



SECY/S.E./L.A./2017-18

Sep 03, 2018

BSE Limited  
Department of Corporate Services  
Phiroze Jeejeebhoy Towers,  
25th Floor, Dalal Street,  
**MUMBAI – 400 001.**

**SCRIP CODE : 506854**

Dear Sirs,

Sub: Notice of 44<sup>th</sup> Annual General Meeting to be held on 25<sup>th</sup> September 2018.  
Ref : Regulation 44 of SEBI (LODR), Regulations, 2015.

-o0o-

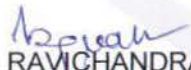
We wish to inform that the Forty fourth Annual General Meeting of the Company will be held on Tuesday, the 25<sup>th</sup> September, 2018 at 11.30 A.M. at registered Office of the company situated at No.14 Sipcot Industrial Estate, Kudikadu, Cuddalore -607005.

We are hereby enclosing the Notice of 44<sup>th</sup> Annual General Meeting along with the Annual Report for the year 2017-18.

Kindly take note of the same in your records.

Thanking you,

Yours faithfully,  
For TANFAC INDUSTRIES LIMITED

  
(N.R. RAVICHANDRAN)  
CHIEF FINANCIAL OFFICER

**TANFAC INDUSTRIES LIMITED**  
**(Joint Sector Company with TIDCO)**

Regd. Office & Factory : 14, SIPCOT Industrial Complex, Cuddalore - 607 005. Tamil Nadu, INDIA

Tel : +91 - 4142 - 239001 - 5, Fax : +91 - 4142 - 239008,

Chennai Off : Oxford Centre, 1st Floor, 66, Sir C.P. Ramaswamy Road,  
Alwarpet, Chennai - 600 018. Tamil Nadu, INDIA.

Tel : +91 - 44 - 2499 0451 / 0561 / 0464, Fax : +91 - 44 - 2499 3583

Web : [www.tanfac.com](http://www.tanfac.com)

GST : 33AACT2591A1ZU

CIN: L24117TN1972PLC006271

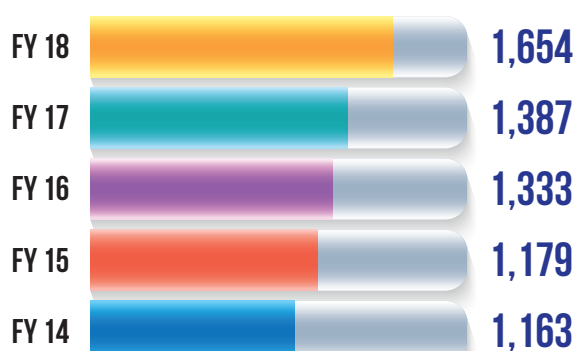
Notice	2
Explanatory Statement	8
Management Discussion and Analysis	13
Report on Corporate Governance	17
Board's Report	31
Independent Auditor's Report	59
Financial Statements	68

## FINANCIAL HIGHLIGHTS

5 years CAGR

9% ↑

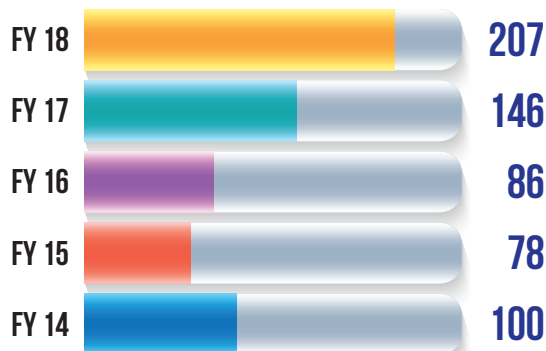
### Revenues (₹ in million)



5 years CAGR

20% ↑

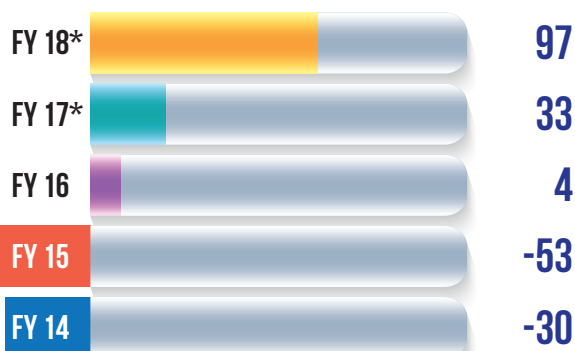
### EBITDA (₹ in million)



