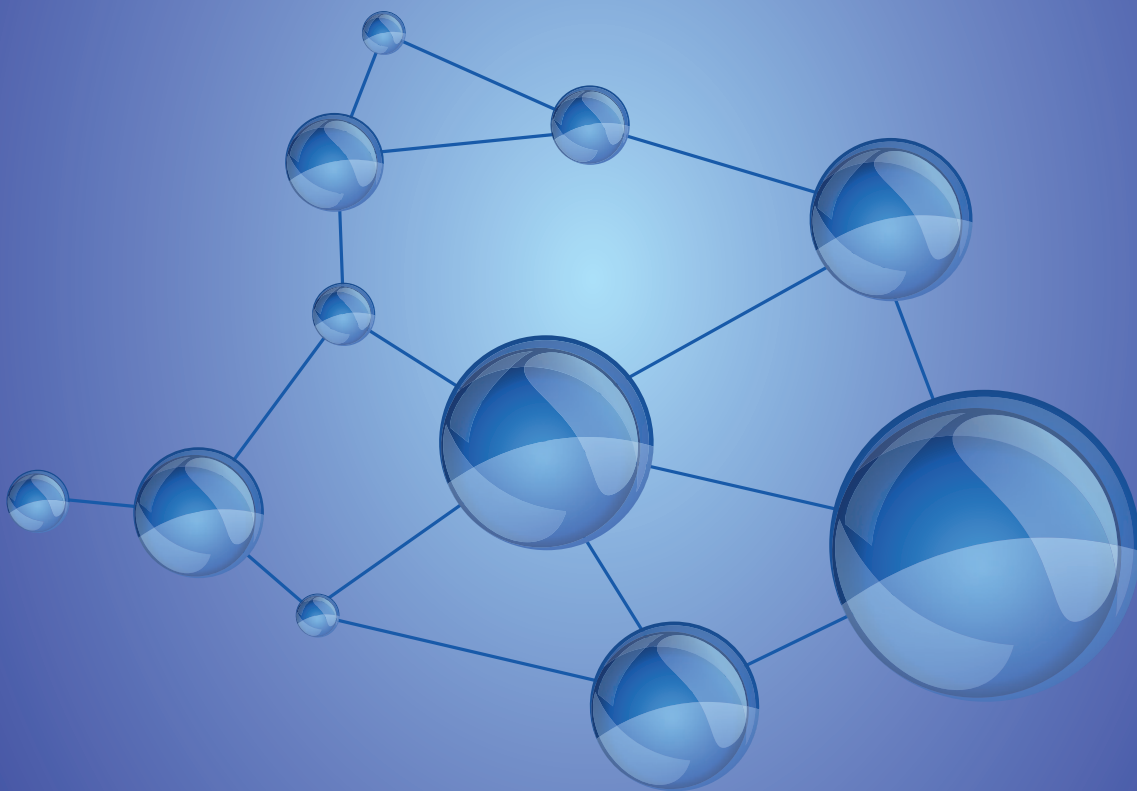




# ANNUAL REPORT 2016 - 2017 TANFAC INDUSTRIES LIMITED



***BIG ON MILESTONES***

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DIRECTORS

Mr A.K. Agarwala  
Mr V.T. Moorthy  
Mr M.R. Sivaraman, IAS [Retd.]  
Dr. Shankar Narasimhan  
Mr Kannan K Unni  
Mr T.S. Raghavan  
Mr R. Karthikeyan  
Mrs. R. Rajalakshmi

PRESIDENT

Mr K. Sendhil Naathan

CHIEF FINANCIAL OFFICER (CFO)

Mr 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 THIRD ANNUAL GENERAL MEETING

### TANFAC INDUSTRIES LIMITED

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

CIN: L24117TN1972PLC006271

Website : www.tanfac.com

### NOTICE OF THE FORTY THIRD ANNUAL GENERAL MEETING

NOTICE is hereby given that the 43<sup>rd</sup> Annual General Meeting of TANFAC INDUSTRIES LIMITED will be held on Monday, the 25th September, 2017, at 11.30 AM at the Registered Office of the Company at 14, SIPCOT Industrial Complex, Kudikadu, Cuddalore – 607 005 to transact the following businesses :

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statement of the Company for the year ended 31st March, 2017, including the audited balance sheet as at March 31, 2017, 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 a Director in place of Mr A.K. Agarwala, (DIN: 00023684) who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify the appointment of 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 the provisions of Sections 139, 141 and 142 and other applicable provisions, if any, of The Companies Act, 2013, read with The Companies (Audit and Auditors) Rules, 2014 as amended and pursuant to the recommendations of the Audit Committee of the Board of Directors/ pursuant to the resolution passed by the Members of the Company at their Annual General Meeting held on 28th September, 2016, the appointment of M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai [Firm Regn. No.105146W], as the Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held during the financial year 2020-21, be and is hereby ratified and that the Board of Directors be and is hereby authorized to

fix their remuneration payable to them for the financial year ending March 31, 2018, as may be determined by the audit committee which may be agreed between the Auditors and the Board of Directors of the Company for carrying out Audit besides travelling and other out of pocket expenses, service tax and such other taxes as may be applicable from time to time.”

#### SPECIAL BUSINESS :

4. 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, if any, 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., Mr 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, 2018, amounting to ₹50,000/- (Rupees Fifty 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.”

By Order of the Board  
For TANFAC INDUSTRIES LIMITED

Place : Chennai  
Date : 03.08.2017

PUNITA AGGARWAL  
COMPANY SECRETARY

## NOTICE OF THE FORTY THIRD ANNUAL GENERAL MEETING

### NOTES :

1. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday(19.09.2017) to Monday(25.09.2017) 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.
  6. A Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business under item Nos. 4 to 6 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.
- The shareholders can also access the Annual Report 2016-17 of the Company circulated to the Members and other information about the Company on the Company's website, i.e., [www.tanfac.com](http://www.tanfac.com) and on websites of BSE Limited on which the Company's shares are listed viz., [www.bseindia.com](http://www.bseindia.com)
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 2008-09 to the Investors Education and Protection Fund Account established by the Central Government within the due dates. 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 upto 2008-09 on the website of Ministry of Corporate Affairs and also the Company's website [www.tanfac.com](http://www.tanfac.com).
  11. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividends for the financial year ended 31st March, 2011, which remain unpaid or

## NOTICE OF THE FORTY THIRD ANNUAL GENERAL MEETING

unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government on or before 11.09.2018.

12. 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 in respect of dividends for the financial years 2010-11 lying with the Company as on September 28, 2016 (date of last Annual General Meeting) on the website of the Company ([www.tanfac.com](http://www.tanfac.com)), as also on the website of the Ministry of Corporate Affairs
13. Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 ("the Act") and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by the Ministry of Corporate Affairs on September 7, 2016 and subsequently amended vide notification dated February 28, 2017 ("the Rules"), all the Equity Shares of the Company in respect of which dividend amounts have not been paid or claimed by the shareholders for seven consecutive years or more are required to be transferred to demat account of Investor Education and Protection Fund Authority (IEPF Account).

The Company has already sent individual communication to the Shareholders by Registered Post, in this regard and received response from few Shareholders.

Therefore, Members are requested to claim their unpaid dividend pertaining to the financial year 2010-11 as soon as possible directly from the Company's Registered Office at 14, SIPCOT Industrial Complex, Cuddalore - 607 005, so that shares in respect of which the dividend is pending are not transferred to IEPF at appropriate date to be announced / notified by IEPF Authority.

14. 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.
15. As on 31.03.2017, 93.08% 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 the benefits of electronic holding/trading.
16. 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.  
  
To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with our RTA/Depositories.
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](http://www.tanfac.com).
17. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and of SEBI LODR, the Company is required 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 provided by Central Depository Service (India) Limited (CDSL).

## NOTICE OF THE FORTY THIRD ANNUAL GENERAL MEETING

The instructions for shareholders voting electronically are as under:

- i. The voting period begins on Friday September 22, 2017 (9.00 a.m. and ends on Sunday September 24, 2017 (5.00 p.m.) During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 18, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iv. Click on Shareholders  
Now Enter your User ID
  - (a) For CDSL: 16 digits beneficiary ID,
  - (b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - (c) Members holding shares in Physical Form should enter Folio Number registered with the Company
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Vishnu Ram with sequence number 1 then enter VI00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id /folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be used by the demat holders for voting for resolutions of any other company also on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.



## NOTICE OF THE FORTY THIRD ANNUAL GENERAL MEETING

xi. Click on the EVSN for TANFAC INDUSTRIES LIMITED to vote.

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

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

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

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

xvi. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

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

xviii. **Shareholders can also cast their vote using CDSL's app m-Voting available for android based mobiles.**

**The m-Voting app can be downloaded from Google Play store. Apple and Windows phone users can download the app from App store and the windows phone store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

xix. Note for Non – Individual Shareholders and Custodians.

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

(a) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

(b) After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

(c) The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

(d) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system with a copy to the scrutinizer for verification at email id: [cskalyanisrinivasan@gmail.com](mailto:cskalyanisrinivasan@gmail.com).

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

18. 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 "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

19. The Scrutinizer shall after the conclusion of voting at the general meeting, will first



## NOTICE OF THE FORTY THIRD ANNUAL GENERAL MEETING

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.

The Results declared alongwith the report of the Scrutinizer shall be placed on the website

of the Company [www.tanfac.com](http://www.tanfac.com) and on the website of CDSL 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

Place : Chennai PUNITA AGGARWAL  
Date : 03.08.2017 COMPANY SECRETARY

### 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 NO.4

The Board of Directors of the Company at their meeting held on 23rd May, 2017, 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 2017-18 at a remuneration of ₹ 50,000/- (Rupees Fifty Thousand only) besides out of pocket expenses, if any, at actual.

As per Section 148 of The Companies Act, 2013 and applicable rules 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.4 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.

By order of the Board  
For TANFAC INDUSTRIES LIMITED

Place : Chennai (PUNITA AGGARWAL)  
Date : 03.08.2017 COMPANY SECRETARY

## MANAGEMENT DISCUSSION AND ANALYSIS

### PERFORMANCE REVIEW:

Particulars	Financial Year 2016-17 (₹ in Crores)	Financial Year 2015-16 (₹ in Crores)
Sales	118.81	129.01
Other Income (including operating income)	5.22	4.67
Operating Expenditure	109.53	125.13
Profit before Depreciation, Interest and Taxation (PBDIT)	14.50	8.55
Finance Cost	6.03	7.13
Depreciation/Impairment/Amortisation	4.73	4.77
Profit before Tax (PBT)	3.74	(3.35)
Exceptional items / Excess Income Tax provision	-	(3.72)
Profit/[Loss] after Exceptional items	3.74	0.38
- Deferred Tax/Reversal	-	(0.03)
Profit / [Loss] after Tax	3.74	0.40
Profit / Loss for the period	3.74	0.40

### INDUSTRY STRUCTURE AND DEVELOPMENTS:

#### GLOBAL ECONOMIC OUTLOOK:

Global growth is projected to strengthen to 2.7 percent in 2017 and 2.9 percent in 2018-19, broadly in line with previous forecasts, according to World Bank release. Global manufacturing and trade are picking up, financing conditions remain benign and commodity prices have generally stabilized.

Growth in emerging market and developing economies is expected to increase to 4.1 percent in 2017 and 4.6 percent in 2018-19. The improvement is driven by diminishing obstacles to activity in commodity exporters and robust growth in commodity importers. Long term prospects of emerging markets have improved on the back of a visible lowering of interest rates in advanced economies and firming up of commodity prices.

Risks to the global outlook remain downside. These include increased restrictions to trade, the possibility of financial market disruptions and over the longer term, weaker potential growth. Emerging markets and developing economies need to rebuild fiscal space and accelerate reforms that support investment, trade, and productivity. (Source: worldbank.org).

### INDIAN ECONOMY

India's economic growth is pegged at 6.5% during 2016-17, down from 7.6% during 2015-16. However, the economy is expected to rebound to 6.75% to 7.5% during financial year 2017-18. Industrial sector is expected to grow 5.2% in 2017 compared to 7.4% during 2016. The near term growth outlook for India appears brighter with the implementation of GST which is expected to boost interstate trade, usher investments and foster growth by reducing supply chain-related issues. (Source: Economic Survey & ICRA)

### CHEMICAL INDUSTRY

Chemical companies across the world face the formidable challenge of delivering profitable growth in a hyper competitive low growth world. According to the 2017 Excellence in Chemical Logistics report, supply chain is an opportunity to deliver significant value.

The 2017 chemical logistics survey report shows chemical executives anticipating disruptive change on the horizon. They recognise the need for supply chain transformation. Mergers and acquisitions (M&A) and driving growth are top business concerns whereas, in the supply chain, visibility and transparency are the top priorities. (Source: manufacturingchemist.com & PWC Research publication)

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd)

Global Fluoro-chemical market is expected to reach USD 27.6 billion by 2022, growing at a CAGR of 5.6% from 2014 to 2022. Increase in installation of HVAC systems in the manufacturing & automotive sectors is expected to grow the demand for Fluoro-chemicals. Usage of Fluorine in Pharma and Agro-chemicals is also showing increasing trend. The sector is expected to continue its growth trend in the near future.

### OVERVIEW

The Company's sales performance had reduced by 9% due to decrease in sales volume of Aluminium Fluoride (ALF3) and lower sales realization of ALF3 and Hydro Fluoric Acid (HF). Lower sales realization was on account of pass through of part of the gain from fall in prices of main raw materials viz., Spar and Sulphur. However, profitability has increased significantly during the year due to combined effects of higher reduction in input costs compared to fall in sales realization and the many steps and initiatives taken by the company during the last 2 years to turnaround the operational performance. Some of the initiatives taken by the company for overall improvement of operational performances were:

- Focus on PV grade DHF and Specialty Fluorides
- Increase in export volume of HF to existing and new markets
- Negotiate with key raw material suppliers for reduction in prices compared to international price.
- Tight control on working capital to reduce overall debt
- Reduction of interest rate considering improvement in overall financial performance
- Manpower optimization

### 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 lower by 9%, at ₹118.81 crores, against ₹129.01 crores in the previous year.

Export turnover was marginally lower at ₹18.45 crores, against ₹19.27 crores in the previous year.

### OTHER INCOME:

Other income, including operating income, was higher by 12% at ₹5.22 crores, compared to ₹4.67 crores in the previous year.

### PROFIT BEFORE DEPRECIATION, INTEREST AND TAXATION:

Profit before depreciation, interest and taxation had increased significantly by 69% at ₹14.50 crores during the year, compared to ₹8.55 crores in the corresponding period of the previous year. Various measures taken by the company as explained above has resulted in the overall improvement in the operational margins.

### DEPRECIATION/AMORTISATION:

Depreciation during the year was ₹4.73 crores as against ₹4.77 crores in the previous year. There was no impairment/amortisation provision during the current and the previous years.

### FINANCE COST:

Finance cost, including cover charges, on foreign exchange borrowings was reduced to ₹6.03 crores against ₹7.13 crores in the previous year due to strict control on working capital requirements, reduction in interest rate and other cost cutting initiatives.

### INCOME TAX

There is no provision for current income tax. Deferred tax provision was NIL as against reversal of ₹0.03 crore in the previous year.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd)

### **RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM:**

The Company has already constituted a Risk Management Committee consisting of senior employees. The company defined the roles and responsibilities of the committee 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 details of risk management process, assessment and identification and mitigation action plan prepared in line with The Companies Act, 2013, were reviewed by the Audit Committee and the Board of Directors of the Company on a quarterly basis.

The Internal control systems of the Company comprising of policies and procedures adopted to ensure the orderly and efficient conduct of its business, including adherence to the Company's Policies, the safeguarding of its assets, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

### **OPERATIONAL RISK:**

- (a) Your Company's most significant exposure relates to the US Dollar, since the key raw materials, Fluorspar and Sulphur, are imported from China. High dependence on China for Fluorspar which is promoting export of more value added products resulting in pressure on margins

Mitigation: The Company has expanded vendor base of Chinese origin. Also the company has developed sources from other countries to reduce dependency on Chinese origin. The company is continuously exploring other options.

- (b) Non continuous operations of HF plant due to lower demand increases cost of production.

Mitigation: To retain existing customers through competitive pricing. Expand market

of HF in Asia Pacific markets and increase export volumes. Coordinate with domestic players for healthy competition. Focus on PV grade and specialty fluorides.

- (c) Volatility in Sulphur Price/ stiff competition in Sulphuric Acid market/ shifting of Sulphuric Acid demand resulting in lower capacity utilization of Sulphuric Acid Plant coupled with higher power cost lead to increase in cost of production of HF Acid, Aluminium Fluoride and other connected products.

Mitigation: Optimise the production, based on power requirement. Continuously work on increasing the share of Sulphuric Acid to Non-LABSA market.

- (d) Lower power cut/Unstable power by TNEB causes process disturbances and increases costs.

