end of the year (as on 31.3.2015)	
		No. of Shares	% of total shares			No. of Shares	% of total shares
1.	Shri A.K. Agarwala	1,150	0.011	-	-	1,150	0.011
2.	Shri Lalit Naik – Manager and Director – KMP	-	-	-	-	-	-
3.	Shri V.T. Moorthy	-	-	-	-	-	-
4.	Shri M.R. Sivaraman, IAS (Retd.)	-	-	-	-	-	-
5.	Shri R. Karthikeyan	-	-	-	-	-	-
6.	Shri Kannan K Unni	-	-	-	-	-	-
7.	Dr. Shankar Narasimhan	-	-	-	-	-	-
8.	Shri T.S. Raghavan	-	-	-	-	-	-
9.	Smt. R. Rajalakshmi	-	-	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment:
(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.4.2014) :				
i) Principal Amount	2,700.36	-	-	2,700.36
ii) Interest due but not paid*	11.00	-	-	11.00
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	2,711.36	-	-	2,711.36
Change in Indebtedness during the financial year ;				
• Addition	60.69	-	-	60.69
• Reduction	357.03	-	-	357.03
Net Change	-296.34	-	-	296.34
Indebtedness at the end of the financial year (31.3.2015) :				
i) Principal Amount	2,408.76	-	-	2,408.76
ii) Interest due but not paid**	6.26	-	-	6.26
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	2,415.02	-	-	2,415.02

* Bank Interest due on March 2014 and debited by bank on 1st April, 2014.

** Bank Interest due on March 2015 and debited by bank on 1st April, 2015.

ANNEXURE-D TO BOARD'S REPORT (Contd.)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Directors:

Except sitting fee no other remuneration was paid to Directors during the financial year 2014-2015.
The details are as follows:

Sl. No.	Name of Director	Particulars of remuneration - Sitting fees (₹ in Lacs)			
		Board Meeting	Audit Committee	Investors/ Stakeholders Relationship Committee	Total fee paid
I.	INDEPENDENT DIRECTORS :				
1.	SHRI V.T. MOORTHY	1.20	0.80	0.40	2.40
2.	SHRI M.R. SIVARAMAN, IAS (RETD.)	1.20	0.80	0.40	2.40
3.	SHRI KANNAN K UNNI	0.60	0.40	-	1.00
4.	DR. SHANKAR NARASIMHAN	1.00	0.60	-	1.60
5.	SHRI T.S. RAGHAVAN	1.20	-	-	1.20
6.	SMT. R. RAJALAKSHMI *	-	-	-	-
	TOTAL (I)	5.20	2.60	0.80	8.60
II.	OTHER NON EXECUTIVE DIRECTORS :				
1.	SHRI A.K. AGARWALA	0.20	-	-	0.20
2.	SHRI R. KARTHIKEYAN	0.80	0.60	0.30	1.70
3.	SHRI LALIT NAIK #	-	-	-	-
	TOTAL (II)	1.00	0.60	0.30	1.90
	TOTAL B = (I) + (II)	6.20	3.20	1.10	10.50

* appointed w.e.f. 24.3.2015

Shri Lalit Naik, Manager and Director, did not draw any remuneration (including Sitting fees) from the company.

ANNEXURE-D TO BOARD'S REPORT (Contd.)

C. Remuneration Key Managerial Personnel other than MD/Manager/WTD :

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total amount
		CEO	Company Secretary (Punita Aggarwal)	CFO (N.R. Ravichandran)	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of The Income Tax Act, 1961	NOT APPLICABLE	1.40 *	36.48	37.88
	(b) Value of perquisites under Section 17(2) of The Income Tax Act, 1961		-	1.32	1.32
	(c) Profit in lieu of salary under Section 17(3) of The Income Tax Act, 1961		-	-	-
2.	Stock Option		Not applicable		
3.	Sweat Equity				
4.	Commission – as % of profit				
5.	Others				
	Medical		-	0.15	0.15
	Cars				
	Interest Concession on loan				
	TOTAL		1.40 *	37.95	39.35

* part of the year

ANNEXURE-D TO BOARD'S REPORT (Contd.)

V. 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
A. COMPANY					
Penalty			- NIL -		
Punishment					
Compounding					
DIRECTORS					
Penalty			- NIL -		
Punishment					
Compounding					
OTHER OFFICERS IN DEFAULT					
Penalty			- NIL -		
Punishment					
Compounding					

Details pertaining to remuneration as required under Section 197(12) of The Companies Act, 2013 read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 :

- During the Financial year 2014-15, there was an increase of 9% over the previous financial year, in the Median remuneration of the employees. The calculation of percentage increase in the Median remuneration is based on comparable employees.
- There were 161 permanent employees on the rolls of the Company as on 31st March, 2015.
- Relationship between average increase in remuneration and Company performance:
Profit before Interest, Depreciation and Tax for the Financial year 2014-15 decreased by 29% over the previous financial year.
The average increase in remuneration of all employees was 13% over the previous financial year. The average increase in remuneration was in line with the industry benchmark. The increase in salary is a function of market competitiveness in the relevant sector/locality, as well as the Company's future business strategy.
- Comparison of remuneration of the Key Managerial Personnel against the performance of the Company:
The aggregate Remuneration of Key Managerial Personnel (excluding Company Secretary, due to change during the year) was higher by 11% at ₹37.95 Lacs vis-à-vis ₹34.18 Lacs in the previous financial year.
- The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:
None of the Directors has received any remuneration apart from sitting fee for attending Board Meeting and Board Committee Meetings viz., Audit Committee and Stakeholders Relationship Committee Meetings. Shri Lalit Naik, did not draw any remuneration including sitting fees from the Company.

It is hereby affirmed that the remuneration paid to employees is as per the Group HR Policy duly adopted by the Company through its Nomination and Remuneration Committee.

INDEPENDENT AUDITORS' REPORT

To
The Members
Tanfac Industries Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Tanfac Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility 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 judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on

our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in

INDEPENDENT AUDITORS' REPORT (Contd.)

the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2015, its profit/loss and its cash flows for the year ended on that date.

Emphasis of Matter Paragraph

- 7 In forming our opinion, which is not qualified, we have considered Note No. 27.12 of the financial statements stating that, despite losses and reducing net worth, the financial statements of the company have been prepared under 'Going Concern' assumption basis having regard to the business plans of the company and continued financial support from a promoter

Report on Other Legal and Regulatory Requirements

- 8 As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order.
- 9 As required by section 143(3) of the Act, we further report that:
- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement

dealt with by this Report are in agreement with the books of account;

- in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014
- on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act
- In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - The impact of pending litigations has been duly disclosed in the financial statements. Refer Note Nos. 27.1.a and 27.3 to the Financial Statements
 - The Company did not have any long-term contracts including derivative contracts for which there existed any foreseeable losses
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Khimji Kunverji & Co.
Chartered Accountants

Firm Registration No. 105146W

Hasmukh B Dehdia

Partner

Membership No. F-33494

Camp : Chennai
Date : 15th May, 2015

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Annexure referred to in paragraph 8 Our Report of even date to the members of Tanfac Industries Limited on the Financial Statements for the year ended 31st March, 2015

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year;
- (b) The procedures of physical verification of inventory followed by the managements are reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification;
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Hence clause (iii)(a) &(iii)(b) of Paragraph 3 of the Order are not applicable.
- (iv) Based on our audit procedures, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. On the basis of examination of the books and records of the Company and according to the information and explanations given, and as per checking carried out in accordance with the auditing standards generally accepted in India, neither we have observed nor have we been reported of any continuing failure to correct major weakness in the internal control system relating to these areas. As regards, the internal controls in the area of sale of services, there is significant improvement as compared to prior years, in our opinion, the same needs to be strengthened further to make it commensurate with the size of the company and nature of its business.
- (v) The company has not accepted any deposits from the public, hence requirement of compliance with the provisions of Section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules 2014 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 Government for the maintenance of cost records under Section 148(1) of the Act, in respect of company's products to which said rules are made applicable and are of the opinion that prima facie, the prescribed accounts and records have been maintained.
- (vii) (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other material statutory dues, as applicable, with the appropriate authorities in India ;