Increase over previous year

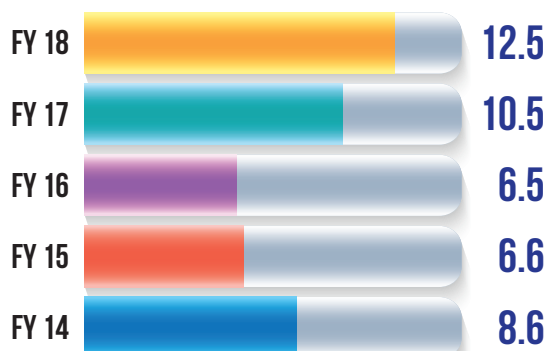
194% ↑

### Net Profit (₹ in million)



\* As per Ind AS

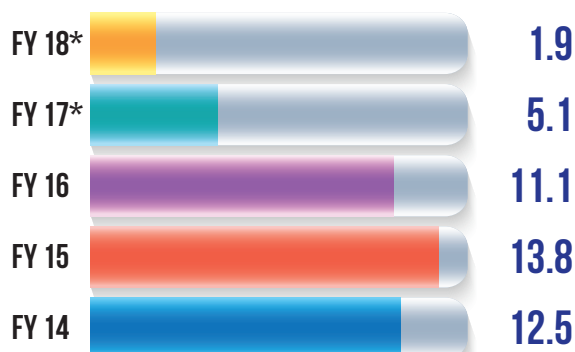
### EBITDA Margin (%)



Reduction over previous year

63% ↓

### Debt / Equity (x)

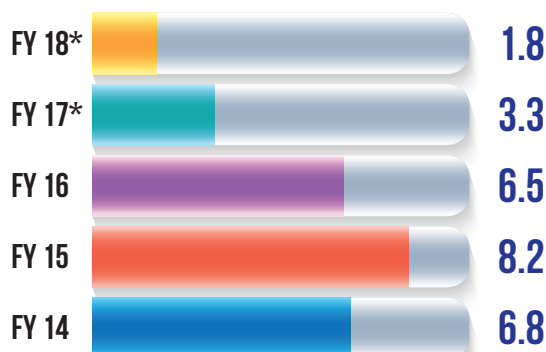


\* Preference Shares included in Network

Reduction over previous year

45% ↓

### Net Debt / EBITDA (x)



## 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

## CHIEF EXECUTIVE OFFICER (CEO)

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 FOURTH ANNUAL GENERAL MEETING

### TANFAC INDUSTRIES LIMITED

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

CIN: L24117TN1972PLC006271

Website : [www.tanfac.com](http://www.tanfac.com)

### NOTICE OF THE FORTY FOURTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 44th Annual General Meeting of TANFAC INDUSTRIES LIMITED will be held on Tuesday, the 25th September, 2018, 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, 2018, including the audited balance sheet as at March 31, 2018, 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 declare dividend (including arrears) on 11% Cumulative Redeemable Non-Convertible Preference Shares of Rs.100 each.
3. To appoint a Director in place of Mr. R. Karthikeyan, (DIN: 00824621) who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s) the following Resolution as SPECIAL RESOLUTION.

“RESOLVED THAT pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Mr. Askaran Agarwal (DIN: 00023684), a Non-Executive Non-Independent Director of the Company, liable to retire by rotation, who was reappointed in Annual General Meeting held on 25th

September 2017, be continued as Non-Executive Non-Independent Director of the Company, liable to retire by rotation, for the balance period of his current tenure, though he has crossed the age of 75 years.”

#### SPECIAL BUSINESS :

5. 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, 2019, amounting to 60,000/- (Rupees Sixty 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.”

6. To consider and if thought fit, to pass with or without modification(s) the following Resolution as a SPECIAL RESOLUTION:

## NOTICE OF THE FORTY FOURTH ANNUAL GENERAL MEETING

“RESOLVED THAT pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Mr. M.R.Sivaraman (DIN: 00020075), an Independent Director of the Company, be continued as an Independent Director of the Company to hold office for the balance period of his current tenure viz. upto 31st March 2020, though he has crossed the age of 75 years.”

7. To consider and if thought fit, to pass with or without modification(s) the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Mr. V.T.Moorthy (DIN:

00007648), an Independent Director of the Company, be continued as an Independent Director of the Company to hold office for the balance period of his current tenure viz. upto 31st March 2020, though he has crossed the age of 75 years.”

8. To consider and if thought fit, to pass with or without modification(s) the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Mr. T.S.Raghavan (DIN: 00446651), an Independent Director of the Company, be continued as an Independent Director of the Company to hold office for the balance period of his current tenure viz. upto 31st March 2020, though he has crossed the age of 75 years.”

By Order of the Board  
For TANFAC INDUSTRIES LIMITED

PUNITA AGGARWAL  
COMPANY SECRETARY

Place : Chennai  
Date : 09.08.2018

## NOTICE OF THE FORTY FOURTH ANNUAL GENERAL MEETING

### NOTES:

1. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday (19.09.2018) to Tuesday (25.09.2018) 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 2017-18 of the Company circulated to the Members and other information about the Company on the Company's website, i.e., on [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 2009-10, to the Investors Education and Protection Fund Account within the due dates, established by the Central Government. Pursuant to the provisions of The Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts for the years up to 2009-10 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 FOURTH 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 11.9.2018.