Mitigation: Maintaining high levels of captive power generation through waste heat recovery from Sulphuric Acid Plants. Keeping alternate sources of power through HFO and DG sets in good operation condition.

### **STATUTORY COMPLIANCE RISK:**

Non compliances under applicable acts, rules and regulations may cause operational risk to the Company.

Mitigation: The Company has made Standard Operating Procedure for compliance under various acts, rules and regulations to ensure zero non-compliance.

### **ECONOMIC RISK:**

Economic slow down may affect the performance of the company resulting in slow down in sales volume and growth.

Mitigation: The Company is continuously focussing on introducing value added products in line with market demand.

### **ATTRITION RISK:**

Employee attrition may affect the day to day operations/performance of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd)

Mitigation: To retain talent, the Company provide additional specialised training to its employees. New ideas/kaizen given by its employees are well appreciated and given suitable rewards.

### FOREIGN EXCHANGE RISK:

The prices of key of 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: To appraise the lead bank for further reduction in interest rate considering the significant improvement in operational performance. Besides, the Company is continuously exploring

other avenues like Buyers' Credit, Export Packing Credit, etc., to bring down overall finance costs.

Your Board of Directors is optimistic about the continued improvement in the operational performance of the company in the coming years.

### EXPORTS:

Your Company endeavours continuously to increase export revenues by expanding its customer base in new countries. Focus on increase in export sale volume of HF to existing customers and also identifying new customers. Your Board of Directors are optimistic about the outlook for exports in the coming years.

### DOMESTIC MARKET:

Your Company is optimistic of improvement in domestic market demand in 2017-18.

### HUMAN CAPITAL

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. The competency development of our employees continues to be a key area of strategic focus for us. Your Company continues to make investments for training and developing its employees, emphasize enhancing the relevance and effectiveness of learning. The Company continues to maintain a cordial and harmonious industrial relationship with its employees. Presently, the Company has 153 permanent employees as on 31st March, 2017.

## REPORT ON CORPORATE GOVERNANCE

### 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 TamilNadu 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 on a continuous basis. Over the years we have strengthened/continued to strengthen its principles of transparency, fairness and accountability. Your Company is in compliance with provisions under The Companies Act, 2013 and rules made thereunder and SEBI (LODR) Regulations, 2015.

The Company has adopted a Code of Conduct applicable to Board of Directors and Senior Management as stipulated under The Companies Act, 2013.

Your Company's compliance with the 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 Eight Non-Executive Directors as on 31st March, 2017, who have varied experience in their respective areas. The Board has six Independent Directors, including a woman Director, who do not have business relationship with the Company. This is in conformity with Regulation 17 of SEBI (LODR) Regulations 2015 read with Section 149 of The Companies Act, 2013.

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

None of the Directors, including Independent Directors are holding Directorship and Chairman/Member in other Public Limited Companies in excess of limit prescribed under The Companies Act, 2013 and SEBI (LODR) Regulations, 2015. Other Directorships shall not consider holding Directorship in foreign companies. The Audit Committee and Stakeholders Relationship Committee have been constituted in compliance with the provisions of SEBI (LODR) Regulations, 2015 and The Companies Act 2013.

The details of composition of the Board of Directors, category of Directors who have NO relationship between interse and their attendance in Board meetings during the year are as under

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### Composition and Directorship(s) / Committee Membership(s)/Chairmanship(s) as on 31st March, 2017:

Name of Director	Directors Identification No.	Category / Representing	Directorship held in other Companies		Membership in other Companies' Board Committees	Chairmanship in other Companies' Board Committees
			Public	Private		
Mr A.K. Agarwala	00023684	Non-Executive – Promoter	5	-	-	-
Mr Lalit Naik *	02943588	Non-Executive – Promoter	5	-	1	-
Mr R. Karthikeyan	00824621	Non-Executive – Promoter	7	-	1	-
Mr V.T. Moorthy	00007648	Independent – Non Executive	-	-	-	-
Mr M.R. Sivaraman, IAS (Retd.)	00020075	Independent – Non Executive	1	1	1	-
Mr Kannan K Unni	00227858	Independent – Non Executive	3	-	-	2
Dr. Shankar Narasimhan	01484214	Independent – Non Executive	-	1	-	-
Mr T.S. Raghavan	00446651	Independent – Non Executive	1	1	-	-
Mrs R. Rajalakshmi	01985132	Independent – Non Executive	1	1	-	-

\* resigned with effect from 23rd November, 2016

### Board/ General Meeting attendance details of Directors for the year 2016 – 17 :

Name of Director	Category / Representing	No. Of Board Meeting Held (2016-17)	Nos. Attended	Whether attended last AGM held on 28.09.2016
Mr A.K. Agarwala	Non-Executive – Promoter	4	3	N
Mr Lalit Naik *	Non-Executive – Promoter	4	2	N
Mr R. Karthikeyan	Non-Executive – Promoter	4	4	N
Mr V.T. Moorthy	Independent – Non Executive	4	4	Y
Mr M.R. Sivaraman, IAS (Retd.)	Independent – Non Executive	4	4	Y
Mr Kannan K Unni	Independent – Non Executive	4	2	N
Dr Shankar Narasimhan	Independent – Non Executive	4	3	Y
Mr T.S. Raghavan	Independent – Non Executive	4	4	N
Mrs R. Rajalakshmi	Independent – Non Executive	4	4	N

\* resigned with effect from 23rd November, 2016

Y = YES N = NO

### Notes:

During the year 2016-17, four Board meetings were held and the gap between two meetings did not exceed the maximum days prescribed under 173(1) of The Companies Act, 2013. The dates of Board meetings were 24.05.2016, 09.08.2016, 05.11.2016 and 09.02.2017 and necessary quorum was present at all the Board Meetings.



## REPORT ON CORPORATE GOVERNANCE (Contd.)

The terms and conditions of appointment of the Independent Directors and the details of their familiarisation programme are available on the Company's website, viz., [www.tanfac.com](http://www.tanfac.com).

Mr A.K. Agarwala, Non Executive Director, representing Promoter, held 1,150 Equity Shares as on 31st March, 2017. No other Directors are holding any Equity Shares in the Company.

### II. COMMITTEES OF THE BOARD

#### AUDIT COMMITTEE:

The Company has an Audit Committee Constituted by the Board comprising of Five Non-Executive Directors, including four Independent Directors as per the terms of reference contained in the provisions of Regulation 18 of SEBI (LODR) Regulations, 2015 read with the Section 177 of the Companies Act, 2013 of the listing.

The role of the audit committee will be in accordance with Section 177 and other applicable provisions of The Companies Act, 2013 and rules framed thereof under the provision contained in Part C Schedule II of SEBI (LODR) Regulations, 2015 read with the listing agreement.

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 Audit Committee invites the functional finance head, representatives of Statutory Auditors and Internal Auditors to be present at its meeting. The Company Secretary acts as the Secretary to the Audit Committee

All the members of the Committee have financial literacy with relevant experience. The Chairman of the committee Mr. M.R.Sivaraman IAS (Retd.,) has rich experience and expertise in Accounting and Financial Management.

The details of meetings attended by the Members of the Audit Committee are as under:

Name of Director	Category / Representing	No. Of Board Meeting held during the financial year 2015-16	
		Held	Attended
Mr Lalit Naik *	Non-Executive –Promoter	4	2
Mr R. Karthikeyan	Non-Executive –Promoter	4	4
Mr V.T. Moorthy	Independent –Non Executive	4	4
Mr M.R. Sivaraman, IAS (Retd.)	Independent –Non Executive	4	4
Mr Kannan K Unni	Independent –Non Executive	4	2
Dr. Shankar Narasimhan	Independent –Non Executive	4	3

\* since resigned w.e.f. 23.11.2016.

During the year 2016-17, four Audit Committee meetings were held and the gap between two meetings did not exceed one hundred and twenty days. The Audit Committee meetings were held on 24.05.2016, 09.08.2016, 05.11.2016 and 09.02.2017 and necessary quorum was present at all the Meetings.

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

#### NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee has been constituted pursuant to Section 178(1) of The Companies Act, 2013, read with the provision contained under Regulation 19 of SEBI (LODR) Regulations, 2015, read with listing agreement.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

The role of the Nomination and Remuneration Committee is in accordance with the provision contained in Part D Schedule II of SEBI (LODR) Regulations, 2015 read with the listing agreement, which includes

- Recommend to the Board the composition of the Board and its Committees, including the formulation of criteria for evaluation of Independent Directors.
- Recommend to the Board the appointment or reappointment of Directors/Key Managerial Personnel.

The composition of the Committee consists of the following three Non-Executive Directors (including two Independent Directors):

1. Mr. V.T.Moorthy, Chairman
2. Mr A.K. Agarwala
3. Mr M.R. Sivaraman, IAS (Retd.)

### 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 paid to the Directors.

Mr Lalit Naik, Managing Director, has not drawn any remuneration, including sitting fees during his tenure.

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

Details of Remuneration to Board of Directors:

Name of Director	Relationship with other Directors	Business relationship with the Company if any	Remuneration paid during 2016 -17 (₹ in lacs)			
			Sitting fees@	Salary and Perks	Commission	Total
Mr A.K. Agarwala	Non-Executive	NIL	0.60	-	-	0.60
Mr V.T. Moorthy	Non-Executive-Independent	NIL	2.00	-	-	2.00
Mr Lalit Naik	Non-Executive	NIL	-	-	-	-
Mr R. Karthikeyan	Non-Executive	NIL	2.00	-	-	2.00
Mr M.R. Sivaraman, IAS (Retd.)	Non-Executive-Independent	NIL	2.00	-	-	2.00
Mr Kannan K Unni	Non-Executive-Independent	NIL	0.80	-	-	0.80
Dr. Shankar Narasimhan	Non-Executive-Independent	NIL	1.20	-	-	1.20
Mr T.S. Raghavan	Non-Executive-Independent	NIL	0.80	-	-	0.80
Mrs R. Rajalakshmi	Non-Executive-Independent	NIL	0.80	-	-	0.80
			10.20			10.20

@ includes sitting fee paid for Board Committee Meetings.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Stakeholders' Relationship Committee has been constituted pursuant to Section 178(5) of The Companies Act, 2013, read with the provision contained under Regulation 20 of SEBI (LODR) Regulations, 2015, read with listing agreement.

The Stakeholders Relationship Committee is empowered to perform all the functions of the Board in relation to the handling of investors' grievances.

The primary focus of Stakeholders Relationship Committee includes–

- to address the grievances of security holders of the Company with regard to transfer of shares, transmission of shares, non-receipt of annual report, non-receipt of declared dividend, etc;
- to consider and approve issue of share certificates (including issue of renewed/duplicate share certificates).
- to ensure expeditious share transfer process through the Registrar and share Transfer Agent
- to evaluate performance and service standards of the Registrar and Share Transfer Agent of the Company.

The Committee comprises of the following directors:

1. Mr M.R. Sivaraman, IAS (Retd.), Chairman
2. Mr V.T. Moorthy
3. Mr R. Karthikeyan

During the year, the Stakeholders Relationship Committee met four times on 24.05.2016, 09.08.2016, 05.11.2016 and 09.02.2017 and necessary quorum was present at all the Meetings.

The details of attendance by the Committee Members are as follows

Name of Member	No. of Meetings	
	Held	Attended
Mr M.R. Sivaraman, IAS (Retd.)	4	4
Mr Lalit Naik *	4	2
Mr R. Karthikeyan	4	4
Mr V.T. Moorthy	4	4

\*resigned with effect from 23rd November, 2016.

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

As required under Regulation 13(3) of SEBI (LODR) Regulations, 2015, read with the Listing Agreement, the Company has filed status of investor complaints on a quarterly basis commencing from December, 2015, with BSE Limited.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 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
2015 - 16	A.G.M.	Registered Office at-Plot No.14 SIPCOT Industrial Complex, Kudikadu, Cuddalore – 607 005	28.09.2016/ 11.30 A.M.	- NIL -
2014 - 15	A.G.M.		29.09.2015 / 11.00 A.M.	- NIL -
2013 - 14	A.G.M.		13.08.2014/ 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.

The Company had not passed any special resolution applicable through postal ballot during the last financial year 2015-16. No special resolution is proposed to be passed through postal ballot at the ensuing Annual General Meeting

### Annual General Meeting for the financial year 2016-17:

Date and Time	:	25 <sup>th</sup> September 2017,
Venue	:	Registered Office at – Plot No.14, SIPCOT Industrial Complex, Kudikadu, Cuddalore – 607 005 TAMIL NADU
Period of Book Closure	:	19.09.2017 to 25.09.2017

### 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 <a href="http://www.bseindia.com">www.bseindia.com</a> , where your Company shares are listed and your Company's website <a href="http://www.tanfac.com">www.tanfac.com</a>
Whether it also displays official news releases	-NO-
Presentation made to Institutional Investors or to the analysts	-NO-

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### GENERAL SHAREHOLDER INFORMATION:

A.G.M., Date, Time and Venue	25.09.2017 (Monday) 11.30 AM at the Registered Office of the Company at - 14 SIPCOT Industrial Complex Kudikadu, CUDDALORE – 607 005, TAMIL NADU
Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March
Dividend Payment Date	Not Applicable. Payment of dividend has not been recommended by the Board due to inadequacy of profit during the financial year 2016 - 17.
Date of Book Closure	19.09.2017 (Tuesday) to 25.09.2017 (Monday)
Name and address Stock Exchange at which the Company's securities are listed	BSE Limited Phiroze Jeejeebhoy Towers 25 <sup>th</sup> Floor, Dalal Street MUMBAI – 400 001.
Stock Code	506854
Corporate Identity Number of the Company	L24117TN1972PLC006271

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

MONTH	BSE LIMITED (BSE) SCRIP CODE : 506854	
	HIGH (Rs.Ps.)	LOW (Rs.Ps.)
APRIL 2016	31.80	24.70
MAY 2016	35.80	26.80
JUNE 2016	36.70	30.60
JULY 2016	36.45	31.85
AUGUST 2016	48.70	34.00
SEPTEMBER 2016	52.75	41.00
OCTOBER 2016	50.00	39.10
NOVEMBER 2016	68.70	45.15
DECEMBER 2016	80.95	63.90
JANUARY 2017	85.50	69.00
FEBRUARY 2017	107.50	57.10
MARCH 2017	68.90	58.00

## REPORT ON CORPORATE GOVERNANCE (Contd.)

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 Registry Management Services P Ltd "Kences Towers" Second Floor No.1 Ramakrishna Street, North Usman Road, T.Nagar, Chennai – 600 017. TEL: (044)28140801 TO 8 FAX: (044) 28142479/28143378 Email Id: corpserve@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 half-yearly certificates for compliance with the share transfer formalities from a Company Secretary in Practice as required under 40(9) of SEBI (LODR) Regulation, 2015, read with the listing agreement and the same was filed with BSE Limited, where the Company's securities are listed.	

### DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH

2017					2016			
NO. OF EQUITY SHARES HELD	NO. OF HOLDERS	% TO HOLDERS	NO. OF SHARES	% TO SHARES	NO. OF HOLDERS	% TO HOLDERS	NO. OF SHARES	% TO SHARES
Up to 500	15,031	94.50	14,31,920	14.36	15,304	95.01	14,69,652	14.73
501 - 1000	426	2.66	3,49,469	3.50	426	2.64	3,51,067	3.52
1001 - 2000	220	1.38	3,40,585	3.41	194	1.20	2,95,258	2.96
2001 - 3000	71	0.45	1,80,370	1.81	61	0.38	1,50,826	1.51
3001 - 4000	30	0.19	1,07,601	1.08	24	0.15	84,961	0.85
4001 - 5000	28	0.18	1,33,507	1.34	15	0.09	68,383	0.69
5001 - 10000	59	0.37	4,42,206	4.43	37	0.23	2,71,970	2.73
Above 100001	40	0.25	69,89,342	70.07	47	0.29	72,82,883	73.01
<b>TOTAL</b>	<b>15,905</b>	<b>100.00</b>	<b>99,75,000</b>	<b>100.00</b>	<b>16,108</b>	<b>100.00</b>	<b>99,75,000</b>	<b>100.00</b>
No. of Share-holders in Physical mode	8,663	54.47	6,90,019	6.92	8,857	54.99	70,67,93	7.09
No. of Share-holders in electronic mode	7,242	45.53	92,84,981	93.08	7,251	45.01	92,68,207	92.91
<b>TOTAL</b>	<b>15,905</b>	<b>100.00</b>	<b>99,75,000</b>	<b>100.00</b>	<b>16,108</b>	<b>100.00</b>	<b>99,75,000</b>	<b>100.00</b>

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### CATEGORIES OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH

CATEGORY	2017		2016	
	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	8,100	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	28,241	0.28	21,747	0.22
CORPORATES	15,55,811	15.59	12,05,961	12.09
CLEARING MEMBER	15,425	0.16	26,752	0.27
RESIDENT INDIVIDUALS	32,80,971	32.89	36,25,988	36.35
TOTAL	99,75,000	100.00	99,75,000	100.00

### DEMATERIALISATION OF SHARES AND LIQUIDITY:

As on 31st March, 2017, 92,84,981 Equity Shares, against subscribed fully paid equity shares of 99,75,000, were converted from the physical to electronic form. Over 93.08% of the outstanding equity shares have been dematerialised up to 31st March, 2017.