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 8 of our report of even date

(b) According to the information and explanations given to us, and as per the records of the Company, following dues of Sales tax, Custom duty, Excise

duty, Service tax and Income Tax have not been deposited on account of some dispute or are partially deposited under protest

Name of Statute	Nature of the Dues	Disputed amount (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
TNGST Act, 1959	Levy of sales tax from sales effected through Pondicherry	52.77	2004-05	Writ petition before Hon'ble High Court of Madras
		52.77		
Custom Act, 1962	Duty on fluorspar shipment shortage	10.79	1998-99	Customs Officer
		10.79		
Central Excise Act, 1944	Interest Accrued to be added	0.27	2001-02	SB, CEGAT, Chennai
	Cenvat credit disallowed on steels/pipes	31.02	(April '03 - August '05	
	Cenvat credit disallowed on steels/pipes	4.74	September '05 - March '06	
	Cenvat credit disallowed on steels/pipes	4.84	April '06 - March '07	
	Cenvat credit disallowed on steels/pipes	0.47	April '07 - March '07	
	Cenvat credit disallowed on steels/pipes	1.93	October '07 - March '08	
	Cenvat credit disallowed on steels/pipes	10.49	April '08 - September '08	
	Cenvat credit disallowed on steels/pipes	21.55	September '08 - March '09)	
	Excise duty on freight collected on outward freight	0.74	January '14 - November '14	Asst.Commissioner, Cuddalore
	Total	76.05		

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 8 of our report of even date

Name of Statute	Nature of the Dues	Disputed amount (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994 (Service Tax)	Service Tax on Lease Rent	12.30	2001-02 to 2004-05	The Commissioner/The Asst. Commissioner, Pondicherry
	Service tax on GTA	19.64	2006-07 to 2007-08	The Commissioner, Pondicherry
	Service Tax Credit disallowed on Maintenance/Repairs	13.16	2011-12	The Dy. Commissioner, Pondicherry
	Service Tax Credit - Disallowed on Export Commission paid under the head Business Auxillary Service	4.13	(January '14 – January '15	The Assistant Commissioner, Cuddalore
	Service tax Credit disallowed courier, Banking, security, Test, Inspection etc	3.23	January '14 – April '14	
	Service tax Credit disallowed on maintenance/repair	4.13	January '14 – November '14)	
	Total	56.82		
Income Tax Act, 1961	Replacement of equipment claimed as revenue expenditure, reclassified by Dept. as capital expenditure [tax demanded](Including Interest)	85.39	2002 – 03	Income Tax Appellate Tribunal
	Disallowance of various expenses (Including Interest)	75.79	2007-08	The Commissioner of Income Tax [Appeals], Chennai
	Total	161.18		

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 8 of our report of even date

- (c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- (viii) The Company has accumulated losses (Debit balance in Profit & Loss Account) of ₹ 4889.66 lacs, and also incurred cash loss of ₹ 97.69 lacs in the current financial year but not in the immediately preceding financial year.
- (ix) Based on the audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution or bank.
- (x) According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) According to the information and explanations given to us by the management, no term loans are raised/availed during the year by the Company; hence the provision of paragraph 3(xi) of the Order are not applicable to it.
- (xii) During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management of the Company.

Camp : Chennai
Date : 15th May, 2015

For Khimji Kunverji & Co.
Chartered Accountants
Firm Registration No.105146W

Hasmukh B Dehdia
Partner
Membership No. F-33494

BALANCE SHEET AS AT 31ST MARCH 2015

Particulars	Note	As at 31st March 2015 (₹ in Lakhs)	As at 31st March 2014 (₹ in Lakhs)
I EQUITY AND LIABILITIES			
(A) Shareholders' fund			
a) Share Capital	2	1,497.50	997.50
b) Reserves & Surplus	3	(1,032.07)	(454.94)
Total (A)		465.43	542.56
(B) Non Current Liabilities			
a) Long Term Borrowings	4	-	176.47
b) Deferred Tax Liabilities (Net)	5	2.59	156.15
c) Long Term Provisions	6	54.64	47.54
Total (B)		57.23	380.16
(C) Current Liabilities			
a) Short-Term Borrowings	7	6,250.22	6,430.13
b) Trade Payables	8	1,784.55	2,044.45
c) Other Current Liabilities	9	525.63	621.14
d) Short-Term Provisions	10	373.18	569.62
Total (C)		8,933.58	9,665.34
Total (A + B + C)		9,456.24	10,588.06
II ASSETS			
(D) Non Current Assets			
a) Fixed Assets	11		
i) Tangible Assets		5,286.72	5,917.77
ii) Intangible Assets		2.91	3.82
iii) Capital Work-in-progress		-	-
iv) Intangible Assets under development		-	-
		5,289.63	5,921.59
b) Non Current Investments	12	16.96	16.96
c) Long Term Loans and Advances	13	102.55	98.95
Total (D)		5,409.15	6,037.51
(E) Current Assets			
a) Inventories	14	2,115.99	2,464.84
b) Trade Receivables	15	1,697.53	1,812.74
c) Cash and Bank Balances	16	42.14	83.85
d) Short Term Loans and Advances	17	131.98	150.63
e) Other Current Assets	18	59.45	38.50
Total (E)		4,047.09	4,550.56
Total (D + E)		9,456.24	10,588.06
Significant Accounting Policies	1		
The Accompanying notes are an Integral part of the Financial Statements			
As per our report of even date For KHIMJI KUNVERJI & CO. Chartered Accountants Firm Registration No: 105146W		For and on behalf of the Board of Directors	
Hasmukh B. Dedhia Partner Membership No. F33494	K. Sendhil Naathan Unit Head	Lalit Naik Manager and Director	R. Karthikeyan Director
	N.R. Ravichandran CFO - Vice President (F&C)	V.T. Moorthy Director	M.R. Sivaraman Director
Place : Chennai	Punita Aggarwal Company Secretary	Dated : May 15, 2015	