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 25, 2017 (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).

In compliance with the abovesaid Rules the company has already transferred equity shares for which dividend remain unpaid/unclaimed for a period of seven years from the date of declaration to the IEPF account after providing necessary intimations to those shareholders. The details of such shares and shareholders are also available on the company's website [www.tanfac.com](http://www.tanfac.com). No claim shall lie against the Company in respect of these shares which were transferred to IEPF. The shareholders will be able to claim those shares only from the IEPF

Authority by making an online application, the details of which are available at [www.iepf.gov.in](http://www.iepf.gov.in).

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.

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 dematerialized form, the nomination has to be lodged with their Depository Participant.
15. As on 31.3.2018, 95.55% 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.

17. 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).



## NOTICE OF THE FORTY FOURTH ANNUAL GENERAL MEETING

18. 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).

The instructions for shareholders voting electronically are as under:

- i. The voting period begins on September 22, 2018 (Saturday) 9.00 a.m. and ends on September 24, 2018 (Monday) 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, 2018 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 V100000001 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>

## NOTICE OF THE FORTY FOURTH ANNUAL GENERAL MEETING

- 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 also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- 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 image verification 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

## NOTICE OF THE FORTY FOURTH ANNUAL GENERAL MEETING

system with a copy to the scrutinizer for verification at email id: 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 [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

19. 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.

20. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through

remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

21. The Results declared along with 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 NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

By Order of the Board  
For TANFAC INDUSTRIES LIMITED

Place : Chennai PUNITA AGGARWAL  
Date : 09.08.2018 COMPANY SECRETARY

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

In conformity with the provisions of Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to Items 4 to 7 mentioned in the accompanying Notice.

#### ITEM NO.4

At the 43rd Annual General Meeting of the members of the Company held on 25th September 2017, Mr.A.K.Agarwala was reappointed as Non-Executive Director subject to retire by rotation.

SEBI has vide Notification dated 9th May, 2018 notified SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, to amend certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. One such amendment is

insertion of new Sub-Regulation (1A) in Regulation 17 which stipulates that no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of 75 years unless a Special Resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person. The said amendment shall come into force with effect from 1st April, 2019.

Mr. A.K.Agarwala is aged 85 and therefore his continuance as an Non-Executive Director requires consent of the Members by way of Special Resolution in view of the aforesaid amendment. Mr. A.K.Agarwala has decades of experience as Wholtime director of Hindalco

## NOTICE OF THE FORTY FOURTH ANNUAL GENERAL MEETING

and Director of some of the group companies. He was also Chairman of the Business Review Council of the Aditya Birla Group. He has mentored many past and present leaders of the group. He is a Trustee of G.D.Birla Medical Research and Education Foundation and the Vaibhav Medical and Education Foundation. He has also held the post of the President of the Aluminum Association of India in the past. As Director of the company, he has been contributing a lot to the Board and the company through his rich experience. He is active and keeps good health. Having regard to his qualifications, rich experience and knowledge, in the opinion of the Board of Directors of the Company, his continuation as Non-Executive Director of the Company will be in the interest of the company. Accordingly, the Board of Directors recommend passing of the Special Resolution at Item No.4 of the Notice.

None of the Directors, Key Managerial Personnel and/or their relatives, except Mr. A.K.Agarwala is concerned or interested in the Resolution.

### ITEM NO.5

The Board of Directors of the Company at their meeting held on 29th May, 2018, 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 2018-19 at a remuneration of 60,000/- (Rupees Sixty 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.

### ITEM NO.6

At the 41st Annual General Meeting of the members of the Company held on 29th September 2015, Mr.M.R.Sivaraman, IAS (Retd.,) was appointed to hold office for five consecutive years. Accordingly, his tenure of appointment is valid upto 31st March 2020.

SEBI has vide Notification dated 9th May, 2018 notified SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, to amend certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. One such amendment is insertion of new Sub-Regulation (1A) in Regulation 17 which stipulates that no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of 75 years unless a Special Resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person. The said amendment shall come into force with effect from 1st April, 2019.

Mr. M.R.Sivaraman is aged 78 and therefore his continuance as an Independent Director requires consent of the Members by way of Special Resolution in view of the aforesaid amendment. Mr. M.R.Sivaraman is a retired IAS and also has Master's Degree in Economics with several decades of experience in the State Government of Madhya Pradesh which includes stints in the capacity of Finance and Planning Secretary. He also served in Central Government as Revenue Secretary, Department of Revenue, Ministry of Finance. Prior to that, he served as Additional Secretary in the Ministry of Commerce and Ministry of Civil Aviation. He also served as Executive Director in the International Monetary Fund (IMF). He had also been on the Board of SBI CAPS for several years. He is active and keeps good health. In the opinion of the Board of Directors of the Company, he continues to

## NOTICE OF THE FORTY FOURTH ANNUAL GENERAL MEETING

fulfill the conditions specified in the Companies Act, 2013 for being an Independent Director. Having regard to his qualifications, knowledge and experience, his continuance on the Board of the Company as an Independent Director will be in the interest of the Company. Accordingly, the Board of Directors recommend passing of the Special Resolution at Item No.6 of the Notice.