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

Plant location	14 SIPCOT Industrial Complex Kudikadu, CUDDALORE – 607 005, TAMIL NADU
Address for correspondence	Integrated Registry Management Services Private Limited "Kences Towers", Second Floor, No.1 Ramakrishna Street, North Usman Road, T.Nagar, Chennai – 600 017. TEL: (044)28140801 TO 3; FAX: (044) 28142479/28143378 Email Id: corpseiv@integratedindia.in Regarding non receipt of payment of declared dividend may be addressed to our Secretarial department to our Registered Office at – 14, SIPCOT Industrial Complex, Cuddalore 607 005, Tamilnadu, Tel: 04142 - 239001 to 239005 OR Mail to –invreln.tanfac@adityabirla.com.



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### OTHER 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
Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee.	<p>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.</p> <p>The objectives of the policy are –</p> <ul style="list-style-type: none"> <li>To provide a platform and mechanism for the employees and Directors to voice genuine concerns or grievances about unprofessional conduct without fear of reprisal</li> <li>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.</li> </ul> <p>Whistle Blower Policy is made available on the Company's website, <a href="http://www.tanfac.com">www.tanfac.com</a>.</p> <p>As per whistle blower mechanism of the Company, it is hereby confirmed that no personnel has been denied to access to the Audit Committee.</p>
Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.	<p>The Company has complied with all the mandatory requirements as per SEBI (LODR) Regulations, 2015 read with listing agreement.</p> <p>The Company has also adopted the following non-mandatory requirements :</p> <p>(a) Auditors' Report does not contain any qualifications.</p> <p>(b) The Internal Auditors report directly to the Audit Committee.</p>
Weblink where policy on determining "material" subsidiaries is disclosed.	Not Applicable
Weblink where policy on dealing with related party transactions	Policy on dealing with related party transactions is available in Company's website at – <a href="http://www.tanfac.com/documents/policy_Materiality_Of_Related_Party_Transactions.pdf">http://www.tanfac.com/documents/policy_Materiality_Of_Related_Party_Transactions.pdf</a>

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### **DISCRETIONARY REQUIREMENTS**

(Refer Schedule II Part E of SEBI (LODR) Regulations, 2015)

#### **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.

#### **SHAREHOLDERS' RIGHTS**

The Company's quarterly and half yearly results are published in the English and vernacular newspapers and the results are also uploaded in Company's website [www.tanfac.com](http://www.tanfac.com). As per the listing agreement requirements 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.

#### **MODIFIED OPINION(S) IN AUDIT REPORT :**

There are NO qualifications/modified opinion in the Auditors' Report on the accounts for the financial year 2016-17.

#### **SEPARATE POSTS OF CHAIRMAN AND CEO**

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

#### **REPORTING OF INTERNAL AUDITOR**

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

#### **CODE OF CONDUCT**

The Company has laid down the Code of Conduct (the "code") as required under The Companies Act 2013 and as per regulation 17(5) of SEBI (LODR) Regulations, 2015 read with listing agreement applicable to all members of the Board of Directors and Senior Management of the Company. The details of code of conduct have been posted on the Company's website [www.tanfac.com](http://www.tanfac.com).

The Board and the senior management have affirmed compliance to the code as on 31st March, 2017.

A declaration to this effect has been given by the President and forms part of the Annual Report.

#### **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. The details are made available in the Company's website, viz., [www.tanfac.com](http://www.tanfac.com).

#### **DISCLOSURE ON COMPLIANCES :**

Your Company has complied with regulations on corporate governance requirements specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, wherever applicable.

#### **CEO/CFO Certification:**

The President 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 regulation 17(8) of SEBI (LODR) Regulations, 2015 Read with Listing Agreement and the same forms part of this Annual Report.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### INTIMATION TO AND COMPLIANCE UNDER ERSTWHILE BIFR / SICA

As per the provision of erstwhile Sick Industrial Companies (Special Provision) Act, 1985 (SICA), the Company was classified as potentially sick in view of more than fifty percent erosion of its peak net worth. The company had been sending necessary intimation / reports to BIFR in compliance with the provisions of the SICA Act from financial year 2011-12 to financial year 2015-16.

The Ministry of Finance, Department of Financial Services vide its Notification S.O.3568(E) dated 25th November, 2016, had notified Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICSPRA) which had repealed The Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) effective from 1st December, 2016 and to comply with NCLT.

Presently, there is no provision with regard to potentially sick companies for compliances with NCLT.

### LOANS AND ADVANCES TO SUBSIDIARIES/HOLDING COMPANY AND INVESTMENTS IN ITS OWN SHARES:

Disclosure as per regulation 34(2) under Schedule V of SEBI (LODR) Regulations, 2015 read with listing agreement.

Sl. No.	Disclosure of loans/advances/ investments outstanding during the year	As at 31 <sup>st</sup> March, 2016 (₹)	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 to firms/ companies in which Directors of the Company are interested	Not Applicable	Not Applicable
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

### DECLARATION

This is to confirm that the Company has adopted a Code of Conduct for Board of Directors and Senior Management, available on the Company's website.

I confirm that the Company has received from the Board of Directors of the Company and the Senior Management, a declaration of compliance with the Code of Conduct for the year ended 31st March, 2016, as applicable to them.

For the purpose of this declaration, Senior Management means, Unit Head, Chief Financial Officer, Company Secretary and other respective functional heads as on 31st March, 2016.

Place : Chennai  
Date : 23.05.2017

SENDHIL NAATHAN. K  
PRESIDENT

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### CEO/CFO CERTIFICATION

Mr.K.Sendhil Naathan, President and Mr. 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, 2017 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 together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of their knowledge, no transactions entered into by the company during the year which 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 those deficiencies.
- D. They have indicated to the auditors and the Audit Committee;
  - (i) that there are 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.

SENDHIL NAATHAN K  
PRESIDENT

N.R. RAVICHANDAN  
CHIEF FINANCIAL OFFICER

Place: Chennai

Date : 23.05.2017

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### CERTIFICATE ON CORPORATE GOVERNANCE

As required under SEBI (LODR) Regulation, 2015 of Schedule V paragraph E read with listing agreement, the Chartered Accountant's Certificate on compliance of the Corporate Governance norms is attached.

### CERTIFICATE ON CORPORATE GOVERNANCE

The Members of  
**TANFAC INDUSTRIES LIMITED**

We have examined the compliance of the conditions of Corporate Governance by TANFAC Industries Limited ('the Company') for the financial year ended 31st March 2017 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable with effect from December 1, 2015. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Listing Agreement / Regulations. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the said Listing Agreement / Regulations.

We further state that such Compliance is neither an assurance as to the future viability of the Company nor 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

Chennai  
23.05.2017

(Hasmukh B Dedhia)  
Partner (F-033494)

## 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, 2017, for your review.

### FINANCIAL RESULTS

₹ in Crores

Details	Year ended 31 <sup>st</sup> March 2017	Year ended 31 <sup>st</sup> March 2016
Net sales/Income from Business operations	118.81	129.01
Other Income	5.22	4.67
Total Income	124.03	133.68
Gross Profit/ [Loss] before Finance Cost, Depreciation and Taxation	14.50	8.55
Less: Finance Cost	6.03	7.13
Less: Depreciation / Impairment / Amortisation	4.73	4.77
Profit/[Loss] before Taxation	3.74	(3.35)
Exceptional items/Excess Income Tax provision	-	(3.72)
Profit/(Loss) after Exceptional items	3.74	0.38
Less: Deferred Tax / (Reversal)	-	(0.03)
Profit/(Loss) after Tax	3.74	0.40
Net profit/[Loss] for the period	3.74	0.40
Add: Balance brought forward	(48.49)	(48.89)
Profit/(Loss) available for appropriation	(44.76)	(48.49)
Transferred from General Reserves	-	-
Balance Carried forward to Balance Sheet	(44.76)	(48.49)

### OPERATIONS AND OVERALL PERFORMANCE:

The Company's sales performance had decreased by 9% at ₹118.81 crores against ₹129.01 crores in the previous year, due to lower sales volume of Aluminium Fluoride and lower sales realization of ALF3 and Hydro Fluoric Acid (HF). Lower sales realization was on account of pass through of part of the gains from fall in prices of main raw materials viz., Spar and Sulphur. Other operating income during the year had doubled at ₹0.75 crores against ₹0.36 crores during the previous year due to increase in conversion charges from toll manufacturing of IBAP and Poly Aluminium Chloride (PAC).

Steeper fall in input costs compared to reduction in sales realization resulted in significant

improvement in the profit margin of the main products. This along with the ongoing initiatives and steps taken by the company during the last two years as discussed under Management Discussion and Analysis have helped in significant improvement in the operational performance of the company. Profit before Depreciation, Finance Cost and Taxation (EBIDTA) was significantly higher at ₹14.50 crores during the year, compared to ₹8.55 crores in the previous year. Company continues to face stiff competition from China which affects the sales realization and margin in HF from both domestic and overseas markets. However, these were offset by judicious choice of customer mix, new market penetration, gains from reduction in input cost of main raw materials and reduction in energy and fuel oil cost.

## BOARD'S REPORT (Contd.)

Tight control on Working Capital and increased Cash Flow from Operations due to improved operational performance and reduction in Interest Rate helped in reducing the Finance Cost to ₹6.03 crores during the current financial year compared to ₹7.13 crores during the previous financial year.

Net Profit: Profit after Tax for the year was higher at ₹3.74 crores during the year compared to ₹0.40 crores during the previous year which was after exceptional item, ₹3.72 crores profit from sale of vacant freehold land.

### DIVIDEND:

Your Directors have not recommended any dividend for the year 2016-17 on account of accumulated losses and inadequacy of profits during the current year.

### TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 125 of the Companies Act, 2013, NO unclaimed or unpaid Dividend is due for remittance to the Investor Education and Protection Fund established by the Central Government during the financial year 2017-18.

### REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

As briefed under Management Discussion and Analysis section, the ongoing initiatives and steps taken by the company during the past two years to turn around the operations have started yielding results and helped the company to post significant improvement in the operational performance during the current financial year.

Your company has made further penetration in the market for its new products which had resulted in significant contribution to the revenue and bottom line of the current financial year. The company aims to further increase the market penetration of these products during the next financial year.

With the help of the ongoing and fresh initiatives proposed by the company, your Board of

Directors is optimistic of further improvements in the operational performance of the company in the coming years.

### ALUMINIUM FLUORIDE:

Sale of Aluminium Fluoride had reduced during the financial year compared to previous year. Your company has strategically reduced its focus on Aluminium Fluoride due to its lower contribution. However, your company will continue to serve its long term customers.

### HF ACID:

The higher gap between supply and demand continues on the entire value chain of HF Acid. Chinese manufacturers take advantage of 10% reduction on export duty on HF, impacting the India's export market. However, taking advantage of reduction in main raw materials and the oil prices, the company is continuously working on improving the operational efficiency to improve its competitiveness.

### PV GRADE HF:

With the emphasis on solar energy, there is significant growth opportunities in Photo voltaic Grade HF sector. Your company made significant strides in the sale of PV grade HF during the current financial year. Taking advantage of the growth opportunities, your company plans to make further penetration into the market for this segment through various customer centric initiatives and significantly increase the sale of PV grade HF during the next financial year.

### EXPORTS:

Export turnover was marginally lower by 4 % at ₹18.45 crores, as compared to ₹19.27 crores in the previous year on account of reduction in selling price due to pass through of part of gains from reduction in input cost and also stiff competition from China.

Your Company endeavors continuously to increase export revenues in the coming years by expanding the customer base in the current market and penetrating to new markets.



## BOARD'S REPORT (Contd.)

### **ISOBUTYL ACETOPHENONE (IBAP):**

Your Company has successfully revived the IBAP project during the previous financial year by adding values to the by-product generated from the process, thus significantly improving the overall returns from the product. The company made further strides in sale of these value added products during the current financial years and have plans to further penetrate into the market for these products in the coming years.

Besides the Company has also improved the IBAP process further and achieved targeted input norms of main raw materials and utilities.

### **MATERIAL CHANGES AND COMMITMENT IF ANY:**

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

### **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 Board's 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.

### **PUBLIC DEPOSITS**

The Company has not accepted any deposits from Public within the meaning of Section 73(1) of The Companies Act, 2013, during the year under review.

### **CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:**

In line with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has formulated a Policy on Related Party Transactions which is available on Company's website [www.tanfac.com](http://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 the Related Parties.

The Company has obtained necessary prior omnibus approval from the Board pertaining to Related Party Transactions which were 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.

### **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 28th September, 2016 for a term of five years and be ratified at every Annual General Meeting till completion of their tenure.

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 the ratification for 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 ratification of their re-appointment.

The Audit Committee and the Board of Directors of the Company have recommended ratification

## BOARD'S REPORT (Contd.)

of appointment of M/s.Khimji Kunverji & Co., as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held during the financial year 2020-21, subject to approval of Members at this Annual General Meeting.

The necessary resolution for item of business to be transacted is set out in the Notice for the Members' approval.

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Compliance Certificate on Corporate Governance given by the Statutory Auditors, viz., M/s.Khimji Kunverji & Co., is forming part of the Annual Report.

### COST AUDITOR

The Board of Directors of the Company has, on recommendation of the Audit Committee, approved the appointment of Mr N. Krishna Kumar, Cost Accountant, Cuddalore (Membership 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 in compliance with The Companies (Cost Records and Audit) Rules, 2014.

The Board of Directors at their meeting held on 23th May, 2017, have appointed Mr N. Krishna kumar, Cost Accountant as cost auditor for the Financial Year 2017-18 and necessary filing has been made with the Central Government.

### 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 2016-17, 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 as required under Section 204 of The Companies Act, 2013 read with Rule 9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is furnished under Annexure – C, does not contain any qualification, reservation or adverse remark.

### RISK MANAGEMENT POLICY

The Company has internally 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 & 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.

The details of Risk Management as practiced by the Company are provided as part of Management Discussion and Analysis Report.

### POLICIES

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandated the formulation of certain policies for all listed entities. The policies are reviewed periodically by the Board and updated based on need and new compliance requirements and are available in the Company's official website viz., [www.tanfacs.com](http://www.tanfacs.com).

## BOARD'S REPORT (Contd.)

Name of Policy	Brief description	Web URL
Related Party Transaction	The Policy to regulate all transactions between the Company and its Related Parties in compliance with various applicable laws, including under The Companies Act, 2013/SEBI (LODR) Regulations, 2015	<a href="http://www.tanfac.com/documents/policy_Materiality_Of_Related_Party_Transactions.pdf">http://www.tanfac.com/documents/policy_Materiality_Of_Related_Party_Transactions.pdf</a>
SEBI (Prohibition of Insider Trading) Regulations, 2015	The Policy provides for fair disclosure of unpublished price sensitive information in dealing with securities of the Company.	<a href="http://www.tanfac.com/documents/policy_sebi.pdf">http://www.tanfac.com/documents/policy_sebi.pdf</a>
Whistle Blower Policy (vigil mechanism)	The Company has established a vigil mechanism for its Directors and Employees to report their genuine concerns or grievances or violation of the Company's code of conducts and ethics, which will be monitored by the Audit Committee	<a href="http://www.tanfac.com/documents/policy_Whistle_Blower.PDF">http://www.tanfac.com/documents/policy_Whistle_Blower.PDF</a>
Criteria for making payment to Non Executive Directors	Except sitting fee for attending Board, Audit Committee and Stakeholders Relationship Committee meetings NO other remuneration paid to Directors.	<a href="http://www.tanfac.com/documents/who_non_executive_directors.pdf">http://www.tanfac.com/documents/who_non_executive_directors.pdf</a>
Policy for determination of materiality of information or event	This Policy facilitating prompt disclosure of material price sensitive information to the listed Stock Exchange(s) prepared in terms of SEBI (LODR) Regulations, 2015.	<a href="http://www.tanfac.com/documents/policy_matrl_event.pdf">http://www.tanfac.com/documents/policy_matrl_event.pdf</a>
Policy on Archival of documents	The policy framed for archival of the Company's records as required under SEBI (LODR) Regulations, 2015	<a href="http://www.tanfac.com/documents/policy_archival_policy.pdf">http://www.tanfac.com/documents/policy_archival_policy.pdf</a>
Policy on preservation of documents	The policy deals with retention of documents in permanent nature and not less than eight years after completion of the relevant transactions.,	<a href="http://www.tanfac.com/documents/policy_preservation_Doc.pdf">http://www.tanfac.com/documents/policy_preservation_Doc.pdf</a>

### RELATED PARTY TRANSACTIONS

All related party transactions entered into during the year were in the ordinary course of business and on arm's length basis. There have been NO materially significant related party transactions. None of the directors have any material pecuniary relationships or transactions with the company. Details of related party transactions are disclosed under Annexure 'B' to the Board's Report.