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	Note	Year Ended 31st March 2015 (₹ in Lakhs)	Year Ended 31st March 2014 (₹ in Lakhs)
I Revenue From Operations (Gross)	19	13,201.52	12,965.64
Less: Excise Duty		1,209.53	1,246.46
Net Revenue from Operations		11,991.98	11,719.18
II Other Income	20	28.24	36.24
III Total Revenue (I + II)		12,020.22	11,755.42
IV Expenses			
Cost of Raw Materials consumed	21	7,106.04	6,974.18
Changes in inventories of Finished Goods and WIP	22	187.81	(372.92)
Employee Benefits Expenses	23	920.10	972.88
Finance Cost	24	929.31	971.24
Depreciation and Amortisation Expenses		563.34	692.64
Other Expenses	25	3,022.89	3,069.30
V Total Expenses		12,729.48	12,307.33
VI Profit Before Exceptional Item, Extraordinary Item and Tax		(709.26)	(551.90)
Exceptional Item		-	-
VII Profit Before Extraordinary Items and Tax Extraordinary Item	26	(709.26)	(551.90)
Insurance claim received on account of damages due to Natural Calamity (Cyclone)		(48.23)	-
VIII Profit Before Tax		(661.03)	(551.90)
Tax Expense		-	-
1) Current Tax		-	-
2) Deferred Tax		(132.04)	(248.44)
IX Profit / (Loss) for the period continuing operations		(528.99)	(303.46)
Earnings per share of face value of ₹ 10 each			
After Extra-ordinary Item			
Basic (₹)		(5.30)	(3.04)
Diluted(₹)		(5.30)	(3.04)
Before Extra-ordinary Item			
Basic (₹)		(5.79)	(3.04)
Diluted (₹)		(5.79)	(3.04)
Significant Accounting Policies	1		
The Accompanying notes are an Integral part of the Financial Statements			
As per our report of even date For KHIMJI KUNVERJI & CO. Chartered Accountants Firm Registration No: 105146W Hasmukh B. Dedhia Partner Membership No. F33494 Place : Chennai		For and on behalf of the Board of Directors Lalit Naik Manager and Director R. Karthikeyan Director V.T. Moorthy Director M.R. Sivaraman Director Punita Aggarwal Company Secretary Dated : May 15, 2015	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	2014-15 (₹ in Lakhs)	2013-14 (₹ in Lakhs)
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	(661.03)	(551.90)
Adjustments for :		
Depreciation and Amortisation of Expenses	563.34	692.64
Finance Costs	929.31	971.24
Insurance claim - Damages due to Natural Calamity (Cyclone) - Refer Note No. 26	(48.23)	-
Loss/(Profit) on Sale of Fixed Assets	0.02	0.74
Interest and Dividend Income	(3.40)	(3.54)
Operating Profit Before Working Capital changes	780.00	1,109.18
Adjustments for :		
Trade and Other Receivables	112.32	24.18
Inventories	348.84	(590.31)
Trade Payable and Provisions	(403.54)	1,358.11
	57.62	791.98
Cash Generated From/ (Used in) Operations	837.62	1,901.16
Insurance claim - Damages Due to Natural Calamity (Cyclone) - Refer Note No. 26	48.23	-
Direct Taxes (Payment) / Refund (Net)	34.98	-
	83.21	-
Net Cash Generated From/ (Used in) Operations	920.83	1,901.16
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1.40)	(16.39)
Sale of Fixed Assets	0.34	0.34
Creditors for Capital Asset	0.29	(0.88)
Interest and Dividend Income	0.39	1.16
Net Cash Flow From/(Used in) Investing Activities	(0.38)	(15.78)
CASH FLOW FROM FINANCING ACTIVITIES		
Buyer's credit / ICD	(353.93)	445.00
Long term loan availed (Net)	(352.94)	(352.94)
Short term loan availed	174.02	(1,017.56)
Issue of Preference Shares	500.00	-
Finance Cost	(929.31)	(971.24)
Net Cash flow from/(used in) Financing Activities	(962.16)	(1,896.74)
Net Increase/(Decrease) in Cash and Cash Equivalents	(41.71)	(11.36)
Cash and Cash Equivalents (Opening Balance)	83.85	95.20
Cash and Cash Equivalents (Closing Balance)	42.14	83.85
	(41.71)	(11.36)
Significant Accounting Policies - Note 1 The accompanying notes are an integral part of the financial statements		
As per our report of even date For KHIMJI KUNVERJI & CO. Chartered Accountants Firm Registration No: 105146W Hasmukh B. Dedhia Partner Membership No. F33494 Place : Chennai	For and on behalf of the Board of Directors K. Sendhil Naathan Unit Head N.R. Ravichandran CFO - Vice President (F&C) Punita Aggarwal Company Secretary	
	Lalit Naik Manager and Director V.T. Moorthy Director	R. Karthikeyan Director M.R. Sivaraman Director
	Dated : May 15, 2015	

SIGNIFICANT ACCOUNTING POLICIES

Note 1: SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of Financial Statements:

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of The Companies Act, 2013.

The Financial Statements have been prepared as a going concern on accrual basis under the historical cost convention.

The Accounting Policies adopted in the preparation of the Financial Statements are consistent with those followed in the previous year

b) Use of estimates:

The preparation of the Financial Statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of Assets and Liabilities (including contingent liabilities) and the reported Income and Expenses during the year. Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and estimates are recognised in the periods in which the results are known.

c) Fixed Assets (Tangible and Intangible):

Fixed Assets are recorded at cost of acquisition or construction including any directly attributable expenditure on making the asset ready for its intended use, net of CENVAT and/or Value Added Tax less Accumulated Depreciation, Amortisation and Impairment loss, if any.

d) Capital Work-in-Progress:

Projects under which tangible Fixed Assets are not yet ready for their intended use are carried at cost, including direct cost and related expenses.

e) Impairment of Fixed Assets:

The carrying amounts of assets are reviewed at the Balance Sheet date, if there is any indication of impairment based on external / internal factors.

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

f) Depreciation:

Depreciation on Fixed Assets has been provided as per the useful life prescribed in Schedule II to the Companies Act, 2013 as follows:

- i) Leasehold land is being amortized over the lease period.
- ii) Depreciation in respect of Buildings and Plant and Machinery has been provided on Straight Line Method from the date of acquisition / installation.
- iii) Depreciation on all other assets other than Building and Plant & Machinery has been provided on Written Down Value method
- iv) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life subject to following deviation.
 - i) Useful life of IBAP plant has been considered as technically assessed which is less than the period prescribed under Schedule II to the Companies Act 2013.

g) Investments

Current Investments are carried at lower of cost and quoted / fair value. Investment that are intended to be held for more than a year, from the date of acquisition, are classified as Noncurrent

SIGNIFICANT ACCOUNTING POLICIES

investments and are carried at cost. However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of investments..

h) **Inventories:**

Inventories are valued on the following basis:

- i) Finished Goods - At cost (calculated on weighted average Method) or net realisable value whichever is lower.
- ii) Material in Process - At cost.
- iii) Waste - At actual realisable value.
- iv) Raw Materials / Stores & Spare Parts - At cost or Net Realisable Value whichever is lower.

i) **Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit or loss before extraordinary items and tax is adjusted for the effects of transactions on noncash nature and any deferrals or accruals of past of future cash receipts of payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

j) **Foreign Currency Transactions:**

Foreign currency transactions are recorded on the basis of exchange rate prevailing at the date of the transaction.

Foreign currency monetary items are restated at the yearend closing rate. Non monetary items which are carried at historical cost are reported using the exchange rate prevailing at the date of the transaction.

The exchange differences arising on settlement / year end reinstatement of monetary items are recognised in the Profit & Loss Account in the period in which they arise.

Forward contracts, other than those entered into hedge the foreign currency risk of unexecuted firm commitments or of highly probable forecast transactions, are treated as foreign currency transactions and accounted accordingly. Exchange differences arising on such contracts are recognized in the period in which they arise and the premium or discount is accounted as expenses / income over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expenses for the year.

k) **Borrowing Costs:**

Borrowing costs that are attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of such asset till such time as the asset is ready for their intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

l) **Employee Benefits:**

1) Defined Contribution Plan:

Employee benefits in the form of contribution to superannuation fund, provident fund managed by Government authorities, Employee State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to Statement of Profit or Loss for the year when the contributions to the respective funds are due.

2) Defined Benefit Plan:

Retirement benefits in the form of gratuity are considered as defined benefit obligations and are provided for on the basis of Actuarial Valuation, using the projected unit credit method, as at the date of balance sheet. Actuarial gains and losses are immediately recognised in the statement of profit or loss.

3) Other long term benefits:

The Company has a scheme for leave encashment for employee, the liability for which is

SIGNIFICANT ACCOUNTING POLICIES

determined on the basis of an actuarial valuation carried out at the end of the year using Projected Unit Credit method. .

m) Revenue recognition:

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and revenue can be reliably measured.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are disclosed net of Sales tax/Value added Tax, discounts and Sales return.

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

Export Incentives are accounted for to the extent considered recoverable by the Management.

n) Research and Development Expenses:

Research and Development expenditure of revenue nature are charged to Profit & Loss Account, while Capital Expenditure are added to the cost of Fixed Assets in the year in which these are incurred.

o) Taxes on Income:

Tax expense comprises of current tax and deferred tax. Current Tax is provided as per the provisions of the Income Tax Act 1961 and other applicable laws. Deferred Tax is recognised on account of timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods, are recognised at the rate of income tax prevailing or substantively enacted tax rate at the reporting date.