None of the Directors, Key Managerial Personnel and/or their relatives, except Mr. M.R.Sivaraman is concerned or interested in the Resolution.

### ITEM NO.7

At the 41st Annual General Meeting of the members of the Company held on 29th September 2015, Mr.V.T.Moorthy was appointed to hold office for five consecutive years. Accordingly, his tenure of appointment is valid upto 31st March 2020.

SEBI has vide Notification dated 9th May, 2018 notified SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, to amend certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. One such amendment is insertion of new Sub-Regulation (1A) in Regulation 17 which stipulates that no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of 75 years unless a Special Resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person. The said amendment shall come into force with effect from 1st April, 2019.

Mr. V.T.Moorthy is aged 77 and therefore his continuance as an Independent Director requires consent of the Members by way of Special Resolution in view of the aforesaid amendment. Mr. V.T.Moorthy, a Professional Mechanical Engineer, has served Aditya Birla Group of Companies for 45 years, having vast

and varied experience in Aluminium Metal and Chemical Industries. During his stint as Managing Director of the company, he was instrumental in introducing Total Productive Maintenance (TPM) concept, a system by Japanese Institute of Plant Maintenance (JIPM) for maintaining and improving the integrity of production and quality systems. He is an auditor for CII-TPM for all companies seeking Excellence Awards and Safety in Petro Chemical Industries. Post his retirement, as director of TANFAC, he has been advising the executives on various new initiatives and on many innovative schemes through his rich and varied experience. He is active and keeps good health. In the opinion of the Board of Directors of the Company, he continues to fulfill the conditions specified in the Companies Act, 2013 for being an Independent Director. Having regard to his qualifications, knowledge and rich experience in Chemical Industry, his continuance on the Board of the Company as an Independent Director will be in the interest of the Company. Accordingly, the Board of Directors recommend passing of the Special Resolution at Item No.7 of the Notice.

None of the Directors, Key Managerial Personnel and/or their relatives, except Mr. V.T.Moorthy is concerned or interested in the Resolution.

### ITEM NO.8

At the 41st Annual General Meeting of the members of the Company held on 29th September 2015, Mr.T.S.Raghavan was appointed to hold office for five consecutive years. Accordingly, his tenure of appointment is valid upto 31st March 2020.

SEBI has vide Notification dated 9th May, 2018 notified SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, to amend certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. One such amendment is insertion of new Sub-Regulation (1A) in Regulation 17 which stipulates that no listed entity shall appoint a person or continue the directorship of any person as a non-executive director

## NOTICE OF THE FORTY FOURTH ANNUAL GENERAL MEETING

who has attained the age of 75 years unless a Special Resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person. The said amendment shall come into force with effect from 1st April, 2019.

Mr. T.S.Raghavan is aged 78 and therefore his continuance as an Independent Director requires consent of the Members by way of Special Resolution in view of the aforesaid amendment. Mr. T.S.Raghavan, M.A.Economics, CAIIB, has more than thirty years of rich experience in banking industry. After holding many positions during his illustrious career, Mr.Raghavan was appointed as Chairman and Managing Director of Indian Bank during 1998 to 2000. During his stint as Chairman of the bank he was instrumental in turnaround of the bank to make operating

profit within one year. Mr.Raghavan is currently actively involved in social, charitable activities and authored books on management literature and Indian culture. He is active and keeps good health. In the opinion of the Board of Directors of the Company, he continues to fulfill the conditions specified in the Companies Act, 2013 for being an Independent Director. Having regard to his qualifications, knowledge and rich experience, his continuance on the Board of the Company as an Independent Director will be in the interest of the Company. Accordingly, the Board of Directors recommend passing of the Special Resolution at Item No.8 of the Notice.

None of the Directors, Key Managerial Personnel and/or their relatives, except Mr. T.S.Raghavan is concerned or interested in the Resolution.