### INTIMATION TO BIFR

The net worth of the Company for the Financial Year 2015-16 had eroded by more than 50% of its peak net worth during the immediately preceding four financial years. The Company had made necessary intimation to the BIFR in the prescribed form under erstwhile SICA Act.

The Ministry of Finance, Department of Financial Services vide its Notification S.O.3568(E) dated

25th November, 2016, had notified Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICSPRA) which had repealed The Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) effective from 1st December, 2016 and to comply with NCLT.

Presently, there is no provision with regard to potentially sick companies for compliance with NCLT.

### DIRECTOR RETIRING BY ROTATION:

In terms of Articles of Association of the Company, Mr A.K. Agarwala, Director, retires by rotation and being eligible, offers himself for re-appointment.

### DECLARATION BY INDEPENDENT DIRECTORS:

The Independent Directors of your Company have given their Certificate of Independence to your Company stating that they meet the criteria of

## BOARD'S REPORT (Contd.)

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 terms and conditions of appointment of Independent Directors, in line with the provisions of Schedule IV of the Companies Act, 2013 are available in the Company's official website link viz., [http://www.tanfac.com/documents/who\\_appointment\\_independent\\_directors.pdf](http://www.tanfac.com/documents/who_appointment_independent_directors.pdf)

### 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 were done through select parameters related to their roles, responsibilities and obligations of the Board and functioning of the Committee.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the key functions of the Board of Directors include –

- To review and guide Corporate Strategy, major Plan of Action, Risk Policy, Annual Budgets & Business Plans, setting Performance Objectives.
- Monitoring the effectiveness of the Company's governance practices
- Ensuring the integrity of the Company's Accounting and Financial Reporting Systems, including the Independent Audit
- To provide strategic guidance
- To maintain high ethical standards in the interest of the stakeholders.
- To exercise objective independent judgement on corporate affairs.

Accordingly, the performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria

such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc. Similar evaluation was carried out by the Committee of the Board of Directors after seeking their inputs.

### 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 to comply with Schedule IV of The Companies Act, 2013. Performance evaluation of independent directors was done by the entire board, excluding the independent directors being evaluated. Suggestions made by the independent directors were discussed at the Board Meeting and are being implemented.

### FAMILIRISATION PROGRAMME :

The Familiarization Programme as required under SEBI (LODR) Regulations, 2015, aims at providing insights to the Company to enable Independent Directors to understand their roles, rights, responsibilities as Directors of the Company, the nature of the industry in which the Company operates, business model of the Company. The details of training programme are provided in the Company's website under URL – [http://www.tanfac.com/documents/who\\_directors\\_familiarization\\_programme.pdf](http://www.tanfac.com/documents/who_directors_familiarization_programme.pdf)

### NUMBER OF MEETINGS OF THE BOARD

During the Financial Year 2016-17, the Board met four times, the details of which are given in the Report on Corporate Governance that forms part of this Annual Report. The time gap between two meetings as required under the listing agreement was well within the period.

## BOARD'S REPORT (Contd.)

### BOARD COMMITTEES

Presently, the Board has three Committees, viz., Audit Committee, Nomination and Remuneration Committee and, Stakeholders' Relationship Committee comprising of the required combination of Non Independent and Independent Directors. Committee-wise details are furnished in the Report on Corporate Governance section of the Annual Report.

### EXTRACT OF 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 in the Annexure – D.

### INTERNAL FINANCIAL CONTROL (IFC) :

The Internal Financial Control (IFC) stipulates a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

The observations by the Internal Auditors and corrective actions thereon are presented at the Audit Committee which also oversees and evaluates the IFC periodically.

The Directors Responsibility Statement required under Section 13(3)(c) of The Companies Act, 2013, are available elsewhere in the Directors' Report.

### CORPORATE GOVERNANCE:

Your Company is strongly committed towards its philosophy of Corporate Governance. The Corporate Governance Report, along with the Auditors certificate regarding compliance of the conditions of the Corporate Governance as stipulated in Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with listing agreement with BSE Limited, is forming part of the Annual Report.

A Certificate of the President and CFO of the Company, in terms of Regulation 17(8) as specified in Part B of Schedule II read with SEBI (LODR) Regulations, 2015, confirming the correctness of the Financial Statements, adequacy of the Internal Control measures and reporting of matters to the Audit Committee, is annexed.

Your Directors are pleased to report that the Company has fully complied with the SEBI guidelines on corporate governance as on Financial Year ended 31st March, 2017 and will continue to comply with the same.

### INSURANCE

The Company's properties, Fixed Assets (including Building, Plant and Machinery, Insurable Assets) and Currents Assets (including stock of Raw Materials, Finished Goods, Stores and Spares etc.,) are adequately insured.

### MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

As required under Regulation 34(2)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the listing agreement with the stock exchanges, the Management's Discussion and Analysis Report for the year under review has been made and forms part of the Annual Report.

### PERSONNEL:

Except sitting fees for attending the Board, Audit Committee and Stakeholders Grievance Committee meetings, no other remuneration is being paid to the Directors. Mr Lalit Naik, Managing Director, who has resigned with effect from 23rd November, 2016 did not draw any remuneration, including sitting fee for attending the Board/Committee meetings during his tenure.

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 paid to employee(s) are

## BOARD'S REPORT (Contd.)

covered under the specified ceiling of drawing remuneration of ₹5 Lakhs per month are furnished in Annexure – D.

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are furnished in Annexure-D.

### 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 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, 2017.

### RESEARCH AND DEVELOPMENT :

Your company has made the following efforts in Research & Development.

- Continuous R&D efforts are ongoing to improve Quality of HF Acid for high end application
- Innovative technology improvements done in Sulphuric Acid Plant to increase productivity and Power Generation.
- Process improvements were done to reduce consumption norms of Raw Materials in Specialty Fluorides
- Your company is working on improving productivity of IBAP.
- Scaling up of the in house developed technology for purifying the by-product of IBAP process.

- Worked on Product Quality improvement of Specialty Fluorides.
- Worked on product stability studies and improved on stability of Specialty Chemical which was developed in-house in previous year.

### SAFETY, HEALTH AND ENVIRONMENT PROTECTION (SHE):

Your Company is committed to Safety, Health and Environmental Management System and processes. Implemented various best practices and initiatives during this year which helped to maintain good safety performance statistics.

Your Company is an Integrated Management System(IMS) Certified. This comprises ISO9001–2008 for Quality Management System (QMS), ISO14001-2004 for Environmental Management System(EMS) & OHSAS18001:2007 for Occupational Health and Safety Assessment Series for Safety Management System by Intertek Certification Limited, UK.

Your Company ensures stringent implementation of Safety and Environment Protection measures and the Board has mandated accordingly. Safety visuals, pictorials and sign boards are implemented across the plant areas

Your Company Periodically Conducts Safety Audit and Risk Analysis to monitor risks and to have action plan for countering the risks. Your Directors also periodically visit the factory to review the safety Performance.

Your Company periodically conducts onsite mock drills and actively coordinates with the local Government and other nearby companies.

Your company has entered in to an agreement with neighboring companies for mutual sharing of safety resources during mock drill and during emergencies.

Your Company motivates employees, workers and contract workmen through training and



## BOARD'S REPORT (Contd.)

retraining on safety aspects and also rewards best performers in Safety & Environmental aspects.

Your company maintains green belt inside and outside of factory premises

### MANAGEMENT POLICY

We at Tanfac Industries Limited are committed to continual improvement of the processes of Management System affecting Quality, Cost, and Delivery along with Environmental Impact to prevent pollution and to comply with requirements of customers and interested parties and public.

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

Your company has continued its commitment to CSR activities despite not falling under the ambit of section 135 of the Companies act 2013. Your Company's CSR initiatives are an integral part of Business policy and aligned with business goals.

CSR is a continuing commitment by business to behave ethically and contribute to economic development of the local community and society at large. Creating value for the society is one of the major initiatives of CSR.

Projects are identified in consultation with the community and arriving their basic needs. Then take to the participatory appraisal process and based on consensus and discussion with the village panchayat, projects are implemented.

Focused areas are Education, Health, Sustainable Livelihood, Infrastructure development and social empowerment. All our CSR activities are carried out under the support and guidelines of 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 to underserved communities.

#### Aditya Birla Group's vision:

"To actively contribute to the social and economic development of the communities in which we operate. In doing so, build a better ,sustainable

way of life for weaker sections of society and raise the country's human development index."

Your company focuses on the specific initiatives which include –

- Girl Child education.
- Education support to nearby schools.
- Downtrodden women empowerment projects
- Health Management including family welfare
- Linking with Government agencies, NGOs and other partners
- Implementing activities for upliftment of communities involving government departments,Village panchayats so as to benefit for the society in the specific areas of Education, health, sustainable livelihood and health cater the needs of children, women, old aged and physically challenged to the overall development of communities.

Your company motivates and encourages its employees to actively participate in the various community development and CSR activities.

### HUMAN RESOURCES DEVELOPMENT:

Human resources play a significant role in your Company's growth strategy. Your Company believes that its knowledge capital will drive growth and profitability. The ongoing focus is on attracting, retaining and engaging talent with the objective of creating a robust talent pipeline at all levels. Initiatives like hiring freeze at some levels, robust talent reviews, career development conversations and best-in-class development opportunities will help enhance the employee experience at your Company

Your Company is engaged in a constructive relationship with employees with an emphasis on productivity and efficiency and underlining safe working practices.

As on 31st March, 2017, your Company's employee strength was 153 employees (previous year 162 employees).



## BOARD'S REPORT (Contd.)

### 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  
3rd August, 2017.

(R. Karthikeyan)  
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 2016-17 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 2016 - 17 :

- Integration of Chilling Systems and modification in routing of Chilling Medium had resulted in considerable power savings and also resulted in increased availability of Refrigeration System
- Close monitoring of Turbine operations and implementation of ideas have helped in improving average power generation during this year.
- Improving the Motor Efficiency, optimizing the Air Conditioners and Lighting Systems.
- Energy savings activities like Fanless Cooling Towers, incorporation of energy savers in Lighting Systems and HRC fuses and reduction in lube oil consumption in TG/DG sets resulting in cost savings are being continuously implemented.
- Frequency Optimization of Turbine Generator with HFO genset continues to yield good results.
- Alternate fuel for HFO genset during startup is yet another

initiative towards cost reduction

- The Company has achieved significant cost 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–

- Continues to put efforts for possible Collaboration with prospective customers for forward integration products and working on techno economic feasibility.
- Continued its R&D efforts to improve quality and reduce production cost, particularly energy cost of Isobutyl Acetophenone (IBAP)
- Has successfully developed the in house technology on improving the quality of the by product and further scaled up the process in commercial scale.
- Your company works on various water reduction schemes and continues to operate the scheme implemented for reducing water consumption and the effluent discharge by effective recycling in the plant.
- Continues to recycle the solid waste in Cement Industry through focus on environment conservation.
- Successfully implemented schemes to consistently achieve increased captive power generation.

#### TECHNOLOGY ABSORPTION

- In house development of Green Chemistry

## ANNEXURE – A TO BOARD’S REPORT (Contd.)

Technology for IBAP Plant and continuous efforts to perfect the technology is a classical example of Technology Adaptation and Innovation

- Your Company forms Cross Functional Teams to implement projects for new product development and to improve the process so as to improve self dependency on development of technology.
- Continuous implementation of WCM practices, rewarding of Kaizens, recognizing the work performance through issue of Shabbash card has motivated young Engineers / Scientists to come up with creative ideas to improve efficiency in areas of Production, Energy Savings, Water Conservation, Waste Minimization, Safety and System Improvements.

### A. FOREIGN EXCHANGE EARNING AND OUTGO:

(₹ in Lakhs)

Details	2016-17	2015-16
Forex Earned	1,683.78	2,262.90
Forex used	3,517.35	4,432.12

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 of the Audited Accounts for the Financial Year 2016 - 17 are prepared in accordance with 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, 2017, 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;
- the Directors have selected such Accounting Policies and applied them 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, 2017 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care 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 Directors have prepared the annual accounts on a 'going concern' basis;
- the Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and are operating effectively; and
- the Directors have devised proper systems 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}

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, 2017, which were not under arm’s length basis.

2. Details of material contracts or arrangements or transaction 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 : Inter Corporate Deposit					
Aditya Birla Finance Limited	Group Company	14.3.2016 to 09.9.2016	Acceptance of Inter Corporate Deposit	24.5.2016	3,000.00
		21.3.2016 to 16.9.2016	- do -	24.5.2016	130.00
		29.3.2016 to 24.9.2016	- do -	24.5.2016	500.00
		23.9.2016 to 20.3.2017	Roll over of ICD	09.02.2017	500.00
Bhubaneswari Coal Mining Limited	Group Company	01.6.2016 to 29.8.2016	Acceptance of Inter Corporate Deposit	09.8.2016	3,000.00
		30.8.2016 to 27.11.2016	Roll over of ICD	05.11.2016	3,000.00
		28.11.2016 to 25.02.2017	- do -	09.02.2017	3,000.00
Aditya Birla Epoxy (India) Limited	Common Director*/ Group Company	01.6.2016 to 29.8.2016	Acceptance of Inter Corporate Deposit	09.8.2016	130.00
		30.8.2016 to 27.11.2016	Roll over of ICD	05.11.2016	130.00
		28.11.2016 to 25.02.2017	- do -	09.02.2017	130.00
Thai Peroxide Company Limited	Group Company	-	Purchase of raw material - do -	05.11.2016 09.02.2017	USD 8,848 USD 7,680

\* resigned with effect from 23.11.2016

For and on behalf of the Board of Directors  
(R. Karthikeyan)  
DIRECTOR

Place: Chennai

Date : 3<sup>rd</sup> August, 2017

## 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, 2017**

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"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/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, 2017, 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, 2017, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings:-Not Applicable
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015;
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 – Not Applicable.

## ANNEXURE – C TO BOARD’S REPORT (Contd.)

- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – Not Applicable;
- (g) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable  
and
  - (i) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 - Not Applicable;
- (vi) Other laws applicable to the company as per the representation made by the Management
  - (a) The Explosives Act, 1884.
  - (b) The Narcotic Drugs and Psychotropic Substances Act, 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 Agreement entered into by the Company with BSE 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. There was no changes in the composition of the Board of Directors during the period under review. 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 by the Directors and there were No dissenting views by any Directors/Members of the Board during the period under the review.

I further report that on the examination of the relevant documents and records and based on the information provided by the company, its officers and authorized representatives during the conduct of the audit and also on the review of monthly compliance reports by respective department heads, taken on record by the Board of Directors of the company, in my opinion that there are adequate systems and processes and control mechanism exist in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable other general laws, rules, regulations and guidelines including Industrial Laws and Labour laws.

I further report that the compliances by the company of the applicable financial laws like Direct and Indirect Tax Laws have not been reviewed in this Audit since the same have been subject to review by statutory financial auditor.

Signature:

**KALYANI SRINIVASAN**

Place: Chennai

FCS No.5854

Date: 29.5.2017

C.P.No.6047

Note; This report is to be read with our letter of even date which is annexed as Annexure A and form part of this report.