Deferred Tax Assets are recognised for timing difference of items to the extent that reasonable certainty exists that sufficient future taxable income will be available against which such deferred tax asset can be realised.

Deferred Tax Liabilities are recognised for all timing differences. Deferred Tax Assets and Liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the company has a legally enforceable right for such set off. Deferred Tax Assets are reviewed at each Balance Sheet date for their realisability.

Deferred Tax relating to items directly recognised in Reserves are recognised in Reserves and not in the Statement of Profit and Loss.

p) Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Contingent Liabilities are not recognised but are disclosed in the Notes to the accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE - 2 SHARE CAPITAL

Particulars	As at 31st March 2015 (₹ In Lakhs)	As at 31st March 2014 (₹ In Lakhs)
Authorised		
2,50,00,000 Equity Shares of ₹ 10/- each	2,500.00	2,500.00
10,00,000 11% Redeemable Cumulative Preference Shares of ₹ 100 each	1,000.00	1,000.00
	<u>3,500.00</u>	<u>3,500.00</u>
Issued, Subscribed and Paid up		
99,75,000 Equity shares of ₹10/- each fully paid up	997.50	997.50
5,00,000 11% Redeemable Cumulative Non convertible Preference Shares of ₹ 100 each fully paid up	500.00	-
	<u>1497.50</u>	<u>997.50</u>

2.1 The Company has issued only one class of Equity Shares having face value of ₹ 10 each carrying equal rights.

2.2 Reconciliation of the No. of Shares outstanding is set out below:

Sl No.	Particulars	As at 31st March 2015	As at 31st March 2014
I	Equity Shares at the beginning of the year Add: Shares issued, if any, during the year Equity Shares at the end of the year	9,975,000 - <u>9,975,000</u>	9,975,000 - <u>9,975,000</u>
II	11% Redeemable Cumulative Non convertible Preference Shares at the beginning of the year Add: Shares issued if any during the year 11% Redeemable Cumulative Non convertible Preference Shares at the end of the year	- 500,000 <u>500,000</u>	- - <u>-</u>

2.3 Details of the shareholder holding more than 5% shares of the total no. of shares issued by the company.

Equity Shares:

Name of the Shareholder	As at 31st March 2015		As at 31st March 2014	
	No. of Shares	%age of holding	No. of Shares	%age of holding
Tamilnadu Industrial Development Corporation Limited	2,595,000	26.02%	2,595,000	26.02%
TGS Investment and Trade Private Limited	1,990,652	19.96%	1,990,652	19.96%
Pilani Investment and Industries Corporation Limited	498,000	4.99%	498,000	4.99%
Preference Shares:				
Aditya Birla Chemicals (India) Limited	500,000	100.00%	-	-

- 2.4
- i Shares issued for consideration other than cash in last 5 financial years Nil
 - ii Shares issued by way of bonus in last 5 financial years Nil
 - iii Shares bought back in last 5 financial years Nil

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE - 3 RESERVES AND SURPLUS

Particulars	As at 31st March 2015 (₹ In Lakhs)	As at 31st March 2014 (₹ In Lakhs)
a) Capital Reserve		
i) State Capital Subsidy from SIPCOT	30.00	30.00
ii) Profit on sale of Forfeited Shares	0.46	0.46
TOTAL	30.46	30.46
b) Securities Premium Account	2.18	2.18
c) General Reserve		
Opening balance	3,873.10	3,873.10
Less: Transferred to P&L A/c	-	-
Less: Depreciation on transition to schedule II of the Companies Act 2013, on tangible assets with Nil remaining useful life (Net of deferred tax) (Refer Note No.11)	48.14	-
TOTAL	3,824.96	3,873.10
d) Profit and Loss Account		
Opening balance	(4,360.67)	(4,057.21)
Add: Net profit after tax transferred to P&L A/c	(528.99)	(303.46)
TOTAL	(4,889.66)	(4,360.67)
Total (a + b + c + d)	(1,032.07)	(454.94)

NOTE - 4 LONG TERM BORROWINGS

Particulars	As at 31st March 2015 (₹ In Lakhs)	As at 31st March 2014 (₹ In Lakhs)
SECURED LOANS		
Term Loan from		
(i) Banks	-	176.47
TOTAL	-	176.47

4.1 Secured Long Term Borrowings:

Term Loan from Banks

The company has availed Term Loan I of ₹ 2172 lacs and Term Loan II of ₹ 1500 lacs from a bank which are secured by way of Pari Passu first charge on all Fixed Assets of the company, both present and future, excluding Factory Land and Building.

Particulars	Date of Maturity	Applicable Interest Rate
Term Loan I - Fully Repaid	-	-
Term Loan II (Quarterly Instalments of ₹ 88.24 lacs)	23.09.2015	13.95%

4.2 The instalments due within 12 months from the date of Balance Sheet have been grouped under Other Current Liabilities as 'Current Maturities of Long Term Borrowings' (Refer Note 9).

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE - 5 DEFERRED TAX LIABILITIES (NET)

The Deferred Tax Assets & Liabilities comprise of tax effect of the following timing differences:

Particulars	As at 31st March 2015 (₹ In Lakhs)	As at 31st March 2014 (₹ In Lakhs)
(A) Deferred Tax Assets		
i. Unabsorbed Depreciation	<u>907.03</u>	<u>816.81</u>
TOTAL (A)	<u>907.03</u>	<u>816.81</u>
Less :		
(B) Deferred Tax Liability		
i. Depreciation	<u>909.62</u>	<u>972.96</u>
TOTAL (B)	<u>909.62</u>	<u>972.96</u>
Net Deferred Tax Liability (B) - (A)	2.59	156.15

Deferred Tax Assets on Carried Forward Business Loss is not recognised on account of prudence.

NOTE - 6 LONG TERM PROVISIONS

Particulars	As at 31st March 2015 (₹ In Lakhs)	As at 31st March 2014 (₹ In Lakhs)
Employee Benefits		
Leave Encashment (Refer Note 10 & 27.7)	<u>54.64</u>	<u>47.54</u>
TOTAL	<u>54.64</u>	<u>47.54</u>

NOTE - 7 SHORT TERM BORROWINGS

Particulars	As at 31st March 2015 (₹ In Lakhs)	As at 31st March 2014 (₹ In Lakhs)
SECURED LOANS		
Loan Repayable on Demand from Bank (Refer Note 7.1 below)	<u>2,312.66</u>	<u>2,138.64</u>
TOTAL - I	<u>2,312.66</u>	<u>2,138.64</u>
UNSECURED LOANS		
Loan Repayable on Demand from Bank (Refer Note 7.2 below)	<u>937.56</u>	<u>741.49</u>
Others - Inter corporate deposit (Refer Note 27.8)	<u>3,000.00</u>	<u>3,550.00</u>
TOTAL - II	<u>3,937.56</u>	<u>4,291.49</u>
TOTAL (I + II)	<u>6,250.22</u>	<u>6,430.13</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

7.1 Secured Loan - Working Capital Loans from Bank**Nature of Security**

Paripassu first charge in favour of consortium banks on entire Immovable and Movable goods and other assets present and future and further secured by deposit of Title Deed of the existing Immovable properties of the company excluding Land and Building of Residential Staff Quarters and 2.3 MW Captive Power Plant located in the existing Factory Building.