By Order of the Board  
For TANFAC INDUSTRIES LIMITED

(PUNITA AGGARWAL)  
COMPANY SECRETARY

Place : Chennai  
Date : 09.08.2018

**Particulars of Directors seeking re-appointment pursuant to Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Secretarial Standards - 2 (SS-2).**

Name of Directors	Mr. Askaran Agarwala (DIN: 00023684)	Mr.R.Karthikeyan (DIN: 00824621)	Mr. M.R.Sivaraman, IAS (Retd.) (DIN: 00020075)	Mr. V.T. Moorthy (DIN: 00007648)	Mr. T.S. Raghavan (DIN: 00446651)
Age	85 years	41 years	78 years	77 years	78 years
Date of Appointment/ Re-appointment	25 <sup>th</sup> September 2017	28 <sup>th</sup> September 2016	1st April 2015	1st April 2015	1st April 2015
Brief Resume - Qualification	B.Com, F.C.A, L.L.B.	B.E, M.B.A	M.A. (Eco.)	B.E, M.I.E.	M.A. (Eco.), C.A.I.I.B.
Number of Board Meetings Attended	2	4	4	4	4
Other Directorships in Listed Companies	1	1	1	Nil	Nil
Memberships / Chairmanships of Committees in Listed Companies	Committee Membership:	Committee Membership:	Committee Membership:	Committee Membership:	Committee Membership:
	Nil	Nil	Audit Committee of M/S Creative Eye Limited	TANFAC Industries Limited: Audit Committee Stakeholders' Relationship Committee	Nil
	Committee Chairman:	Committee Chairman:	Committee Chairman:	Committee Chairman:	Committee Chairman:
	Nil	Nil	TANFAC Industries Limited: Audit Committee Stakeholders' Relationship Committee	Nil	Nil
Disclosure of relationship (Relationship with other Directors, Manager and Key Managerial Personnels)	-	-	-	-	-
Shareholding in the Company	1,150	-	-	-	-

Note: Pursuant to SEBI (LODR) Regulations, 2016, only two Committees viz., Audit Committee and Stakeholders' Relationship Committee are considered

Place: Chennai  
Date: 9th August 2018

By Order of the Board  
Punita Aggarwal  
Company Secretary

Registered Office:  
14, SIPCOT Industrial Complex,  
Kudikadu  
Cuddalore 607 005  
Tel: 91-4142-239001-5; Fax: 91-4142-239008



## MANAGEMENT DISCUSSION AND ANALYSIS

### PERFORMANCE REVIEW:

(₹ in Crores)

Particulars	Financial Year 2017 - 18	Financial Year 2016 - 17 *
Sales	165.42	138.69
Other Income (including operating income)	0.33	0.75
Operating Expenditure	109.53	109.53
Profit before Depreciation, Finance Cost and Taxation (PBDIT)	20.72	14.61
Finance Cost	5.98	6.59
Depreciation/Impairment/Amortisation	4.94	4.73
Profit before Tax (PBT)	9.80	3.29
Current Tax / Deferred Tax	0.12	-
Profit after Tax (PAT)	9.68	3.29
Other Comprehensive Income / (Loss)	(0.30)	(0.05)
Total Comprehensive Income	9.38	3.24

\* Restated & Regrouped as per Ind AS

### INDUSTRY STRUCTURE AND DEVELOPMENTS:

#### GLOBAL ECONOMIC OUTLOOK:

Global cyclical upswing strengthened further during 2017. Advanced economies like US, Japan, Germany and Korea posted more than expected growth during the third quarter of 2017 while key emerging and developing economies like Brazil, China, India and South Africa have posted impressive growth. Global trade was significantly higher supported by good flow of investment among advanced economies and increased Asian manufacturing output. This stronger momentum is expected to further strengthen during 2018 & 2019 and the real GDP growth is expected at 3.9% during both the years compared to 3.1% during 2016 (source: World Economic Outlook, Jan'18 - imf.org).

#### INDIAN ECONOMY

Indian economy registered slightly slower growth rate of 6.7% during 2017-18 after registering impressive growth rate of over 7% during previous 3 years. However, International Monetary Fund (IMF) remained optimistic

of rebound of Indian economy and retained growth forecast of 7.4% & 7.8% during 2018 & 2019, once again making India the fastest growing economy during the period. 2017 was marked by various reforms by the Government like introduction of Goods and Service Tax, (GST) FDI liberalisation, Bank Recapitalisation and privatisation of coal mines. (source: IMF's Economic Survey)

#### CHEMICAL INDUSTRY

Chemical companies across the world face the formidable challenge of delivering profitable growth in a hypercompetitive 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

Global Fluorochemical market is expected to reach 2.2 million tonnes and USD 31.21 billion by 2024, growing at a healthy CAGR of 5.3% from 2016 to 2025. Inorganic and specialty fluorochemicals market could reach more than USD 10 billion by 2024. Increase in installation of HVAC systems in the manufacturing & automotive sectors is expected to boost the demand for Fluorochemicals. 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. (sources: globalnewswire, GM insights)

### OVERVIEW

The Company's sales performance had increased by 19% due to increase in sales volume and also increase in prices of main products viz., HF, Sulphuric Acid & Aluminum Fluoride. Higher sales realization in HF acid was possible due to continuous focus and penetration in PV & Specialty grade HF markets and partial pass through of increase in spar price. However, profitability has increased significantly during the year due to optimization of product / customer mix and the combined effects of lower increase in input costs compared to increase in sales realization. The steps and initiatives taken by the company during the last 3 years have resulted in significant improvement in the operational performance of the company during the last 2 years. Some of the initiatives taken by the company during the last three years were:

- Focus & Penetration on PV grade DHF and Specialty Fluorides.
- Increase in export volume of HF to existing and new markets.
- Negotiation with key Raw Material suppliers for reduction in prices compared to international price.
- Tight control on Working Capital to reduce overall debt.
- Reduction in Finance Cost.