## ANNEXURE TO SECRETARIAL AUDIT REPORT

To

The Members

TANFAC Industries Limited

Cuddalore

1. Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on the random test basis to ensure that correct facts are reflected in Secretarial Records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company
4. Where required I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company

Signature:

**KALYANI SRINIVASAN**

Place : Chennai

Date : 29.5.2017

FCS No.5854

C.P. No.6047

## ANNEXURE – D TO BOARD REPORT

### FORM NO.MGT-9

#### EXTRACT OF ANNUAL RETURN

(AS ON THE FINANCIAL YEAR ENDED 31ST MARCH, 2017)

[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 :

CORPORATED 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: <a href="mailto:invreln.tanfac@adityabirla.com">invreln.tanfac@adityabirla.com</a>
Whether listed company	YES
Name, Address and contract details of Registrar and Transfer Agent, if any	Integrated Registry Management Services Private 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: <a href="mailto:corpserv@integratedindia.in">corpserv@integratedindia.in</a>

#### 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.	16%
2.	AHF ACID AND SULPHURIC ACID	20112 Manufacture of inorganic acids except nitric acid	59%
3.	SPECIALITY CHEMICALS	20116 Manufacture of basic chemical elements	25%

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

\*\* On the basis of Gross Turnover

#### 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 -					



## ANNEXURE – D TO BOARD REPORT (Condt.)

### 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 01.04.2016)				No. of shares held at the end of the year (as on 31.3.2017)				% 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/Fl	-	-	-	-	-	-	-	-	-
f)Any other – Mr A.K. Agarwala – Director (person acting in concert)	1,150	-	1,150	0.010	1150	-	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/Fl	-	-	-	-	-	-	-	-	-
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	-
B. PUBLIC SHAREHOLDING :									
1.INSTITUTIONS									
a)Mutual Funds/UTI	0	8,100	8,100	0.080	-	8,100	8,100	0.080	-
b)Banks/Fls	450	550	1,000	0.010	450	550	1,100	0.010	-
c)Central Govt.	-	-	-	-	-	-	-	-	-
d)State Govt(s)	-	-	-	-	-	-	-	-	-
e)Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)Insurance Companies	-	-	-	-	-	-	-	-	-
g)Flis	-	650	650	0.010	-	650	650	0.010	-
h)Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)Others	-	-	-	-	-	-	-	-	-
SUB-TOTAL B(1)	450	9,300	9750	0.100	450	9,300	9750	0.100	-

## ANNEXURE – D TO BOARD REPORT (Condt.)

Category of Shareholder	No. of shares held at the beginning of the year (as on 01.04.2016)				No. of shares held at the end of the year (as on 31.3.2017)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
1. NON INSTITUTIONS									
a) Bodies Corporate									
i) Indian	11,94,285	11,676	12,05,961	12.090	15,44,135	11,676	15,55,811	15.600	3.510
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital up to ₹1 Lakh	18,70,503	6,75,017	25,45,520	25.520	20,88,716	6,58,293	27,47,009	27.540	2.020
ii) Individual Shareholders holding nominal share capital in excess of ₹1 Lakh	10,79,518	-	10,79,518	10.820	4,92,712	-	4,92,712	4.940	-5.870
c) Others									
i) Directors' relatives	100	400	500	0.005	100	400	500	0.005	-
ii) NRIs	11,347	10,400	21,747	0.220	17,891	10,350	28,241	0.280	0.060
iii) Clearing Member	26,752	-	26,752	0.270	15,425	-	15,425	0.150	-0.120
iv) Trust	450	-	450	0.010	450	-	450	0.010	-
v) LLP	-	-	-	-	40,000	-	40,000	0.400	0.400
SUB-TOTAL B(2)	41,82,955	6,97,493	48,80,448	48.93	41,99,729	6,80,719	48,80,448	48.930	-
Total Public Share-holding (B) = (1) + b(2)	41,83,405	7,06,793	48,90,198	49.030	42,00,179	6,90,019	48,90,198	49.030	-
C. Shares held by custodian for GDRs/ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A) + (B) + (C)	92,68,207	7,06,793	99,75,000	100.000	92,84,981	6,90,019	99,75,000	100.000	-

## ANNEXURE – D TO BOARD REPORT (Condt.)

### (ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.4.2016)			Shareholding at the end of the year (as on 31.3.2017)			% 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	-	-

### (iii) Change in Promoters' Shareholding

Sl. No.		Shareholding at the beginning of the year (as on 01.4.2016)		Cumulative Shareholding during the year (as on 31.3.2017)	
		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	-	-
HENCE THERE IS NO CHANGE IN PROMOTERS' SHAREHOLDING					

## ANNEXURE – D TO BOARD REPORT (Condt.)

### (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 01.04.2016)		Cumulative Shareholding during the year (as on 31.03.2017)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
<b>1.</b>	<b>AJIT SINGH JAGJIT SINGH CHAWLA – AABPC0858R</b>				
	At the beginning of the year	339195	3.400		
	09/09/2016	-6,460	-0.065	3,32,735	3.336
	16/09/2016	-3,800	-0.038	3,28,935	3.298
	21/09/2016	-7,630	-0.076	3,21,305	3.221
	23/09/2016	-16,847	-0.169	3,04,458	3.052
	30/09/2016	-8,725	-0.087	2,957,33	2.965
	07/10/2016	-18,471	-0.185	2,77,262	2.780
	14/10/2016	-5,514	-0.055	2,71,748	2.724
	21/10/2016	-4,401	-0.044	2,67,347	2.680
	28/10/2016	-3,991	-0.040	2,63,356	2.640
	04/11/2016	-10,513	-0.105	2,52,843	2.535
	11/11/2016	-83,804	-0.840	1,69,039	1.695
	18/11/2016	-2,482	-0.025	1,66,557	1.670
	25/11/2016	-34,249	-0.343	1,32,308	1.326
	02/12/2016	-16,175	-0.162	1,16,133	1.164
	09/12/2016	-35,475	-0.356	80,658	0.809
	16/12/2016	-16,355	-0.164	64,303	0.645
	23/12/2016	-10,200	-0.102	54,103	0.542
	06/01/2017	-10,000	-0.100	44,103	0.442
	20/01/2017	-10,000	-0.100	34,103	0.342
	10/02/2017	-15,245	0.153	18,858	0.189
	At the end of the year			18,858	0.189
<b>2.</b>	<b>UTKARSH GLOBAL HOLDINGS PRIVATE LIMITED – AAACU44658D</b>				
	At the beginning of the year	3,33,719	3.346		
	13/05/2016	3,911	0.039	3,37,630	3.385
	20/05/2016	2,687	0.027	3,40,317	3.412
	27/05/2016	2,332	0.023	3,42,649	3.435
	03/06/2016	12,164	0.122	3,54,813	3.557
	10/06/2016	9,070	0.091	3,63,883	3.648
	24/06/2016	1,115	0.011	3,64,998	3.659
	30/06/2016	3,770	0.038	3,68,768	3.697
	08/07/2016	100	0.001	3,68,868	3.698
	15/07/2016	375	0.004	3,69,243	3.702
	22/07/2016	1,682	0.017	3,70,925	3.719
	29/07/2016	5,934	0.059	3,76,859	3.778
	05/08/2016	500	0.005	3,77,359	3.783
	12/08/2016	75	0.001	3,77,434	3.784
	19/08/2016	55,968	0.561	4,33,402	4.345
	26/08/2016	23,012	0.231	4,56,414	4.576

## ANNEXURE – D TO BOARD REPORT (Condt.)

Sl. No.	Name	Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year (as on 31.03.2017)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
	02/09/2016	24,225	0.243	4,80,639	4.818
	09/09/2016	15,798	0.158	4,96,437	4.977
	16/09/2016	8,550	0.086	5,04,987	5.063
	21/09/2016	13,972	0.140	5,18,959	5.203
	23/09/2016	2,750	0.028	5,21,709	5.230
	30/09/2016	17,578	0.176	5,39,287	5.406
	07/10/2016	1,700	0.017	5,40,987	5.423
	11/11/2016	32,000	0.321	5,72,987	5.744
	18/11/2016	44,000	0.441	6,16,987	6.185
	At the end of the year			6,16,987	6.185
<b>3. KAMALJYOT INVESTMENTS LIMITED – AAACK3258K</b>					
	At the beginning of the year	3,09,826	3.106		
	29/07/2016	297	0.003	3,10,123	3.109
	05/08/2016	28,377	0.284	3,38,500	3.393
	12/08/2016	1,22,381	1.227	4,60,881	4.620
	11/11/2016	479	0.005	4,61,360	4.625
	18/11/2016	99,238	0.995	5,60,598	5.620
	25/11/2016	15,867	0.159	5,76,465	5.779
	02/12/2016	476	0.005	5,76,941	5.784
	At the end of the year			5,76,941	5.784
<b>4. KAMAL MAVJI VISARIA – AAAPV6233C</b>					
	At the beginning of the year	2,13,369	2.129		
	11/11/2016	-82,369	-0.826	1,30,000	1.303
	09/12/2016	-5,000	-0.050	1,25,000	1.253
	16/12/2016	-17,086	-0.171	1,07,914	1.082
	20/01/2017	-5,154	-0.052	1,02,760	1.030
	27/01/2017	-4,475	-0.045	98,285	0.985
	03/02/2017	-1,130	-0.011	97,155	0.974
	10/02/2017	-45,090	-0.452	50,065	0.522
	At the end of the year			52,065	0.522
<b>5. MOTILAL OSWAL FINANCIAL SERVICES LIMITED – AAECM2876P</b>					
	At the beginning of the year	1,55,731	1.561		
	27/05/2016	-4,000	-0.040	1,51,731	1.521
	03/06/2016	-2,851	-0.029	1,48,880	1.493
	29/07/2016	-15,280	-0.153	1,33,600	1.339
	05/08/2016	-97,732	-0.980	35,868	0.360
	12/08/2016	-24,000	-0.241	11,868	0.119
	At the end of the year			11,868	0.119
<b>6. ARONI COMMERCIALS LIMITED – AAACA8974A</b>					
	At the beginning of the year	1,28,587	1.289		
	02/12/2016	-25,971	-0.260	1,02,616	1.029
	09/12/2016	-77,616	-0.778	25,000	0.251

## ANNEXURE – D TO BOARD REPORT (Condt.)

Sl. No.	Name	Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year (as on 31.03.2017)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
	16/12/2016	-18,168	-0.182	6,832	0.068
	23/12/2016	-3,832	-0.068	-	-
	At the end of the year			-	-
<b>7. FOUR DIMENSIONS SECURITIES (INDIA) LIMITED – AAACF1764F</b>					
	At the beginning of the year	80,000	0.802		
	02/12/2016	6,884	0.069	86,802	0.871
	09/12/2016	61,831	0.620	1,48,715	1.491
	16/12/2016	-65,433	-0.656	83,282	0.835
	23/12/2016	-3,282	-0.033	80,000	0.802
	30/12/2016	329	0.003	80,329	0.805
	31/12/2016	7,000	0.070	87,329	0.875
	06/01/2017	-12,329	-0.124	75,000	0.752
	27/01/2017	-8,500	-0.085	66,500	0.667
	03/02/2017	-1,500	-0.015	65,000	0.652
	10/02/2017	-40,000	-0.401	25,000	0.251
	17/02/2017	-15,000	-0.150	10,000	0.100
	At the end of the year			10,000	0.100
<b>8. KANTA BAGADIA – AALPB9577C</b>					
	At the beginning of the year	60,000	0.602		
	16/09/2016	-5,000	-0.050	55,000	0.551
	11/11/2016	-10,000	-0.100	45,000	0.451
	10/02/2017	-50,000	-0.050	40,000	0.401
	At the end of the year			40,000	0.401
<b>9. SAYURI TRADING PVT LTD – AAICS2104A</b>					
	At the beginning of the year	40,000	0.401		
	05/08/2016	-40,000	-0.401		
	At the end of the year			-	-
<b>10. RAM GOPALDAS SAMAT – AACPS5228C</b>					
	At the beginning of the year	35,000	0.351		
	05/08/2016	5,400	0.054	40,400	0.405
	12/08/2016	99	0.001	40,499	0.406
	23/09/2016	-10,499	-0.105	30,000	0.301
	30/09/2016	-5,000	-0.050	25,000	0.251
	07/10/2016	-1,100	-0.011	23,900	0.240
	14/10/2016	-1,000	-0.010	22,900	0.230
	04/11/2016	-7,900	-0.079	15,000	0.150
	16/12/2016	-7,500	-0.075	7,500	0.075
	03/02/2017	7,500	-0.075	-	-
	At the end of the year			-	-

## ANNEXURE – D TO BOARD REPORT (Condt.)

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

Sl. No.	Name of Director and KMP	Shareholding at the beginning of the year (as on 01.04.2016)		Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year / at the end of the year (as on 31.3.2017)	
		No. of Shares	% of total shares			No. of Shares	% of total shares
1.	Mr A.K. Agarwala	1150	0.011	-	-	1150	0.011
2.	Mr Lalit Naik – Managing Director*	-	-	-	-	-	-
3.	Mr V.T. Moorthy	-	-	-	-	-	-
4.	Mr M.R. Sivaraman, IAS (Retd.)	-	-	-	-	-	-
5.	Mr R. Karthikeyan	-	-	-	-	-	-
6.	Mr Kannan K Unni	-	-	-	-	-	-
7.	Dr. Shankar Narasimhan	-	-	-	-	-	-
8.	Mr T.S. Raghavan	-	-	-	-	-	-
9.	Mrs. R. Rajalakshmi	-	-	-	-	-	-

\* since resigned with effect from 23.11.2016.

### IV. INDEBTEDNESS

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

(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebted-ness
Indebtedness at the beginning of the financial year (01.4.2016) :				
i) Principal Amount	1,684.50	3,915.43	-	5,599.93
ii) Interest due but not paid*	2.96	-	-	2.96
iii) Interest accrued but not due	-	0.54	-	0.54
Total(i + ii + iii)	1,687.46	3,915.97	-	5,603.43
Change in Indebtedness during the financial year ;				
- Addition	-	-	-	-
- Reduction	804.62	20.35	-	824.97
Net Change	-804.62	-20.35	-	-824.97
Indebtedness at the end of the financial year (31.3.2017) :				
i) Principal Amount	882.68	3,895.08	-	4,777.76
ii) Interest due but not paid*	0.17	-	-	0.17
iii) Interest accrued but not due	-	-	-	-
Total(i + ii + iii)	882.85	3,895.08	-	4,777.93

\* Bank Interest due on March 2016 and debited by bank on 1st April, 2016.

\*\* Bank Interest due on March 2017 and debited by bank on 1st April, 2017.

## ANNEXURE – D TO BOARD REPORT (Condt.)

### VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

#### A. Remuneration to Managing Director :

Sl. No.	Particulars of remuneration	Mr Lalit Naik, Managing Director	Total Amount (in ₹)
1.	Mr Lalit Naik, Managing Director, did not draw any remuneration (including sitting fee) during his tenure with the Company.		

#### B. Remuneration to other Directors :

Except sitting fee no other remuneration was paid to Directors during the financial year 2016-17. The details are as follows:

Sl. No.	Name of Director	Particulars of Remuneration - Sitting Fee (₹ in Lacs)			
		Board Meeting	Audit Committee	Investors/ Stakeholders Relationship Committee	Total Fee Paid
<b>I.</b>	<b>INDEPENDENT DIRECTORS :</b>				
1.	Mr V.T. MOORTHY	0.80	0.80	0.40	2.00
2.	Mr M.R. SIVARAMAN, IAS (RETD.)	0.80	0.80	0.40	2.00
3.	Mr KANNAN K UNNI	0.40	0.40	-	0.80
4.	DR. SHANKAR NARAISMHAN	0.60	0.60	-	1.20
5.	Mr T.S. RAGHAVAN	0.80	-	-	0.80
6.	Mrs R. RAJALAKSHMI	0.80	-	-	0.80
	<b>TOTAL (I)</b>	<b>4.20</b>	<b>2.60</b>	<b>0.80</b>	<b>7.60</b>
<b>II.</b>	<b>OTHER NON EXECUTIVE DIRECTORS :</b>				
1.	Mr A.K. AGARWALA	0.60	-	-	0.60
2.	Mr R. KARTHIKEYAN	0.80	0.80	0.40	2.00
	<b>TOTAL (II)</b>	<b>1.40</b>	<b>0.80</b>	<b>0.40</b>	<b>2.60</b>
	<b>TOTAL B = (I) + (II)</b>	<b>5.60</b>	<b>3.40</b>	<b>1.20</b>	<b>10.20</b>



## ANNEXURE – D TO BOARD REPORT (Condt.)

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTG : (₹ in lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total amount
		President (K.Sendhil Naathan)	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	78.32	2.75	48.74	129.81
	(b) Value of perquisites under Section 17(2) of The Income Tax Act, 1961	-	-	-	-
	(c) Profit in lieu of salary under Section 17(3) of The Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission – as % of profit	-	-	-	-
5.	Others	-	-	-	-
	– Medical	-	-	-	-
	– Cars	-	-	-	-
	– Interest Concession on loan	-	-	-	-
	TOTAL	78.32	2.75	48.74	129.81

### 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					

## **ANNEXURE – D TO BOARD REPORT (Condt.)**

**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 Management Personnel) Rules, 2014 :**

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;

Except sitting fee NO other remuneration paid to Director.

2. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

The average increase in remuneration paid to the President, Company Secretary and Chief Financial Officer during the year was at 11%.

3. The percentage increase in the median remuneration of employees in the financial year;

During the Financial year 2016-17, 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.

4. The number of permanent employees on the rolls of company;

There were 153 permanent employees on the rolls of the Company as on 31st March, 2017.

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

Average increase for President, CFO and the Company Secretary was at 11% compared to 12% increase considered for other Non Managerial Personnel.