7.2 Short Term Borrowings - Unsecured Loan

Unsecured working capital loan including Import Finance Loan taken in Foreign Currency (US \$) for payment of imported Raw Materials. The currency risk is partly hedged. Interest is charged at LIBOR Plus spread. Applicable interest amount is payable along with principal amount. Due date for repayment of these loans are between 80 to 90 days from the date of availment. Details of loan are given below:

Nature of Unsecured Loan	Due Date of Repayment	Interest % P.A.	Amount (₹ Lakhs)
Buyers Credit for Raw Material Imports in USD#	06.04.2015	0.92	97.99
	16.04.2015	0.92	102.25
	23.04.2015	0.87	98.18
	21.04.2015	0.87	98.64
	14.05.2015	0.87	95.34
	11.06.2015	0.96	96.58
	10.04.2015	0.85	31.95
	06.07.2015	1.06	98.21
	22.05.2015	0.86	63.30
	12.06.2015	0.87	63.30
	18.09.2015	1.10	91.82
TOTAL			937.56

Hedged by forward contract of USD 6,35,287.69 out of total USD 15,00,092,29.

7.3 The following forward contracts are booked for purchase of foreign currency for Raw Material import payment / Buyers' credit obligation. The exchange risk is attempted to be mitigated through forward cover booking.

Nature of Contract	Foreign Currency	Amount in Foreign Currency As at	
		31st March 2015	31st March 2014
Forward Contracts	USD (Lakhs)	10.37	29.07

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE - 8 TRADE PAYABLES

Particulars	As at 31st March 2015 (₹ In Lakhs)	As at 31st March 2014 (₹ In Lakhs)
Trade Payables	1,784.55	2,044.45
TOTAL	1,784.55	2,044.45

Disclosure under Sec. 22 of MSMED Act, 2006

(Chapter V - Delayed payment to Micro, Small and Medium Enterprises)

Micro, Small and Medium Enterprises

Information in respect of Micro, Small and Medium Enterprises Development Act, 2006; based on the information available with the company. The required disclosures are given below:

(₹ in Lakhs)

Particulars	As at	
	31st March 2015	31st March 2014
The Principal amount (Interest - Nil) remaining unpaid to any supplier as at the end of the each accounting year	12.47	49.98
The amount of interest paid by the buyer in terms of section 16. of the Micro Small and Medium Enterprises Development Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	NIL	NIL
The amount of interest due and payable for the period of delay in making payments (which have been paid but beyond the appointed day during the year) but without adding the interest specified Under Micro Small and Medium Enterprises Development Act, 2006	NIL	NIL
The amount of interest accrued and remaining unpaid at the end of each accounting year : and	NIL	NIL
The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act 2006	NIL	NIL

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE - 9 OTHER CURRENT LIABILITIES

Particulars	As at 31st March 2015 (₹ In Lakhs)	As at 31st March 2014 (₹ In Lakhs)
Current Maturities of Long term Borrowings (Refer Note 4.2)	176.47	352.94
Interest accrued but not due on borrowings	14.22	3.06
Interest accrued & due on borrowings (Paid on 1st April 2015)	6.26	25.09
Advance from Customers	43.99	56.98
Unclaimed Dividend	16.25	22.35
Other Payables		
Statutory Dues	123.32	137.93
Security Deposits	130.95	11.95
Payables pertaining to employees	12.99	9.95
Creditors for Fixed Assets	1.17	0.88
TOTAL	525.63	621.14

NOTE - 10 SHORT TERM PROVISIONS

Particulars	As at 31st March 2015 (₹ In Lakhs)	As at 31st March 2014 (₹ In Lakhs)
Employee Benefits - Leave Encashment (Refer Note 6)	7.15	17.63
Income Tax (Net of Advance Tax - ₹ 61 lacs ; PY ₹ 93 lacs)	49.38	16.89
Disputed Liabilities (Refer Note 27.3)	52.77	52.77
Provision for Expenses	248.68	368.85
Provision for Gratuity (Refer Note 27.7)	15.20	53.07
Mark to Market on Currency Forward contracts	–	60.40
TOTAL	373.18	569.62

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE - 11 FIXED ASSETS

(₹ In Lakhs)

Particulars	Tangible										Intangible		
	Free-hold Land	Lease-hold Land	Building-Freehold	Building-Leasehold	Road, Well, Culvert, Fencing etc	Plant & Machinery	Plant & Machinery-Processing Equipments	Vehicles & Tanks	Furniture & Fixtures	Office Equipment	TOTAL	Software Items	Specialised Software
Gross Block													
As at 1 April 2013	31.27	39.68	207.46	522.52	100.17	12,046.50	181.87	213.69	69.98	169.13	13,582.48	6.21	52.08
Additions	-	-	-	-	-	7.87	-	7.90	0.03	0.59	16.39	-	-
Deletions/Adjustment	-	-	-	-	-	-	13.56	-	-	2.13	15.69	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2014 / 1 April, 2014	31.27	39.68	207.46	522.52	100.17	12,054.37	168.31	221.79	70.02	167.59	13,583.18	6.21	52.08
Additions	-	-	-	-	-	-	0.63	7.15	0.18	0.58	1.40	-	-
Deletions/Adjustment	-	-	-	-	-	-	-	-	-	-	7.15	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2015	31.27	39.68	207.46	522.52	100.17	12,054.37	168.94	214.64	70.20	168.18	13,577.43	6.21	52.08
Accumulated Depreciation													
As at 1 April 2013	-	10.37	49.99	244.89	37.52	6,231.16	164.89	172.10	58.70	129.59	7,099.21	5.87	46.24
For the year	-	0.43	3.38	15.46	1.70	537.69	4.45	10.34	1.90	5.47	580.82	0.03	2.34
Impairment (see Note below)	-	-	-	-	-	-	-	-	-	-	-	-	-
Deletions/Adjustment	-	-	-	-	-	-	12.94	-	-	1.68	14.62	-	-
As at 31 March 2014 / 1 April, 2014	-	10.80	53.38	260.35	39.21	6,768.84	156.40	182.45	60.61	133.38	7,665.41	5.90	48.57
Depreciation	-	10.80	53.38	260.35	39.21	6,768.84	156.40	182.45	60.61	133.38	7,665.41	5.90	48.57
As at 1 April 2014	-	0.38	3.22	42.52	8.56	483.25	3.38	11.25	2.57	7.30	562.43	-	0.91
For the year	-	-	-	-	-	-	-	6.80	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-
Deletions/Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
Charged to General Reserve on account of Schedule II (See Note below and Refer Note. 3)	-	-	-	4.04	29.13	18.59	0.47	0.03	0.68	16.73	69.66	-	-
As at 31 March 2015	-	11.18	56.59	306.91	76.90	7,270.67	160.25	186.93	63.86	157.40	8,290.70	5.90	49.48
Net book amount as at 31st March 2014	31.27	28.88	154.09	262.17	60.96	5,285.53	11.91	39.35	9.41	34.22	5,917.77	0.31	3.51
Net book amount as at 31st March 2015	31.27	28.49	150.87	215.61	23.27	4,783.69	8.69	27.71	6.34	10.77	5,286.72	0.31	2.60
Capital Work in Progress as at 31st March 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Work in Progress as at 31st March 2015	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes :

During the year 2012-2013, impairment provision was made in respect of Plant and machinery as per details given below:

(₹ in Lakhs)

Asset	Cost	Accumulated Depreciation	As of 31/03/2013	Impairment	Carrying Cost As of 31/03/2013
Plant & Machinery - IBAP (Refer Note 27.4)	1,543.84	190.78	277.96	1,075.10	
Plant & Machinery - Bio Mass Plant	131.24	64.31	60.37	6.56	
Total	1,675.08	255.09	338.33	1,081.66	

The useful life of fixed assets have been revised in accordance with the Schedule II to the Companies Act, 2013 which is applicable from accounting periods commencing on or after 1st April 2014 or as per the assessment of useful lives by the management based on technical evaluation. Accordingly, an amount of Rs. 48.14 lacs [net of deferred tax] representing assets beyond their useful life as of 1st April 2014 has been charged to General Reserve. (Refer Note No.3)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE - 12 NON CURRENT INVESTMENT(NON TRADE AND UNQUOTED)