- Manpower optimization
- Expanding geography base for sourcing Flours par

### 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 higher by 19%, at ₹ 165.42 crores, against ₹ 138.69 crores in the previous year.

Export turnover was marginally higher at ₹ 18.85 crores, against ₹ 18.45 crores in the previous year .

### PROFIT BEFORE DEPRECIATION, FINANCE COST AND TAXATION (PBDIT):

Profit before depreciation, finance cost and taxation had increased significantly by 42% at ₹ 20.72 Crores during the year, compared to ₹ 14.61 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/IMPAIRMENT/AMORTISATION:

Depreciation during the year was ₹ 4.94 Crores as against ₹ 4.73 Crores in the previous year. There were no impairment/amortisation provisions during the current and the previous years.

### FINANCE COST:

Finance cost, including cover charges, on Foreign Exchange borrowing was reduced to ₹ 5.98 Crores against ₹ 6.59 Crores in the previous year due to strict control on working capital requirements, reduction in interest rate and other cost cutting initiatives. Finance Cost includes ₹ 0.56 Crores (previous year ₹ 0.56 Crores) amortized cost of 11% Redeemable Cumulative Non-Convertible

## MANAGEMENT DISCUSSION AND ANALYSIS

Preference Shares which is classified as Financial Liability under Ind AS.

### NET PROFIT

Net profit for the year was significantly higher at ₹ 9.70 crores against ₹ 3.29 crores during the previous year.

### OTHER COMPREHENSIVE INCOME / (EXPENSES)

Other Comprehensive Income / (expenses) was ₹ (0.30) crore during the year against ₹ (0.05) crore during previous year. Please refer to the Notes to the Financial Statement for further details.

### TOTAL COMPREHENSIVE INCOME

Total comprehensive Income for the year was significantly higher by 190% at ₹ 9.38 crores during the year against ₹ 3.24 crores during previous year.

### RESERVES

With the help of strong performances during the year, the Company had wiped out its entire brought forward losses of previous years and ended with a positive reserves of ₹ 2.66 crores, clearly indicating the turnaround of the company.

### 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 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 prices of key raw materials - Fluorspar and Sulphur are impacted by the movement of US Dollar. Fluorspar is imported. High dependence on China for Fluorspar which is promoting export of more value-added products puts pressure on the availability and margins

Mitigation: The Company has expanded vendor base of Chinese origin. The company has also developed sources from other geographies and expanded relationship to reduce dependency on Chinese origin. The company is continuously exploring other options.

- (b) Volatility in HF Demand for conventional application and downward trend in end users segment.

Mitigation: Focus on PV & specialty grade HF and specialty Fluorides. 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.

- (c) Frequent power cuts/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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **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 slowdown may affect the performance of the company resulted in slowdown 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 today operations/performance of the Company.

Mitigation: To retain talent, the Company provides 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 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.

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. We are optimistic about the outlook for exports in the coming years.

### **DOMESTIC MARKET:**

Your Company is optimistic about the improvement in domestic market demand in 2018-19.

### **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 149 permanent employees as on 31<sup>st</sup> March, 2018.

## 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 Tamil Nadu Industrial Development Corporation Limited (TIDCO), believes in adopting the "best practices" that are followed in the area of corporate governance across various geographies and is committed to protecting and facilitating the exercise of shareholders' rights, encouraging cooperation between the Company and the stakeholders, competing more effectively and building long-term value for its Shareholders 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 & 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 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, 2018, 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 the Board meetings are as under.

## REPORT ON CORPORATE GOVERNANCE

### Composition and Directorship(s) / Committee Membership(s) / Chairmanship(s) as on 31st March, 2018:

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	11	1	5	-
Mr. R. Karthikeyan	00824621	Non-Executive – Promoter	6	1	3	-
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	-	3	-	-
Mr. T.S. Raghavan	00446651	Independent – Non-Executive	1	1	-	1
Mrs. R. Rajalakshmi	01985132	Independent – Non-Executive	1	1	-	-

### Board / General Meeting attendance details of Directors for the year 2017-18:

Name of Director	Category / Representing	No. Of Board Meeting Held (2017-18)	Nos. Attended	Whether attended last AGM held on 25.09.2017
Mr. A.K. Agarwala	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	4	N
Dr. Shankar Narasimhan	Independent – Non-Executive	4	4	N
Mr. T.S. Raghavan	Independent – Non-Executive	4	4	Y
Mrs. R. Rajalakshmi	Independent – Non-Executive	4	4	N

Y = YES N = NO

#### Notes:

During the year 2017-18, 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 date of Board meetings were 23.05.2017, 03.08.2017, 11.11.2017 and 12.02.2018 and necessary quorum was present at all the Board Meetings.