6. Affirmation that the remuneration is as per the remuneration policy of 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 AUDITOR'S REPORT

To

### THE MEMBERS OF

### 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, 2017, 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 also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

### 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 statement, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. 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 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 2017, its Profit and its cash flows for the year ended on that date

## INDEPENDENT AUDITOR'S REPORT(Contd.)

### Emphasis of Matter Paragraph

7. In forming our opinion, which is not qualified, we have considered Note No 26.12 of the financial statements stating that, despite losses in the past 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
8. Attention is invited to Note No 26.1(e) of the financial results, describing Company's contention in the matter of Renewable Power Obligation (RPO), which is contested and the Company is anticipating a favorable verdict, based on legal advice received by it. Our report is not qualified on the matter

### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order
10. As required by Section 143(3) of the Act, we further report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. 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;
  - c. 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;
  - d. 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
  - e. on the basis of written representations received from the directors as on March

31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act

- f. With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"
- g. 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:
  - (i) The impact of pending litigations has been duly disclosed in the financial statements in note no. 26.1 and 26.3 to the financial statements.
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.
  - (iv) The Company has provided requisite disclosure in Note No 26.13 to the financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, the said disclosures are in accordance with the books of accounts and records maintained by the Company and as produced to us by the management

**For Khimji Kunverji & Co**

Chartered Accountants

Firm Registration No 105146W

Camp: Chennai

Date: May 23, 2017

Hasmukh B Dedhia

Partner (F - 33494)

## ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

### **Annexure A referred to in Paragraph 9 of Our Report of even date to the members of TANFAC Industries Limited on the Financial Statements of the Company for the year ended 31st March, 2017**

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) According to the information and explanations given to us and based on the records of the Company examined by us, fixed assets have been physically verified by the management at regular intervals; and no material discrepancies were noticed on such verification;
  - (c) According to the information and explanations given to us and based on the records of the Company examined by us, title deeds of an immovable property are held in the name of the Company.
  - (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year;
  - (b) 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 the requirement of clause 3 (iii) of the order is not applicable.
- (iv) According to the records of the Company examined by us and as per the information and explanations given to us, the Company has not granted any loans covered under Section 185 and 186 of the Act.
  - (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
  - (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 pertaining to Cost accounting records, 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 made and 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, Value Added Tax, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India

## ANNEXURE TO INDEPENDENT AUDITOR'S REPORT(Contd.)

- (b) According to the information and explanations given to us and based on the records of the Company examined by us, following dues of Sales Tax, Service Tax, Customs Duty, Excise Duty & Income Tax which have not been deposited on account of any disputes

Name of Statute	Nature of the Dues	Disputed amount	Period to which the amount relates	Forum where dispute is pending
		(₹ in Lacs)		
TNGST Act, 1959	Levy of sales tax from sales affected through Pondicherry	52.77	1989-90 & 1990-91	Appeal before Tamil Nadu Sales Tax Appellate Tribunal
Custom Act, 1962	Duty on fluorspar shipment shortage	10.79	1998-99	Customs Officer
Central Excise Act, 1944	Interest Accrued to be added	0.27	2001-02	SB, CEGAT, Chennai
	Excise duty on freight collected on outward freight	9.85	April'04-December'08	Joint Commissioner Cuddalore
	Excise duty on freight collected on outward freight	0.90	January'09-September'09	Asst. Commissioner Cuddalore
	Excise duty on freight collected on outward freight	0.41	October'09-March'10	Deputy Commissioner Cuddalore
	Excise duty on freight collected on outward freight	0.58	April'10-December'10	Asst. Commissioner Cuddalore
	Excise duty on freight collected on outward freight	3.55	January'11-October'11	Asst. Commissioner Cuddalore
	Excise duty on freight collected on outward freight	0.74	January'14-November'14	Asst. Commissioner Cuddalore
	Excise duty on freight collected on outward freight	0.46	December'14-June'15	Asst. Commissioner Cuddalore
	Excise duty on freight collected on outward freight	2.56	July'15-February'16	Asst. Commissioner Cuddalore
	Excise duty on Job Work to Shasun Chemicals	10.75	2012-13 & 2013-14	Commissioner Appeals, Chennai
	Excise duty on Job Work to Shasun Chemicals	8.18	2014-15	Commissioner Appeals, Chennai
	Excise duty on Job Work to Shasun Chemicals	34.66	2015-16 & 2016-17	Asst. Commissioner Cuddalore
	Total	72.92		
Finance Act, 1994 (Service Tax)	Service Tax on Lease Rent	12.30	July'01 - March'05	The Commissioner Pondicherry
	Service Tax on Consulting Engineers – Penalty	0.23	May'02 - Feb'04	CESTAT, Chennai
	Service Tax on Freight Outward	20.39	April'06-March'08	Commissioner, Pondicherry

## ANNEXURE TO INDEPENDENT AUDITOR'S REPORT(Contd.)

Name of Statute	Nature of the Dues	Disputed amount	Period to which the amount relates	Forum where dispute is pending
		(₹ in Lacs)		
	Service Tax on Medical Subscription	0.72	July'15-Mar'16	CESTAT, Chennai
	Total	33.64		
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	Assistant Commissioner of Income Tax, Company Circle III (1), Chennai
	Total	161.18		

(viii) According to the information and explanations given to us and based on the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings to any financial institution, bank and Government.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence the provision of clause 3(ix) of the Order is not applicable to it.

(x) 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 by the Company or on the Company by its officers or employees noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

(xi) According to the information and explanations given to us and based on the records of the Company examined by us the Company has not paid or provided managerial remuneration.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Hence, clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on the records of the

Company examined by us, the Company has complied with the provisions of Section 177 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014. The transactions with related parties entered into by the Company, disclosures whereof are made as per applicable Accounting Standards, do not attract the provisions of Section 188 of the Act.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, clause 3(xiv) of the Order is not applicable.

(xv) According to the records of the Company examined in course of our audit and as per the information and explanations given to us, the Company has not entered in any non-cash transactions with directors or persons connected with them. Hence, provisions of Section 192 are not applicable to the Company

(xvi) The Company is not required to register under Section 45-IA of the Reserve Bank of India Act 1934.

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

Camp: Chennai  
Date: May23, 2017

**Hasmukh B Dedhia**  
Partner (F - 33494)

## **ANNEXURE TO INDEPENDENT AUDITOR'S REPORT(Contd.)**

**Annexure B referred to in paragraph 10(f) of Our Report of even date to the members of TANFAC Industries Limited on the Financial Statements of the company for the year ended 31st March, 2017**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of TANFAC INDUSTRIES LIMITED ("the Company") as at 31 March 2017 in conjunction with our audit of standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting are established and maintained

and whether such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls over Financial Reporting**

Internal financial control over financial reporting is a process designed by the Company to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance



## ANNEXURE TO INDEPENDENT AUDITOR'S REPORT(Contd.)

with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has an internal financial controls system over financial reporting, design whereof is observed to be comprehensive. Based on selective verification of process controls matrixes, made available to us, in our opinion and considering the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note, the operating effectiveness of such process controls and appropriate documentation thereof needs to be strengthened to make the same commensurate with the size of the Company and nature of its business.

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

Camp: Chennai  
Date: May23, 2017

Hasmukh B Dedhia  
Partner (F - 33494)

# **BALANCE SHEET AS AT 31ST MARCH 2017**

Paticulars	Note	As at 31st Mar 2017 (₹ in Lakhs)	As at 31st Mar 2016 (₹ in Lakhs)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' fund</b>			
a) Share Capital	2	1,497.50	1,497.50
b) Reserves and Surplus	3	(618.43)	(991.94)
<b>Total (A)</b>		<b>879.07</b>	<b>505.56</b>
<b>Non Current Liabilities</b>			
a) Deferred Tax Liabilities (Net)	4	-	-
b) Long Term Provisions	5	65.21	52.87
<b>Total (B)</b>		<b>65.21</b>	<b>52.87</b>
<b>Current Liabilities</b>			
a) Short Term Borrowings	6	4,777.76	5,599.93
b) Trade Payables	7	1,144.54	2,117.63
c) Other Current Liabilities	8	195.70	267.37
d) Short-term Provisions	9	591.62	559.07
<b>Total (C)</b>		<b>6,709.62</b>	<b>8,544.00</b>
<b>Total (A + B + C)</b>		<b>7,653.89</b>	<b>9,102.43</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
<b>a) Fixed Assets</b>	10		
i) Tangible Assets		4,470.86	4,910.90
ii) Intangible Assets		2.91	2.91
iii) Capital Work-in-progress		48.00	-
		<b>4,521.77</b>	<b>4,913.82</b>
b) Non Current Investments	11	16.96	16.96
c) Long Term Loans and Advances	12	145.42	135.53
<b>Total (D)</b>		<b>4,684.16</b>	<b>5,066.31</b>
<b>Current Assets</b>			
a) Inventories	13	1,084.52	1,789.27
b) Trade Receivables	14	1,594.78	1,989.63
c) Cash and Bank Balances	15	36.17	9.52
d) Short Term Loan and Advances	16	192.93	199.63
e) Other Current Assets	17	61.35	48.07
<b>Total (E)</b>		<b>2,969.74</b>	<b>4,036.12</b>
<b>Total (D + E)</b>		<b>7,653.89</b>	<b>9,102.43</b>
Significant Accounting Policies	1		
The Accompanying notes are an intergral 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. 33494	K.Sendhil Naathan President	R.Karthikeyan Director	
	N.R.Ravichandran Chief Financial Officer	V.T.Moorthy Director	M.R.Sivaraman Director
Place: Chennai	Punita Aggarwal Company Secretary	Date : 23rd May, 2017	

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Note	Year Ended 31st Mar 2017 (₹ in Lakhs)	Year Ended 31st Mar 2016 (₹ in Lakhs)
Revenue from Operations (Gross)	18	13,558.38	14,679.97
Less: Excise Duty		1,230.03	1,347.53
Net Revenue from Operations		12,328.35	13,332.45
<b>Other Income</b>	19	74.64	35.74
<b>Total Revenue ( I + II )</b>		12,402.99	13,368.19
<b>Expenses</b>			
Cost of Raw Materials consumed	20	6,263.48	8,093.80
Changes in inventories of Finished Goods and WIP	21	164.49	(90.68)
Employee Benefits Expenses	22	1,111.13	1,128.12
Finance Cost	23	603.26	713.13
Depreciation and Amortisation Expenses		473.34	476.98
Other Expenses	24	3,413.79	3,381.77
<b>Total Expenses</b>		12,029.49	13,703.13
<b>Profit Before Exceptional Item, Extraordinary Item and Tax</b>		373.50	(334.94)
Exceptional Item	25	-	(372.48)
<b>Profit Before Extraordinary Item and Tax</b>		373.50	37.54
Extraordinary Item		-	-
<b>Profit Before Tax</b>		373.50	37.54
Tax Expense			
1) Current Tax		-	-
2) Deferred Tax		-	(2.59)
<b>Profit / (Loss) for the period continuing operations</b>		373.50	40.13
<b>Earnings per share of face value of ₹ 10 each</b>			
<b>After Extra-ordinary Item</b>			
Basic (₹)		3.74	0.40
Diluted(₹)		3.74	0.40
<b>Before Extra-Ordinary Item</b>			
Basic (₹)		3.74	0.40
Diluted (₹)		3.74	0.40
Significant Accounting Policies	1		
The accompanying notes are an intergral 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. 33494	K.Sendhil Naathan President	R.Karthikeyan Director	
	N.R.Ravichandran Chief Financial Officer	V.T.Moorthy Director	M.R.Sivaraman Director
Place: Chennai	Punita Aggarwal Company Secretary	Date : 23rd May, 2017	

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	2016-2017 (₹ in Lakhs)		2015-2016 (₹ in Lakhs)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax	373.50		37.54	
Adjustments for :				
Depreciation & Amortisation of Expenses	473.34		476.98	
Finance Cost	603.26		713.13	
Provision for Liabilities no longer required written back	(4.14)		(13.46)	
Loss / (Profit) on Sale of Fixed Assets	0.58		(2.70)	
Interest & Dividend Income	(4.62)		(4.81)	
Provision for Advances	2.00			
Provision for Sales Tax	10.21			
Provision for Inventories	42.59			
Operating Profit before Working Capital changes		1496.72		1206.68
Adjustments for :				
Trade and Other Receivables	382.98		(376.77)	
Inventories	662.16		326.73	
Trade Payable and Provisions	(1078.82)		444.51	
		(33.67)		394.47
Cash Generated From / (Used in) Operations		1463.05		1601.15
Direct Taxes (Payment) / Refund (net)	72.12		3.41	
		72.12		3.41
<b>Net Cash Generated From / (Used in) Operations</b>		1535.17		1604.56
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(86.78)		(128.00)	
Sale of Fixed Assets	4.91		29.54	
Creditors for Capital Asset	(1.24)		0.95	
Interest and Dividend Income	0.02		0.22	
<b>Net Cash flow From / (Used in) Investing Activities</b>		(83.09)		(97.29)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Buyers credit/ICD	(20.35)		(22.13)	
Long term loan availed (Net)	-		(176.47)	
Short term loan availed	(801.83)		(628.15)	
Finance Cost	(603.26)		(713.13)	
<b>Net Cash flow From / (Used in) financing Activities</b>		(1425.43)		(1539.88)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		26.65		(32.62)
<b>Equivalents</b>				
Cash & Cash Equivalents (Opening Balance)	9.52		42.14	
Cash & Cash Equivalents (Closing Balance)	36.17		9.52	
		26.65		(32.62)
Significant Accounting Policies - Note 1				
The accompanying notes are an intergral 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			
	K.Sendhil Naathan President	R.Karthikeyan Director		
Hasmukh B. Dedhia Partner Membership No. 33494	N.R.Ravichandran Chief Financial Officer	V.T.Moorthy Director	M.R.Sivaraman Director	
Place: Chennai	Punita Aggarwal Company Secretary			Date : 23rd May, 2017

## SIGNIFICANT ACCOUNTING POLICIES

### Note 1: SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis for 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 Profit and Loss Statement 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

## SIGNIFICANT ACCOUNTING POLICIES

- 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) Depreciation on other Assets individually costing less than Rs.5000/- each has been wholly depreciated in the year of acquisition/installation.
  - ii) 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 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.
- v) Obsolete, defective, slow moving and unserviceable inventory, if any, are duly provided for.

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

### **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.

## SIGNIFICANT ACCOUNTING POLICIES

### 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 :

#### i. 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 and Loss for the year when the contributions to the respective funds are due.

#### ii. 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 and loss.

#### iii. Other Long Term Benefits :

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

## SIGNIFICANT ACCOUNTING POLICIES

**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.

Current and 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 Accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

### NOTE - 2 SHARE CAPITAL

Particulars	As at 31st Mar 2017 (₹ in Lakhs)	As at 31st Mar 2016 (₹ in Lakhs)
<b>Authorised</b>		
2,50,00,000 Equity Shares of ₹10/- each	2,500.00	2,500.00
10,00,000 11% Redeemable Cumulative Non Convertible Preference Shares of ₹100 each	1,000.00	1,000.00
	3,500.00	3,500.00
<b>Issued, Subscribed and Paid up</b>		
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	500.00
	1,497.50	1,497.50

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

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

SN	Particulars	As at 31st Mar 2017	As at 31st Mar 2016
I	Equity Shares at the beginning of the year	9,975,000	9,975,000
	Add: Shares issued if any during the year	-	-
	Equity Shares at the end of the year	9,975,000	9,975,000
II	11% Redeemable Cumulative Preference Shares at the beginning of the year	500,000	500,000
	Add: Shares issued if any during the year	-	-
	11% Redeemable Cumulative Preference Shares at the end of the year	500,000	500,000

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

Equity:

Name of the Shareholder	As at 31st Mar 2017		As at 31st Mar 2016	
	No. of Shares	%age of holding	No. of Shares	%age of holding
Tamilnadu Industrial Development Corporation Ltd.	2,595,000	26.02%	2,595,000	26.02%
TGS Investment & Trade Private Ltd.	1,990,652	19.96%	1,990,652	19.96%
Pilani Investment & Industries Corporation Limited	498,000	4.99%	498,000	4.99%

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

### Preference Shares:

Name of the Shareholder	As at 31st Mar 2017		As at 31st Mar 2016	
	No. of Shares	%age of holding	No. of Shares	%age of holding
Aditya Birla Chemicals India Ltd **	500,000	100.00%	500,000	100.00%

Note: \*\* Aditya Birla Chemicals India Ltd since merged with Grasim Industries Ltd effective 05th January 2016.