Particulars	As at 31st March 2015 (₹ In Lakhs)	As at 31st March 2014 (₹ In Lakhs)
16,963 Shares of ₹.100/- each fully paid up in Equity shares of Cuddalore Sipcot Industries Common Utilities Limited (Jointly controlled Company for disposing of common effluents)	16.96	16.96
TOTAL	16.96	16.96

NOTE - 13 LONG TERM LOANS AND ADVANCES

(Unsecured, Considered Good except otherwise stated)

Particulars	As at 31st March 2015 (₹ In Lakhs)	As at 31st March 2014 (₹ In Lakhs)
Security Deposits and Other Deposits	3.95	2.74
Loans and Advances to related parties	1.98	1.98
Rent Advance	4.29	4.29
Other Loans and Advances:		
VAT Input Credit, Statutory/Electricity deposits etc	92.34	89.94
TOTAL	102.55	98.95

NOTE - 14 INVENTORIES

Particulars	As at 31st March 2015 (₹ In Lakhs)	As at 31st March 2014 (₹ In Lakhs)
Raw materials including Packing Materials	1,121.49	1,115.16
Raw materials including Packing Materials - In transit	-	212.80
Work-in-progress	1.45	1.44
Finished goods	532.50	734.70
Stores, Spares and Consumables	406.37	269.99
Coal, Fuel Oil and Other utilities	54.19	130.75
TOTAL	2115.99	2,464.84

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE - 15 TRADE RECEIVABLES

Particulars	As at 31st March 2015 (₹ In Lakhs)	As at 31st March 2014 (₹ In Lakhs)
Due for period exceeding six months		
Secured, considered good	-	-
Unsecured, considered good	3.71	-
Unsecured, considered doubtful	-	-
Less : Provision for doubtful debt	-	-
Total (I)	3.71	-
Others		
Secured, considered good	-	-
Unsecured, considered good	1,693.83	1,812.74
Unsecured, considered doubtful	-	-
Less : Provision for doubtful debt	-	-
Total (II)	1,693.83	1,812.74
TOTAL (I + II)	1,697.53	1,812.74

NOTE - 16 CASH AND BANK BALANCES

Particulars	As at 31st March 2015 (₹ In Lakhs)	As at 31st March 2014 (₹ In Lakhs)
A. Cash and Cash Equivalent		
Balances with Bank		
Current Accounts	0.21	0.85
EEFC Account	0.68	0.65
Deposit Accounts (with maturity less 3 months)	25.00	60.00
Cash on Hand	-	-
TOTAL (A)	25.89	61.50
B. Other Bank Balance		
Unclaimed Dividend	16.25	22.35
TOTAL (B)	16.25	22.35
TOTAL (A + B)	42.14	83.85

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE - 17 SHORT TERM LOANS AND ADVANCES
(Unsecured, Considered Good except otherwise stated)

Particulars	As at 31st March 2015 (₹ in Lakhs)	As at 31st March 2014 (₹ in Lakhs)
Security Deposits & Other Deposits	1.08	0.94
Advance for Expenses & Purchases of Material	39.99	65.78
Advances to Employees	7.67	9.39
Other Loans and Advances:		
Claims Recoverable, VAT Input Credit etc	55.80	49.50
Prepaid Expenses	27.44	25.02
TOTAL	131.98	150.63

NOTE - 18 OTHER CURRENT ASSETS (Unsecured, Considered Good except otherwise stated)

Particulars	As at 31st March 2015 (₹ in Lakhs)	As at 31st March 2014 (₹ in Lakhs)
Interest accrued on Loans & Advances	2.89	2.34
Interest accrued on Fixed Deposit	0.12	0.04
Export Incentives	53.49	36.12
Mark to Market	2.95	-
TOTAL	59.45	38.50

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE - 19 Revenue from Operations

Particulars	Year Ended 31st March 2015 (₹ in Lakhs)	Year Ended 31st March 2014 (₹ in Lakhs)
A. Sale of Products		
Manufactured	13,000.59	12,878.33
TOTAL (A)	<u>13,000.59</u>	<u>12,878.33</u>
B. Other Operating Income		
Insurance claims	23.37	0.32
Export Incentives	23.48	38.93
Conversion charges	136.39	27.16
Scrap sales	17.70	20.90
TOTAL (B)	<u>200.93</u>	<u>87.31</u>
TOTAL (A + B)	13,201.52	12,965.64
Less: (C) Excise Duty on Sales	1,209.53	1,246.46
Total Revenue from Operation (A + B - C)	<u>11,991.98</u>	<u>11,719.18</u>
Details of Sale Value of Goods manufactured under broad heads		
Fluorine Chemicals	9,250.63	8,444.07
Sulphuric Acid and Oleum	2,925.32	3,843.39
Others (Gypsum and Specialty Chemicals)	554.63	590.87
	<u>13,000.59</u>	<u>12,878.33</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE - 20 Other Income

Particulars	Year Ended 31st March 2015 (₹ in Lakhs)	Year Ended 31st March 2014 (₹ in Lakhs)
Interest on Income tax refunds	4.78	-
Interest on deposits	3.40	3.54
Other Miscellaneous receipt	0.02	19.70
Fluctuation in Exchange Rates (excluding forward cover charges)	20.04	13.00
TOTAL	28.24	36.24

NOTE - 21 Cost of Raw Materials including Packing Material Consumed (Refer Note 27.10 (3))

Particulars	Year Ended 31st March 2015 (₹ in Lakhs)	Year Ended 31st March 2014 (₹ in Lakhs)
Cost of Raw materials consumed	6,710.80	6,524.81
Cost of Packing materials consumed	395.24	449.37
TOTAL	7106.04	6974.18
Details of Materials Consumed under broad heads as follows		
Fluorspar	2,887.45	2,979.34
Sulphur	2,590.45	2,525.42
Aluminium Hydroxide	320.92	205.52
Potassium Carbonate	482.88	460.66
Others (includes Boric acid/Ether and other materials used in speciality products)	824.33	803.23
TOTAL	7106.04	6,974.18

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE - 22 Changes in Inventories of Finished goods and Work-in-Progress

Particulars	Year Ended 31st March 2015 (₹ in Lakhs)	Year Ended 31st March 2014 (₹ in Lakhs)
Closing stock		
Finished Goods	532.50	734.70
Work-in-Progress	1.45	1.44
TOTAL	533.95	736.13
Less:		
Opening Stock		
Finished Goods	734.70	325.89
Work-in-Progress	1.44	1.75
TOTAL	736.13	327.64
Excise duty on Closing Stock	43.04	57.41
Excise duty on Opening Stock	57.41	21.84
Increase/(Decrease) in Excise duty on Finished Goods	(14.37)	35.57
Increase/(Decrease) in Inventories of Finished Goods and WIP	(187.81)	372.92
Manufactured Goods		
Fluorine Chemicals	444.29	619.43
Sulphuric Acid and Oleum	67.06	96.03
Others	21.15	19.23
TOTAL	532.50	734.70
Work-in-progress		
Fluorine Chemicals	1.39	1.37
Sulphuric Acid and Oleum	0.00	0.00
Others	0.06	0.06
TOTAL	1.45	1.44

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE - 23 Employee Benefit Expenses (Refer Note No. 27.7)

Particulars	Year Ended 31st March 2015 (₹ in Lakhs)	Year Ended 31st March 2014 (₹ in Lakhs)
Salaries, Wages and Bonus	748.81	763.75
Contribution to Provident and Other Funds	82.95	115.43
Staff Welfare Expenses	88.34	93.70
TOTAL	920.10	972.88