## REPORT ON CORPORATE GOVERNANCE

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.tanfacs.com](http://www.tanfacs.com).

Mr. A.K. Agarwala, Non Executive Director, representing Promoter, held 1,150 Equity Shares as on 31st March, 2018. No other Directors are holding any Equity Shares in the Company.

### II. COMMITTEES OF THE BOARD

#### AUDIT COMMITTEE:

The Company has an Audit Committee with 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 thereunder 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.

The composition of the Audit Committee constituted by the Board comprises of five Non-executive Directors including four Independent Directors. All the members of the Committee have financial literacy, with relevant experience. The Chairman of the Audit Committee Mr. M.R. Sivaraman, IAS (Retd.), Independent Director, 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 2017-2018	
		Held	Attended
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	4
Dr. Shankar Narasimhan	Independent – Non-Executive	4	4

During the year 2017-18, four Audit Committee meetings were held and the gap between the two meetings did not exceed one hundred and twenty days. The Audit Committee meetings were held on 23.05.2017, 03.8.2017, 11.11.2017 and 12.02.2018 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

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.

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 2017 - 2018 (All figures in Rupees)			
			Sitting fees @	Salary and Perks	Commission	Total
Mr. A.K. Agarwala	Non-Executive	NIL	0.40	-	-	0.40
Mr. V.T. Moorthy	Non-Executive-Independent	NIL	2.00	-	-	2.00
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	1.60	-	-	1.60
Dr. Shankar Narasimhan	Non-Executive-Independent	NIL	1.60	-	-	1.60
Mr. T.S. Raghavan	Non-Executive-Independent	NIL	0.80	-	-	0.80
Mrs. R. Rajalakshmi	Non-Executive-Independent	NIL	0.80	-	-	0.80
			11.20			11.20

@ includes sitting fee paid for Board Committee Meetings.

## REPORT ON CORPORATE GOVERNANCE

### 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 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 23.05.2017, 03.08.2017, 11.11.2017 and 12.02.2018 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. R. Karthikeyan	4	4
Mr. V.T. Moorthy	4	4

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

### 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
2016 - 17	A.G.M.	Registered Office at- Plot No.14 SIPCOT Industrial Complex, Cuddalore – 607 005	25.09.2017/ 11.30 A.M.	- NIL -
2015 - 16	A.G.M.		28.09.2016/ 11.30 a.m.	- NIL -
2014 - 15	A.G.M.		29.09.2015/ 2.45 p.m.	- NIL -

The Company had not passed any special resolution applicable through postal ballot during the last financial year 2016-17.

**Annual General Meeting for the financial year 2017-18:**

Date and Time	:	25 <sup>th</sup> September 2018.
Venue	:	Registered Office at – Plot No.14, Industrial Complex, Cuddalore – 607 005 TAMIL NADU
Period of Book Closure	:	19.09.2018 to 25.09.2018

### MEANS OF COMMUNICATION:

Quarterly results – Which newspapers normally published in	BUSINESS STANDARD / MAKKAL KURAL (REGIONAL LANGUAGE)
Any Web site, 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

### GENERAL SHAREHOLDER INFORMATION:

A.G.M., Date, Time and Venue	25.09.2018, 11.30AM Monday at the Registered Office of the Company at - 14 SIPCOT Industrial Complex 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 on equity share has not been recommended by the Board for the financial year 2017 - 18.
Date of Book Closure	(19.09.2018) (Wednesday) to (25.09.2018) (Tuesday)
Name and address of 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 2017	69.80	61.25
MAY 2017	66.40	50.00
JUNE 2017	57.90	46.80
JULY 2017	62.00	49.00
AUGUST 2017	68.50	53.25
SEPTEMBER 2017	93.90	61.35
OCTOBER 2017	146.15	73.05
NOVEMBER 2017	155.00	97.00
DECEMBER 2017	142.55	121.00
JANUARY 2018	157.00	114.65
FEBRUARY 2018	129.35	98.00
MARCH 2018	136.50	110.20