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

2.5 Arrears on Preference Shares Dividend - Rs. 111.21 Lacs (Previous Year - Rs. 56.21 Lacs)

### NOTE - 3 RESERVES AND SURPLUS

Particulars	As at 31st Mar 2017 (₹ in Lakhs)	As at 31st Mar 2016 (₹ 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	3,824.96	3,824.96
Less: Transferred to P&L A/c	-	-
TOTAL	3,824.96	3,824.96
d) Profit and Loss account		
Opening balance	(4,849.54)	(4,889.66)
Add: Net profit after tax transferred to P&L A/c	373.50	40.13
TOTAL	(4,476.03)	(4,849.54)
TOTAL (A + B + C + D)	(618.43)	(991.94)

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

### NOTE - 4 DEFERRED TAX LIABILITIES (NET)

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

Particulars	As at 31st Mar 2017 (₹ in Lakhs)	As at 31st Mar 2016 (₹ in Lakhs)
<b>(A) Deferred tax Liability</b>		
i. Depreciation	822.00	870.91
<b>TOTAL (A)</b>	822.00	870.91
<b>Less: (B) Deferred Tax Asset</b>		
i. Unabsorbed Depreciation (to the extent of DTL)	822.00	870.91
<b>TOTAL (B)</b>	822.00	870.91
<b>Net Deferred Tax Liability (A) - (B)</b>	-	-

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

### NOTE - 5 LONG TERM PROVISIONS

Particulars	As at 31st Mar 2017 (₹ in Lakhs)	As at 31st Mar 2016 (₹ in Lakhs)
Employee Benefits Leave Encashment (Refer Note 9 & 26.7)	65.21	52.87
<b>TOTAL</b>	65.21	52.87

### NOTE - 6 SHORT TERM BORROWINGS

Particulars	As at 31st Mar 2017 (₹ in Lakhs)	As at 31st Mar 2016 (₹ in Lakhs)
<b>SECURED LOANS</b>		
Loan Repayable on Demand from Bank ( Refer Note 6.1 below)	882.68	1,684.51
<b>TOTAL - I</b>	882.68	1,684.51
<b>UNSECURED LOANS</b>		
Loan Repayable on Demand from Banks ( Refer Note 6.2 below)	265.08	285.43
Others - Intercompany deposit (Refer Note 26.8)	3,630.00	3,630.00
<b>TOTAL - II</b>	3,895.08	3,915.43
<b>TOTAL (I + II)</b>	4,777.76	5,599.93

#### 6.1 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 Deeds 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.

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

### 6.2 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 is between 90 to 180 days from the date of availment. Details of loan are given below:

Nature of Unsecured Loan	Due Date of Repayment	Interest % P.A.	Amount (₹)
Buyers Credit for Raw Material Imports in USD #	11.04.2017	3.52	54.98
	06.06.2017	2.01	88.17
	02.06.2017	2.01	29.96
	07.06.2017	2.32	72.00
	23.05.2017	2.92	19.98
<b>TOTAL</b>			<b>265.08</b>

# Hedged by forward contract of USD 84,772.87 out of total USD 4,08,728.96

6.3 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 Mar 2017	31st Mar 2016
Forward Contracts	USD (Lakhs)	1.22	6.04

### NOTE - 7 TRADE PAYABLES

Particulars	As at 31st Mar 2017	As at 31st Mar 2016
Trade Payables	<b>1,144.54</b>	2,117.63
<b>TOTAL</b>	<b>1,144.54</b>	2,117.63

### 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:

Particulars	As at 31st Mar 2017 (₹ in Lakhs)	As at 31st Mar 2016 (₹ in Lakhs)
The Principal amount (Interest - Nil) remaining unpaid to any supplier as at the end of the each accounting year	<b>53.10</b>	10.90
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	<b>NIL</b>	NIL

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	As at 31st Mar 2017 (₹ in Lakhs)	As at 31st Mar 2016 (₹ in Lakhs)
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

### NOTE - 8 OTHER CURRENT LIABILITIES

Particulars	As at 31st Mar 2017 (₹ in Lakhs)	As at 31st Mar 2016 (₹ in Lakhs)
Interest accrued but not due on borrowings	0.70	15.98
Interest accrued & due on borrowings (Paid on 2nd & 3rd Apr 2017)	0.17	2.96
Advance from Customers	17.35	61.59
Unclaimed Dividend	3.40	8.61
Other Payables:		
Statutory dues	156.18	160.30
Security Deposits	5.95	5.95
Payables pertaining to employees	11.08	9.88
Creditors for Fixed Assets	0.88	2.11
<b>TOTAL</b>	<b>195.70</b>	<b>267.37</b>

### NOTE - 9 SHORT TERM PROVISIONS

Particulars	As at 31st Mar 2017 (₹ in Lakhs)	As at 31st Mar 2016 (₹ in Lakhs)
Employee Benefits - Leave Encashment ( Refer Note No.5)	39.85	17.73
Income Tax (Net of Advance tax - Rs. 77.30 lacs ; Previous Year Rs. 67.19 lacs)	100.11	43.40
Disputed Liabilities (Refer Note 26.3)	52.77	52.77
Provision for expenses	397.26	405.90
Provision for Gratuity (Refer Note 26.7)	-	37.70
Mark to Market on Currency Forward contracts	1.63	1.58
<b>TOTAL</b>	<b>591.62</b>	<b>559.07</b>

# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

## NOTE - 10 FIXED ASSETS

(₹ in Lakhs)

Particulars	Tangible								Intangible					
	Freehold Land	Leasehold Land	Building-Freehold	Building-Leasehold	Road, Well, Culvert, Fencing etc	Plant & Machinery	Plant & Machinery-Data Processing Equipments	Vehicles & Tanks	Furnitures & Fixtures	Office Equipment	TOTAL	Software Items	Specialised Software	TOTAL
Gross Block														
As at 1 April 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	58.29
Additions	6.25					119.86	0.59		0.18	1.13	128.00	-	-	-
Deletions/Adjustment	25.50							12.00			37.50	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2016 / 1 April, 2016 (A)	12.01	39.68	207.46	522.52	100.17	12,174.22	169.53	202.64	70.37	169.31	13,667.93	6.21	52.08	58.29
Additions				1.91		1.75	2.99	30.28		1.85	38.78	-	-	-
Deletions/Adjustment								24.27			24.27	-	-	-
As at 31 March 2017 (B)	12.01	39.68	207.46	524.43	100.17	12,175.97	172.53	208.65	70.37	171.16	13,682.43	6.21	52.08	58.29
Accumulated Depreciation														
As at 1 April 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	55.38
For the year	-	0.38	3.22	10.91	8.56	442.44	0.37	7.11	1.70	2.29	476.98	-	-	-
Deletions/Adjustment								10.66			10.66	-	-	-
As at 31 March 2016 / 1 April, 2016 (C)	-	11.57	59.81	317.82	85.46	7,713.11	160.63	183.38	65.56	159.69	8,757.02	5.90	49.48	55.38
Depreciation														
As at 1 April 2016	-	11.57	59.81	317.82	85.46	7,713.11	160.63	183.38	65.56	159.69	8,757.02	5.90	49.48	55.38
For the year	-	0.38	3.22	10.92	5.73	444.29	1.36	5.16	0.97	1.30	473.34	-	-	-
Deletions/Adjustment								18.79			18.79	-	-	-
As at 31 March 2017 (D)	-	11.95	63.02	328.74	91.19	8,157.40	161.99	169.75	66.53	161.00	9,211.58	5.90	49.48	55.38
Net book amount as at 31st March 2016 (A-C)	12.01	28.11	147.66	204.70	14.71	4,461.11	8.91	19.26	4.81	9.61	4,910.90	0.31	2.60	2.91
Net book amount as at 31st March 2017 (B-D)	12.01	27.73	144.44	195.69	8.98	4,018.57	10.54	38.90	3.84	10.16	4,470.86	0.31	2.60	2.91
Capital Work in Progress as at 31st March 2016											-	-	-	-
Capital Work in Progress as at 31st March 2017											48.00			

### Notes :

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

(₹ in Lakhs)

Asset		Carrying Cost	
		Impairment	As of 31/03/2013
		Cost	Acc. Depn. As of 31/03/2013
Plant & Machinery - IBAP (Refer Note 26.4)		1,543.84	190.78
Plant & Machinery - Bio Mass Plant		131.24	64.31
Total		1,675.08	255.09
		338.33	1,081.66

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

### NOTE - 11 NON CURRENT INVESTMENT (NON TRADE AND UNQUOTED)

Particulars	As at 31st Mar 2017 (₹ in Lakhs)	As at 31st Mar 2016 (₹ in Lakhs)
16,963 Shares of Rs.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
<b>TOTAL</b>	<b>16.96</b>	<b>16.96</b>

### NOTE - 12 LONG TERM LOANS AND ADVANCES

(Unsecured, Considered Good except otherwise stated)

Particulars	As at 31st Mar 2017 (₹ in Lakhs)	As at 31st Mar 2016 (₹ in Lakhs)
Security Deposits & Other Deposits	7.45	5.03
Loans & Advances to related parties	1.98	1.98
Rent Advance	4.29	4.29
Other Loans & Advances		
VAT Input Credit, Statutory/Electricity deposits etc	131.71	124.23
<b>TOTAL</b>	<b>145.42</b>	<b>135.53</b>

### NOTE - 13 INVENTORIES

Particulars	As at 31st Mar 2017 (₹ in Lakhs)	As at 31st Mar 2016 (₹ in Lakhs)
Raw materials including Packing Materials	365.70	720.39
Raw materials including Packing Materials - In transit	26.36	88.35
Work-in-progress	1.17	1.28
Finished goods	447.18	631.41
Stores, Spares & Consumables (Net of Provision for Inventory of Rs. 42.59 Lacs : PY Rs. Nil)	165.83	310.58
Coal, Fuel Oil & Other utilities	78.26	37.25
<b>TOTAL</b>	<b>1,084.52</b>	<b>1,789.27</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

### NOTE - 14 TRADE RECEIVABLES

Particulars	As at 31st Mar 2017 (₹ in Lakhs)	As at 31st Mar 2016 (₹ in Lakhs)
Due for period exceeding six months		
Secured, considered good	-	-
Unsecured, considered good	13.91	30.23
Unsecured, considered doubtful		
Less : Provision for doubtful debt		
<b>TOTAL (I)</b>	<b>13.91</b>	<b>30.23</b>
Others		
Secured, considered good		
Unsecured, considered good	1,580.87	1,959.40
Unsecured, considered doubtful	-	-
Less : Provision for doubtful debt	-	-
<b>TOTAL (II)</b>	<b>1,580.87</b>	<b>1,959.40</b>
<b>TOTAL (I + II)</b>	<b>1,594.78</b>	<b>1,989.63</b>

### NOTE - 15 CASH AND BANK BALANCES

Particulars	As at 31st Mar 2017 (₹ in lakhs)	As at 31st Mar 2016 (₹ in lakhs)
<b>A. Cash &amp; Cash Equivalent</b>		
Balances with Bank		
Current Accounts	0.09	0.20
EEFC Account	0.70	0.72
Deposit Accounts (Margin money for 6 months)	31.98	-
Cash on Hand	-	-
<b>TOTAL (A)</b>	<b>32.77</b>	<b>0.92</b>
<b>B. Other Bank Balance</b>		
Unclaimed Dividend	3.40	8.61
<b>TOTAL (B)</b>	<b>3.40</b>	<b>8.61</b>
<b>TOTAL (A + B)</b>	<b>36.17</b>	<b>9.52</b>



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

### NOTE - 16 SHORT TERM LOANS AND ADVANCES

(Unsecured, Considered Good except otherwise stated)

Particulars	As at 31st Mar 2017 (₹ in lakhs)	As at 31st Mar 2016 (₹ in lakhs)
Security Deposits & Other Deposits	-	1.21
Advance for Expenses & Purchases of Material	45.82	37.50
Advances to Employees	6.03	7.32
Others Loans & Advances		
Claims Recoverable, VAT Input Credit etc	90.31	101.57
Prepaid Expenses	50.76	52.03
<b>TOTAL</b>	<b>192.93</b>	<b>199.63</b>

### NOTE - 17 OTHER CURRENT ASSETS

(Unsecured, Considered Good except otherwise stated)

Particulars	As at 31st Mar 2017 (₹ in lakhs)	As at 31st Mar 2016 (₹ in lakhs)
Interest accrued on Loans and Advances	4.35	4.58
Interest accrued on Fixed Deposit	0.25	-
Export Incentives	56.75	43.49
<b>TOTAL</b>	<b>61.35</b>	<b>48.07</b>

### NOTE - 18 Revenue from Operations

Particulars	Year Ended 31st Mar 2017 (₹ in lakhs)	Year Ended 31st Mar 2016 (₹ in lakhs)
<b>A. Sale of Products</b>		
Manufactured	13,110.59	14,248.80
<b>TOTAL (A)</b>	<b>13,110.59</b>	<b>14,248.80</b>
<b>B. Other Operating Income</b>		
Insurance claims	17.91	-
Export Incentives	18.61	72.92
Conversion charges	386.12	337.83
Disposal treatment charges	12.50	-
Scrap sales	12.65	20.42
<b>TOTAL (B)</b>	<b>447.79</b>	<b>431.17</b>
<b>TOTAL (A + B)</b>	<b>13,558.38</b>	<b>14,679.97</b>
<b>C. Less: Excise duty on Sales</b>	<b>1,230.03</b>	<b>1,347.53</b>
<b>Total Revenue from Operation (A + B - C)</b>	<b>12,328.35</b>	<b>13,332.45</b>
Details of Sale Value of Goods manufactured under broad heads		
Fluorine Chemicals	9,656.54	10,467.98
Sulphuric Acid and Oleum	2,946.48	3,231.87
Others (Gypsum and Specialty Chemicals)	507.57	548.96
	<b>13,110.59</b>	<b>14,248.80</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

### NOTE - 19 Other Income

Particulars	Year Ended 31st Mar 2017 (₹ in lakhs)	Year Ended 31st Mar 2016 (₹ in lakhs)
Interest on Income tax refunds	5.44	-
Interest on deposits	4.62	4.81
Profit on sale of Fixed assets	-	2.70
Other Miscellaneous receipt	20.34	0.01
Fluctuation in Exchange Rates (excluding forward cover charges)	40.10	14.77
Excess provisions & Liabilities no longer required written back	4.14	13.46
<b>TOTAL</b>	<b>74.64</b>	<b>35.74</b>

### NOTE - 20

#### Cost of Raw Materials including Packing Material Consumed (Refer Note 26.10 (3))

Particulars	Year Ended 31st Mar 2017 (₹ in lakhs)	Year Ended 31st Mar 2016 (₹ in lakhs)
Cost of Raw Materials consumed	5851.02	7667.49
Cost of Packing materials consumed	412.46	426.32
<b>TOTAL</b>	<b>6,263.48</b>	<b>8,093.80</b>
<b>Details of Materials Consumed under broad heads as follows</b>		
Flurospar	2,856.37	3,726.43
Sulphur	1,440.29	2,108.41
Alumimum Hydroxide	423.65	661.06
Pottassium Carbonate	587.39	391.14
Others (includes Boric Acid / Ether and other materials used in speciality products)	955.78	1,206.76
<b>TOTAL</b>	<b>6,263.48</b>	<b>8,093.80</b>

### NOTE - 21

#### Changes in Inventories of Finished goods and Work in Progress

Particulars	Year Ended 31st Mar 2017 (₹ in lakhs)	Year Ended 31st Mar 2016 (₹ in lakhs)
Closing stock		
Finished Goods	447.18	631.41
Work in Progress	1.17	1.28
<b>TOTAL</b>	<b>448.35</b>	<b>632.69</b>
<b>Less:</b>		
<b>Opening Stock</b>		
Finished Goods	631.41	532.50
Work in Progress	1.28	1.45
<b>TOTAL</b>	<b>632.69</b>	<b>533.95</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Year Ended 31st Mar 2017 (₹ in lakhs)	Year Ended 31st Mar 2016 (₹ in lakhs)
Excise duty on Closing Stock	31.25	51.10
Excise duty on Opening Stock	51.10	43.04
Increase / Decrease in Excise duty on Finished Goods	(19.85)	8.06
Increase / (Decrease) in Inventories of Finished Goods and WIP	(164.49)	90.68
<b>MANUFACTURED GOODS</b>		
Fluorine Chemicals	399.99	510.72
Sulphuric Acid and Oleum	11.29	13.22
Others	35.91	107.46
<b>TOTAL</b>	<b>447.18</b>	<b>631.41</b>
<b>WORK IN PROGRESS</b>		
Fluorine Chemicals	1.10	1.22
Sulphuric Acid and Oleum	-	-
Others	0.06	0.06
<b>TOTAL</b>	<b>1.17</b>	<b>1.28</b>

### NOTE - 22

#### Employee Benefit Expenses ( Refer Note 26.7)

Particulars	Year Ended 31st Mar 2017 (₹ in lakhs)	Year Ended 31st Mar 2016 (₹ in lakhs)
Salaries, Wages and Bonus	944.52	930.23
Contribution to Provident & Other Funds	73.74	105.76
Staff Welfare Expenses	92.87	92.13
<b>TOTAL</b>	<b>1,111.13</b>	<b>1,128.12</b>

### NOTE - 23 Finance Cost

Particulars	Year Ended 31st Mar 2017 (₹ in lakhs)	Year Ended 31st Mar 2016 (₹ in lakhs)
<b>Interest Expenses</b>		
<b>Banks</b>		
Borrowings - Term Loan	-	8.70
Borrowings - Working Capital	140.39	249.18
<b>Others</b>		
Interest on Inter Corporate Deposit	399.38	414.45
Others	1.99	-
<b>Other Borrowing cost</b>		
Processing Fees	39.73	16.62
Forward Cover Charges	21.77	24.17
<b>TOTAL</b>	<b>603.26</b>	<b>713.13</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