NOTE - 24 Finance Cost

Particulars	Year Ended 31st March 2015 (₹ in Lakhs)	Year Ended 31st March 2014 (₹ in Lakhs)
Interest Expenses		
Banks		
Borrowings - Term Loan	53.83	102.04
Borrowings - Working Capital	339.97	246.63
Borrowings - Working Capital Demand Loan	-	39.91
Others		
Interest on Inter Corporate Deposit	407.04	415.74
Others	0.03	1.22
Other Borrowing cost		
Processing Fees	68.34	86.86
Forward Cover Charges	60.10	78.84
Total	929.31	971.24

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE - 25 Other Expenses

Particulars	Year Ended 31st March 2015 (₹ in Lakhs)	Year Ended 31st March 2014 (₹ in Lakhs)
Consumption of Stores and Spares (Refer Note 27.10 (3))	426.93	409.46
Power & Fuel	1,571.63	1,695.43
Effluent Treatment Expenses	51.61	37.65
Water charges	71.55	84.09
Other Manufacturing Expenses	33.85	35.85
Rent	4.63	8.33
Repairs and Maintenance		
Building	18.74	19.33
Plant and Machinery	217.75	175.38
Others	172.13	143.94
Insurance (Net)	42.96	49.06
Rates & Taxes	21.50	24.02
Travelling & Conveyance	59.44	67.20
Vehicle Running Expenses	20.00	19.25
Communication Expenses	20.97	20.38
Auditors Remuneration		
Audit Fee	3.00	3.00
Tax Audit Fee	0.80	0.80
Limited Review	2.60	2.20
Other Certification work	1.56	-
Travel and Stay Expenses	1.22	0.79
Cost Audit Fee	0.30	0.30
Printing & Stationery	11.90	12.61
Legal & Professional Charges	14.29	16.08
Consultancy Charges	6.28	4.27
Miscellaneous Expenses	38.41	30.01
R&D Expenses	2.44	3.66
Bank Charges (other than borrowings)	40.26	43.50
Directors sitting fees	10.50	6.70
Loss on sale of Fixed assets	0.02	0.74
Area maintenance charges	13.62	14.56
Security Service charges	33.26	34.92
Lease Charges	15.47	15.51
Freight Packing & Forwarding	90.79	89.70
Commission on Sales	2.49	0.59
TOTAL	3,022.89	3,069.30

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE - 26 Extraordinary items

Particulars	Year Ended 31st March 2015 (₹ in Lakhs)	Year Ended 31st March 2014 (₹ in Lakhs)
Restoration of Damages - Due to Cyclone Insurance claim against Loss of Profit due to cyclone (On the early hours of 30th December 2011, Cyclone "Thane" crossed Cuddalore. Due to this, there were damages to the properties and materials of the company. These resulted in operation of the plant being stalled for more than 30 days in January 2012. Necessary repair works were carried out. Financial loss pertaining to repair costs, loss of material etc., was shown as extra-ordinary items in the Statement of Profit & Loss of financial year 2011-12. Insurance claim received against Business interruption/Loss of Profit as full and final settlement of the claim has been accounted for as income during the current year)	(48.23)	0.00
Total	(48.23)	0.00

27. Other Notes on Financial Statements

27.1 a) Contingent Liabilities not provided for:

Particulars	As at 31st March 2015 (₹ In Lakhs)	As at 31st March 2014 (₹ In Lakhs)
Claims against the Company not acknowledged as debts		
i) Custom Duty	10.79	10.79
ii) Excise Duty	76.05	75.31
iii) Service Tax	56.82	46.20

- b) The company has process of evaluating financial impact of pending litigation on Financial Statement and making necessary provision in terms of prevailing accounting practices.
- c) The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts has been made in the books of account. The Company did not have any derivative contracts as at balance sheet date.
- d) SIPCOT has raised a demand of ₹.12.00 lacs for payment of additional cost for the land at Cuddalore taken on long-term lease together with interest @ 16.5% p.a. The Company has paid an initial amount of ₹.6.00 lacs in 1995 and additional amount of ₹.6.00 lacs in 2001, as per the directions of the Honourable High Court of Madras. However, SIPCOT has preferred an appeal against the order of the High Court challenging the waiver of interest. Matter is pending at High court of Madras.

27.2 Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) - ₹. Nil lacs (Previous Year Rs. NIL lacs).

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

27.3 During the Financial Year 1991-92 the Company has received a notice from the Tamilnadu Sales Tax authorities towards levy of tax etc. on sales effected from Pondicherry Depot during 1989-90 and 1990-91. Based on the directions of the Honourable High Court of Madras, the Appellate Assistant Commissioner, Commercial Taxes, Chennai passed the order in favour of the company thereby reducing the demand to ₹. 52.77 lacs. The amount has since been paid under protest. The company has also filed a writ petition before Honourable High Court of Madras, for granting refund of tax paid earlier to Pondicherry Government. As a matter of abundant caution, provision has been made in these accounts for the disputed amount of ₹. 52.77 lacs.

27.4 The Company had implemented Isobutyl Acetophenone (IBAP) project during 2010-11 with a capital outlay of ₹.1477.27 lacs and has made some modifications during 2011-12 and 2012-13 with additional capex amounting to ₹. 35.20 lacs to resolve technical issues faced. The company had signed a Memorandum of Understanding (MOU) with an interested party for transfer of machinery and technology at an agreed value subject to certain conditions in 2012-13 and had recognized impairment provision of ₹. 277.96 lacs during that year based on the said MOU. In the opinion of the management there would be no further impairment in the said project

27.5 Earnings per share is calculated by dividing the profit attributable to the Equity shareholders by the weighted average number of Equity shares outstanding during the year, details whereof are as under:

Particulars	Year Ended 31st March 2015 (₹ In Lakhs)	Year Ended 31st March 2014 (₹ In Lakhs)
Profit / (Loss) after taxation	(528.99)	(303.46)
Extra-Ordinary Items (Refer Note No. 26)	48.23	-
Profit / (Loss) after taxation before Extra-Ordinary Items	<u>(577.22)</u>	<u>(303.46)</u>
Weighted average number of shares outstanding during the year (Nos)	9,975,000	9,975,000
Earnings per share of ₹ 10 each		
After Extra-ordinary Items		
Basic (₹)	(5.30)	(3.04)
Diluted(₹)	(5.30)	(3.04)
Before Extra-Ordinary Items		
Basic (₹)	(5.79)	(3.04)
Diluted (₹)	(5.79)	(3.04)

27.6 Disclosure required by Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets"

Particulars	(₹ In Lakhs)
Balance as at 1st April 2014	52.77
Additional Provision created during the year	-
Provision used during the year	-
Provision reversed during the year	-
Balance as at 31st March 2015 (Refer Note 10)	52.77

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

27.7 Disclosure in respect of Employee Benefits pursuant to Accounting Standard - 15 (Revised)

RETIREMENT BENEFITS

i. Defined Contribution Plans –

The Company has recognised the following amount as an expense and included in Note No. 23 - Contribution to Provident & Other Funds:

Particulars	Year Ended 31st March 2015 (₹ In Lakhs)	Year Ended 31st March 2014 (₹ In Lakhs)
i) Contribution to Employees Provident / Pension Fund	39.38	39.94
ii) Contribution to Superannuation Fund	16.40	17.35
iii) Contribution to ESIC	2.13	2.27
iv) Contribution to EDLI	1.84	1.63
TOTAL	59.75	61.19

ii. Defined Benefit Plan

A. Gratuity

Particulars	Year ended 31st March 2015 (₹ In Lakhs)	Year ended 31st March 2014 (₹ In Lakhs)
Net Employee Expenses / (Benefit)		
Current Service Cost	25.70	13.54
Interest cost on benefit obligation	13.80	16.82
Expected return on Plan Assets	(14.62)	(11.79)
Net Actual (Gain) / Loss recognized in the year	1.98	(19.33)
Net charge to P & L Account	26.86	(0.76)
Actual return on Plan Assets	8.00%	8.00%
Benefit Asset / (Liability)		
Defined benefit obligation	203.88	184.78
Fair Value of Plan Assets	182.68	186.11
Benefit Assets / (Liability)	(21.20)	1.33
Movement in Benefit Liability		
Opening Defined Benefit Obligation	184.79	195.24
Interest cost	13.80	16.82
Current Service cost	25.70	13.54
Benefit paid	(24.59)	(21.54)
Actual (Gain) / (Losses) on Obligation	4.18	(19.27)
Closing Benefit Obligation	203.88	184.79
Current Liability (within 12 months)	15.35	13.54
Non Current Liability	188.53	171.24

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	Year ended 31st March 2015 (₹ In Lakhs)	Year ended 31st March 2014 (₹ In Lakhs)
Movement in Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	186.12	142.04
Expected Return on Plan Assets	14.62	11.79
Actuarial Gains/(Losses) on Assets	2.19	0.06
Contribution by Employer plus Premium Received	4.98	54.37
Benefits paid plus Premium plus Expenses	(25.23)	(22.13)
Closing Fair Value of Plan Assets	182.68	186.12
The Principal Actuarial Assumptions are as follows:		
Discount Rate	8.00%	9.12%
Estimated rate of Return on Plan Assets	8.00%	8.00%
Salary increase	6.00%	6.00%
Withdrawal Rates	5.00%	5.00%
Amount incurred as expenses for defined contribution plans		
Contribution to Provident / Pension Fund	39.38	39.94
Contribution to Superannuation Fund	16.41	17.35
The major categories of plan assets as a percentage of the Fair Value of Total Plan Asset are as follows:		
Investment in Bonds	0.54%	5.51%
Investment in Mutual Fund	98.25%	88.14%
Bank Balances in Current Account	1.21%	6.36%

B. Leave Encashment

The provision for leave encashment is made based on actuarial valuations using same estimates as used for gratuity as above.

27.8 RELATED PARTY DISCLOSURES

A. Relationships

Promoters of the Company:

- 26.02% Equity shares of the Company are held by Tamil Nadu Industrial Development Corporation Limited
- 19.96% Equity shares of the Company are held by T.G.S Investment & Trade Private Limited since 03.02.2006
- 4.99% Equity shares of the Company are held by Pilani Investment & Industries Corporation Limited

Joint Venture:

Holding 13.05% Equity shares of Cuddalore Sipcot Industries Common Utilities Limited

Key Management Personnel:

Shri Lalit Naik - Manager and Director

The particulars given above have been identified on the basis of information available with the company.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

B. RELATED PARTY DISCLOSURES

Name of the related party	Nature of relationship	Nature of Transaction	Year Ended 31st March 2015 (₹ In Lakhs)	Year Ended 31st March 2014 (₹ In Lakhs)
Cuddalore Sipcot Industries Common Utilities Limited	Joint Venture for common Effluent Utilities	Deposit for commissioning of Effluent Treatment System	1.98	1.98
		Charges for Effluent Discharge	18.40	19.67
Aditya Birla Chemicals (India) Limited	Key Management Personnel	Reedemable Cumulative Preference shares	500.00	-
		Interest Payment on Intercompany deposit	-	36.16
Aditya Birla Chemicals (Thailand) Ltd	Key Management Personnel	Purchase of Raw Material	379.95	400.64
Aditya Birla Epoxy (India) Ltd	Key Management Personnel	Inter Corporate Deposit	-	3550.00
		Interest Payment	393.80	15.65

27.9 Foreign Currency Exposure which are not hedged as at March 31, 2015

Particulars	Currency	Foreign currency Amount	Closing Rate	Amount (₹ In Lacs)
Trade Receivables	USD	583,906	62.50	364.91
Trade Payables	USD	1,940,121	62.50	1,212.58

27.10 1. Value of Imports calculated on C.I.F. Basis

Particulars	Year ended 31st March 2015 (₹ In Lakhs)	Year ended 31st March 2014 (₹ In Lakhs)
Raw Materials	3,242.55	3,466.96
Component and Spare Parts	5.46	5.91
TOTAL	3,248.01	3,472.87

2. Expenditure in Foreign Currency (on Remittance Basis)

Particulars	Year ended 31st March 2015 (₹ In Lakhs)	Year ended 31st March 2014 (₹ In Lakhs)
Travelling Expenses	4.17	5.18
Lease Rent	42.01	-
Interest	2.03	17.54
Freight & Forwarding Expenses	25.71	23.13
Others	5.69	0.44
TOTAL	79.61	46.29

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

3. Value of Imported and Indigenous Raw Materials, Spare Parts and Components & Capital Goods consumed and percentage thereof to the total consumption.

Particulars	Year Ended 31st March 2015		Year Ended 31st March 2014	
	% age	₹ in Lakhs	% age	₹ in Lakhs
i) Raw Materials				
Imported	48.43	3,441.24	51.24	3,573.59
Indigenous	51.57	3,664.80	48.76	3,400.59
Total	100.00	7,106.04	100.00	6,974.18
ii) Spare Parts				
Imported	5.62	23.98	1.36	5.59
Indigenous	94.38	402.95	98.64	405.87
Total	100.00	426.93	100.00	410.66

4. Earning in Foreign Currency

Particulars	Year ended 31st March 2015 (₹ In Lakhs)	Year ended 31st March 2014 (₹ In Lakhs)
l) On Export of Goods (F.O.B. Basis)	1,708.13	1,886.70
Total	1,708.13	1,886.70

- 27.11 The company operates in single segment i.e, Fluro-Chemicals in India and all other activities evolve around the same. Hence, there is no reportable primary/secondary segment.
- 27.12 Despite losses and reducing net worth, the financial statements of the Company have been prepared on 'going concern' basis having regard to business plans of the Company and continued financial support from a promoter.
- 27.13 The figures of previous year have been reclassified and / or regrouped wherever necessary to confirm to current year classification or grouping.

For and on behalf of the Board of Directors

K. Sendhil Naathan
Unit Head

Lalit Naik
Manager and Director

R. Karthikeyan
Director

N.R. Ravichandran
CFO - Vice President (F&C)

V.T. Moorthy
Director

M.R. Sivaraman
Director

Place : Chennai

Punita Aggarwal
Company Secretary

Dated May 15, 2015

If undelivered please return to:
Integrated Enterprises (India) Limited
Unit: **TANFAC INDUSTRIES LIMITED**
2nd Floor, "Kences Towers",
No. 1, Ramakrishnan Street,
Off. North Usman Road, T.Nagar
Chennai - 600 017.
Email Id: corpserv@integratedindia.in

TANFAC INDUSTRIES LIMITED

(SCRIP CODE : BSE – 506854)

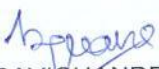
FORM A

(Pursuant to Clause 31(a) of the Listing Agreement)

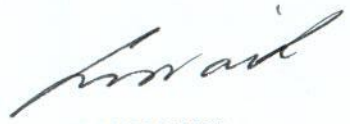
1.	Name of the Company	TANFAC INDUSTRIES LIMITED
2.	Annual Financial Statements for the year ended	31 st March, 2015
3.	Type of Audit Observation	None
4.	Frequency of Observation	Not Applicable

Refer our Audit Report dated 15th May, 2015 on the Standalone Financial Statements of the Company.

For and on behalf of TANFAC INDUSTRIES LIMITED


(N.R. RAVICHANDRAN)
CHIEF FINANCIAL OFFICER


(M.R. SIVARAMAN)
CHAIRMAN – AUDIT COMMITTEE


(LALIT NAIK)
MANAGER AND DIRECTOR

For KHIMJI KUNVERJI & CO
Chartered Accountants
Firm Registration No.105146W


(Hasmukh B Dedhia)
Partner
Membership No.F33494

Place : Chennai

Date : 15th May, 2015.