### NOTE - 24 Other Expenses

Particulars	Year Ended 31st Mar 2017 (₹ in lakhs)	Year Ended 31st Mar 2016 (₹ in lakhs)
Consumption of stores and Spares (Refer Note 26.10 (3))	499.52	530.85
Power & Fuel	1,653.04	1,719.46
Effluent Treatment Expenses	84.33	89.93
Water charges	98.44	91.81
Other Manufacturing Expenses -Consumables and Operation Expenses (Job Work Charges)	53.30	53.01
Rent	6.03	5.80
Repairs & Maintenance		
Building	31.24	24.35
Plant & machinery	202.39	205.41
Others	238.36	213.18
Insurance (Net)	33.55	42.79
Rates & Taxes	28.07	25.85
Travelling & Conveyance	65.28	58.31
Vehicle Running Expenses	6.00	6.07
Communication Expenses	21.17	23.93
Auditors Remuneration		
Audit Fee	4.00	4.00
Tax Audit Fee	1.00	1.00
Limited Review	2.55	2.55
Other Certification work	0.55	0.45
Travel and Stay Expenses	0.87	0.88
Cost Audit Fee	0.40	0.50
Printing & Stationery	11.05	11.13
Legal & Professional Charges	12.06	10.43
Consultancy Charges	2.47	8.66
Miscellaneous Expenses	41.75	25.61
R&D Expenses	0.41	1.35
Bank Charges ( other than borrowings)	61.15	56.20
Directors sitting fees	10.20	11.40
Loss on sale of Fixed assets	0.58	-
Area maintenance charges	6.20	13.20
Security Service charges	33.17	30.83
Lease Charges	16.89	16.67
Freight Packing & forwarding	112.08	82.12
Commission on sales	20.89	14.02
Provision for Inventory	42.59	-
Provision for Advances	2.00	-
Provision for Sales Tax	10.21	-
<b>TOTAL</b>	<b>3,413.79</b>	<b>3,381.77</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

### NOTE - 25

#### Exceptional Items

Particulars	Year Ended 31st Mar 2017 (₹ in lakhs)	Year Ended 31st Mar 2016 (₹ in lakhs)
Profit on sale of freehold residential vacant land at Cuddalore	-	(372.48)
<b>TOTAL</b>	-	(372.48)

### 26: Other Notes on Financial Statements

26.1 a) Contingent Liabilities not provided for (excluding Interest and Penalty, if any):

Particulars	As at 31st Mar 2017 (₹ in lakhs)	As at 31st Mar 2016 (₹ in lakhs)
Claims against the Company not acknowledged as debts		
i) Custom Duty	10.79	10.79
ii) Excise Duty	72.92	102.51
iii) Service Tax	33.64	158.24

- 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 Rs.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 Rs.6.00 lacs in 1995 and additional amount of Rs.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.
- e) The company had filed a petition with Hon'ble Tamil Nadu Electricity Regulatory Commission (TNERC) to declare its 2.3 MW cogeneration plant exempt from Renewal Power obligation (RPO). The said petition was dismissed by Hon'ble TNERC on 13th November 2015 relying on an order passed by Hon'ble Appellate Tribunal for Electricity (APTEL) in a different petition which the company believes the facts of the case has no applicability to the factors of its petition and also based on erroneous premise that the company's plant is a fossil-fuel based cogeneration plant. Aggrieved by the order the company filed an appeal with Hon'ble APTEL which has been admitted. The company believes, based on the legal advice, that its appeal would be favourably considered by APTEL and accordingly has not made any provision towards RPO from Financial year 2012-13 to 2016-17 currently estimated at Rs.90.46 lakhs.

26.2 Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) - Rs.22.98 lacs (Previous Year Rs. NIL lacs)

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

26.3 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 Rs. 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 Rs. 52.77 lacs.

The Honourable High Court had passed Order vide SR No.49922 dated 1st September, 2016, disposing the all writ petitions filed earlier on various occasions and giving liberty to the Company (Petitioner) to file an appeal before the Tamil Nadu Sales Tax Appellate Tribunal within Sixty days from the receipt of the order, who shall entertain the appeal without reference to the limitation. Accordingly, the Company has filed an appeal before The Tamilnadu Sales Tax Appellate Tribunal on 6th January, 2017, pursuant to the judgement order dated 01.09.2016 delivered on 22.11.2016 and appeal proceeding is awaited.

26.4 The Company had implemented Isobutyl Acetophenone (IBAP) project during 2010-11 with a capital outlay of Rs.1,477.27 lacs and has made some modifications during 2011-12, 2012-13 and 2015-16 with additional capex amounting to Rs. 85.66 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 Rs 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.

26.5 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 Mar 2017 (₹ in lakhs)	Year Ended 31st Mar 2016 (₹ in lakhs)
Profit / (loss) after taxation before Extra-Ordinary Items	373.50	40.13
Weighted average number of shares outstanding during the year (Nos)	9,975,000	9,975,000
<b>Earnings per share of Rs 10 /-each</b>		
Basic (Rs)	3.74	0.40
Diluted(Rs)	3.74	0.40

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

Particulars	₹ in Lacs
Balance as at 1st Apr 2016	52.77
Additional Provision created during the year	-
Provision used during the year	-
Provision reversed during the year	-
Balance as at 31st Mar 2017 (Refer Note 9)	52.77

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

### 26.7 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. 22 - “Contribution to Provident & Other Funds”:

Particulars	Year Ended 31st Mar 2017 (₹ in lakhs)	Year Ended 31st Mar 2016 (₹ in lakhs)
i) Contribution to Employees Provident/Pension Fund	46.59	42.29
ii) Contribution to Superannuation Fund	16.47	18.09
iii) Contribution to ESIC	2.92	2.42
iv) Contribution to EDLI	1.71	1.76
<b>TOTAL</b>	<b>67.69</b>	<b>64.56</b>

##### ii Defined Benefit Plan

##### A. Gratuity

Particulars	Year Ended 31st Mar 2017 (₹ in lakhs)	Year Ended 31st Mar 2016 (₹ in lakhs)
<b>Net Employee Expenses / (Benefit)</b>		
Current Service Cost	17.00	14.30
Interest cost on benefit obligation	16.37	14.70
Expected return on plan assets	(16.64)	(14.84)
Net Actual (gain) / loss recognized in the year	12.95	24.93
Net charge to P & L Account	29.69	39.09
Actual return on plan assets	8.00%	8.00%
<b>Benefit Asset / (Liability)</b>		
Defined benefit obligation	254.28	239.15
Fair value of Plan Assets	248.23	198.07
Benefit Assets / (liability)	(6.05)	(41.08)
<b>Movement in benefit liability</b>		
Opening defined benefit obligation	239.15	203.88
Interest cost	16.37	14.70
Current Service cost	17.00	14.30
Benefit paid	39.31	(13.77)
Actual (gain) / (losses) on obligation	8.11	20.04
Closing benefit obligation	248.23	239.15
Current Liability (within 12 months)	48.27	18.30
Non Current Liability	206.01	220.85
<b>Movement in fair value of plan assets</b>		
Opening fair value of plan assets	192.45	182.68

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Year Ended 31st Mar 2017 (₹ in lakhs)	Year Ended 31st Mar 2016 (₹ in lakhs)
Expected Return on plan assets	14.62	14.84
Actuarial gains/(losses) on assets	8.11	(4.88)
Contribution by employer plus premium received	70.33	19.20
Benefits paid plus premium plus expenses	(39.31)	(13.77)
Closing fair value of plan assets	248.23	198.07
<b>The principal actuarial assumptions are as follows</b>		
Discount rate	7.34%	7.46%
Estimated rate of return on plan assets	7.34%	8.00%
Salary Increase	6.00%	6.00%
Withdrawal rates	5.00%	5.00%
<b>Amount incurred as expenses for defined contribution plans</b>		
Contribution to Provident / Pension fund	46.59	42.29
Contribution to Superannuation fund	16.47	18.09
The major categories of plan assets as a percentage of the fair value of total plan asset are as follows:		
Investment in Bonds	0.00%	0.52%
Investment in Mutual Fund	99.94%	98.68%
Bank balances in Current Account	0.06%	0.80%

### B. Leave Encashment

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

## 26.8 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 Pvt Ltd 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

Mr Lalit Naik - Managing Director - upto 28.11.2016. The company is in the process of appointing Executive Director in terms of compliance of provisions of Section 203 of the Companies Act, 2013.



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

### B. RELATED PARTY DISCLOSURES

Name of the related party	Nature of relationship	Nature of Transaction	Year Ended 31st Mar 2017	Year Ended 31st Mar 2016
			₹ in Lacs	₹ in Lacs
Cuddalore Sipcot Industries Common Utilities Ltd	Joint Venture for common Effluent Utilities	Deposit for commissioning of Effluent Discharge System	1.98	1.98
		Charges for Effluent Discharge	17.21	18.60
		Trade Payable	1.57	1.70
Aditya Birla Chemicals (India) Ltd (since merged with Grasim Industries Ltd effective from 05th January 2016)	Key Management Personnel (till 28.11.2016)	Conversion charges billed	-	60.36
		Trade Receivable	-	35.43
		Interest Payment on Inter corporate deposit	-	56.24
Thai Peroxides Ltd (Thailand)	Key Management Personnel (till 28.11.2016)	Purchase of Raw Material	11.10	13.49
Aditya Birla Epoxy (India) Ltd (till 28.11.2016)	Key Management Personnel (till 28.11.2016)	Interest Payment	7.10	11.14
		Inter corporate deposit received during the year	130.00	130.00
		Inter corporate deposit repaid during the year	130.00	130.00
Grasim Industries Ltd	Companies under same Group	Conversion charges billed	103.99	16.43
		Trade Receivable	10.83	15.95
		Investment in Redeemable Cumulative Preference shares	500.00	500.00
Aditya Birla Finance Ltd	Companies under same Group	Short Term Loan	3,630.00	3,630.00
		Interest Payment	140.13	17.16
		Short term loan received during the year	3,630.00	3,630.00
		Short term loan paid during the year	3,630.00	-
		Trade Payable	-	15.44

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 2017

### 26.9 Foreign currency exposure which are not hedged as at March 31, 2017

Particulars	Currency	Foreign currency Amount	Closing Rate	Amount (Rs. In Lacs)
Trade Receivables	USD	345,891	64.85	224.29
Trade Payables / Buyers Credit	USD	948,012	64.86	614.83

### 26.10 1 Value of Imports calculated on C.I.F. Basis

Particulars	Year Ended 31st Mar 2017 (₹ in lakhs)	Year Ended 31st Mar 2016 (₹ in lakhs)
Raw Materials	2,789.79	3,869.91
Component and Spare Parts	1.72	9.47
<b>TOTAL</b>	<b>2,791.51</b>	<b>3,879.38</b>

### 2 Expenditure in Foreign Currency (On remittance basis)

Particulars	Year Ended 31st Mar 2017 (₹ in lakhs)	Year Ended 31st Mar 2016 (₹ in lakhs)
Travelling Expenses	1.98	1.17
Lease Rent	21.24	12.27
Commission on Sales	18.39	7.78
Interest	6.50	5.33
Freight & Forwarding expenses	41.43	21.94
Others	1.54	1.54
<b>TOTAL</b>	<b>91.08</b>	<b>50.03</b>

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

Particulars	Year Ended 31st Mar 2017		Year Ended 31st Mar 2016	
	% age	₹ in Lacs	% age	₹ in Lacs
I) Raw Materials				
Imported	56.31	3,526.98	52.93	4,284.37
Indigenous	43.69	2,736.50	47.07	3,809.43
<b>TOTAL</b>	<b>100.00</b>	<b>6,263.48</b>	<b>100.00</b>	<b>8,093.80</b>
II) Spare Parts:				
Imported	6.56	32.79	2.33	12.37
Indigenous	93.44	466.73	97.67	518.48
<b>TOTAL</b>	<b>100.00</b>	<b>499.52</b>	<b>100.00</b>	<b>530.85</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

### 4 Earnings in Foreign Currency

Particulars	Year Ended 31st Mar 2017 (₹ in lakhs)	Year Ended 31st Mar 2016 (₹ in lakhs)
I) On export of goods (F.O.B. Basis) :	1,683.78	2,262.90
<b>TOTAL</b>	<b>1,683.78</b>	<b>2,262.90</b>

26.11 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.

26.12 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.

#### 26.13 Specified Bank Notes

Details of specified bank notes (SBNs) held and transacted during the period 8th November, 2016 to 30th December 2016.

Amount (₹)

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing Cash in Hand on 08/11/2016	-	1,000	1,000
Add: Permitted Receipts	-	2,750	2,750
Less: Permitted Payments	-	-	-
Less: Amount deposited in Banks	-	-	-
<b>Closing Cash in Hand on 30/12/2016</b>	<b>-</b>	<b>3,750</b>	<b>3,750</b>

26.14 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

As per our report of even date

For KHIMJI KUNVERJI & CO

Chartered Accountants

Firm Registration No.105146W

K.Sendhil Naathan

President

R.Karthikeyan

Director

Hasmukh B. Dedhia

Partner

Membership No. 33494

N.R.Ravichandran

Chief Financial Officer

M.R.Sivaraman

Director

V.T.Moorthy

Director

Camp : Chennai

Dated 23rd May, 2017

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**FORM NO.MGT-11****PROXY FORM**

[Pursuant to Section 105(6) of The Companies Act, 2013 and rule 19(3) of  
The Companies (Management and Administration) Rules, 2014]  
**FORTY THIRD ANNUAL GENERAL MEETING**  
Monday, September 25, 2017



Name of the member(s) : .....

Registered address : .....

I/We, being the member(s), holding Equity Shares of the above named company, hereby appoint –

- (1) Name: ..... Address .....  
Email Id: ..... Signature ..... or failing him
- (2) Name: ..... Address .....  
Email Id: ..... Signature ..... or failing him
- (3) Name: ..... Address .....  
Email Id: ..... Signature ..... or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Forty Third Meeting of the Company, to be held on Monday, September 25, 2017 at 11.30 A.M. at 14, SIPCOT Industrial Complex, Cuddalore – 607 005 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description of Resolutions	Special/ Ordinary	Opitonal*	
Ordinary Business			For	Against
1.	Adoption of Audited Financial Statements for the financial year ended 31 <sup>st</sup> March, 2017, the Reports of the Board of Directors and Auditors' thereon .	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
2.	Re-appointment of Mr A.K.Agarwala, Director retiring by rotation.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
3.	Ratification of Re-appointment of M/s. Khimji Kunverji & Co., Chartered Accountants as Statutory Auditors of the Company	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
Special Business				
4.	Ratification of the remuneration to Cost Auditors for the financial year ending 31 <sup>st</sup> March, 2017.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signature(s).....

Affix  
Re.1/-  
Revenue  
Stamp

- Notes:\* 1. This form of proxy in order to be effective, should be duly completed, stamped, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
2. It is optional to put a in the appropriate box column against the resolution(s) indicated in the box. If you leave the "For" or "Against" column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she think appropriate.
3. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
4. The Proxy must be deposited at the Registered Office of the Company 48 hours before the time fixed for holding the meeting. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.



**TANFAC INDUSTRIES LIMITED**

CIN: L24117TN1972PLC006271

REGD. OFFICE: PLOT NO.14 SIPCOT INDUSTRIAL COMPLEX

CUDDALORE – 607 005 TAMIL NADU

Website: www.tanfac.com Phone: 04142-239001 to 5 Fax: 04142-239008

Email: invreln.tanfac@adityabirla.com

**ATTENDANCE SLIP**

(To be presented at the entrance)

**FORTY THIRD ANNUAL GENERAL MEETING**

\*I certify that I am a Member/Proxyholder for the Member of the Company

I hereby record my presence at the Forty Second Annual General Meeting of TANFAC Industries Limited on Monday, 25<sup>th</sup> September, 2017 at 11.30 A.M. at the Registered Office at 14, SIPCOT Industrial Complex, Cuddalore – 607 005.

\*Member's Folio/  
Dp Id/Client Id No.

\*Member's / Proxy's Name  
(in BLOCK LETTERS)

\*Member's / Proxy's  
Signature

\* Strikeout whichever is not applicable

**ELECTRONIC VOTING INFORMATION**

EVSN (Electronic Voting Sequence Number)	USER ID	PASSWORD

- Note:
1. Please complete this attendance slip and hand it over at the entrance of the meeting hall.
  2. Members are requested to bring this slip along with them as duplicate slips will not be issued at the venue of the Meeting.
  3. Please read the instructions for e-voting information mentioned under Sl.No.17 of Notes to Notice of 43<sup>rd</sup> Annual General Meeting.





### Notes:

[illegible]

[illegible]

[illegible]

[illegible]

Notes:

[illegible]

[illegible]



**REGISTERED PARCEL / SPEED POST**

If undelivered please return to:

**Integrated Enterprises (India) Limited**

Unit: **TANFAC INDUSTRIES LIMITED**

2<sup>nd</sup> Floor, "Kences Towers",

No. 1, Ramakrishna Street,

Off. North Usman Road, T.Nagar

Chennai - 600 017.

Email Id: [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)