## REPORT ON CORPORATE GOVERNANCE

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 31ST MARCH

2018					2017			
NO. OF EQUITY SHARES HELD	NO. OF HOLDES	% TO HOLDERS	NO.OF SHARES	% TO SHARES	NO. OF HOLDES	% TO HOLDERS	NO.OF SHARES	% TO SHARES
Up to 500	11,940	92.95	12,46,194	12.49	15,031	94.50	14,31,920	14.36
501 - 1000	478	3.72	3,94,189	3.95	426	2.66	3,49,469	3.50
1001 - 2000	215	1.67	3,32,186	3.33	220	1.38	3,40,585	3.41
2001 - 3000	74	0.58	1,88,673	1.89	71	0.45	1,80,370	1.81
3001 - 4000	25	0.20	89,542	0.90	30	0.19	1,07,601	1.08
4001 - 5000	22	0.17	1,02,400	1.03	28	0.18	1,33,507	1.34
5001 - 10000	50	0.39	3,65,133	3.66	59	0.37	4,42,206	4.43
Above 100001	41	0.32	72,56,683	72.75	40	0.25	69,89,342	70.07
<b>TOTAL</b>	<b>12,845</b>	<b>100.00</b>	<b>99,75,000</b>	<b>100.00</b>	<b>15,905</b>	<b>100.00</b>	<b>99,75,000</b>	<b>100.00</b>
No. of Share-holders in Physical mode	5,358	41.71	4,43,905	6.92	8,663	54.47	6,90,019	6.92
No. of Share-holders in electronic mode	7,487	58.29	95,31,095	93.08	7,242	45.53	92,84,981	93.08
<b>TOTAL</b>	<b>12,845</b>	<b>100.00</b>	<b>99,75,000</b>	<b>100.00</b>	<b>15,905</b>	<b>100.00</b>	<b>99,75,000</b>	<b>100.00</b>

## REPORT ON CORPORATE GOVERNANCE

### CATEGORIES OF SHAREHOLDING AS ON 31ST MARCH

CATEGORY	2018		2017	
	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	7,000	0.07	8,100	0.08
BANKS, FINANCIAL INSTITUTIONS AND INSURANCE COMPANIES	800	0.01	1,000	0.01
FOREIGN INSTITUTIONAL INVESTORS	NIL	NIL	650	0.01
GDRs	NIL	NIL	NIL	NIL
NON RESIDENT INDIANS(NRIs)/OCBs	30,570	0.31	28,241	0.28
CORPORATES	13,76,839	13.80	15,55,811	15.59
CLEARING MEMBER	8,796	0.09	15,425	0.16
RESIDENT INDIVIDUALS	31,67,558	31.75	32,80,971	32.89
TRUST	450	0.00	NIL	NIL
LIMITED LIABILITY PARTNERSHIP	50,000	0.50	NIL	NIL
IEPFA	2,48,185	2.49	NIL	NIL
<b>TOTAL</b>	<b>99,75,000</b>	<b>100.00</b>	<b>99,75,000</b>	<b>100.00</b>

### DEMATERIALIZATION OF SHARES AND LIQUIDITY:

As on 31st March, 2018, 95,31,095 Equity Shares, against subscribed fully paid equity shares of 99,75,000, were converted from the physical to electronic form. Over 95.55% of the outstanding equity shares have been dematerialised up to 31st March, 2018.

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

Plant location	14 SIPCOT Industrial Complex CUDDALORE – 607 002, 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: corpserv@integratedindia.in Regarding non receipt of payment of declared dividend may be addressed to our Secretarial Department at our Registered Office at – 14, SIPCOT Industrial Complex, Cuddalore – 607 005, Tamil Nadu, Tel: 04142 - 239001 to 239005 OR Mail to – invreln.tanfacs@adityabirla.com.

## REPORT ON CORPORATE GOVERNANCE

### 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) Auditor's 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	:	<p>Policy on dealing with related party transactions is available in Company's website at –</p> <p><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></p>



## REPORT ON CORPORATE GOVERNANCE

### DISCRETIONARY REQUIREMENTS

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

#### THE BOARD:

Your Company is a Joint Sector undertaking with Tamil Nadu Industrial Development Corporation Limited (TIDCO), a Government of Tamil Nadu 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 2017 - 18.

#### SEPARATE POSTS OF CHAIRMAN AND CEO

Currently the company does not have Chairman and Managing Director. However the company currently has the position of CEO who is not part of the Board.

#### 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 with the code as on 31st March, 2018.

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).

## REPORT ON CORPORATE GOVERNANCE

### 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 Chief Executive Officer 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 is available in this annual report.

### 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, 2018, as applicable to them.

For the purpose of this declaration, Senior Management means, Chief Executive Officer, Chief Financial Officer, Company Secretary and other respective Functional Heads as on 31st March, 2018.

Place: Chennai

Date : 29.05.2018

K. SENDHIL NAATHAN  
CHIEF EXECUTIVE OFFICER

## REPORT ON CORPORATE GOVERNANCE

### CEO/CFO CERTIFICATION

Mr.K.Sendhil Naathan, Chief Executive Officer 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, 2018 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 these deficiencies.
- D. They have indicated to the auditors and the Audit committee;
  - (i) that there no significant changes in internal control during the year;
  - (ii) that there are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;

and

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

Place: Chennai  
Date: 29.05.2018

K. SENDHIL NAATHAN  
CHIEF EXECUTIVE OFFICER

N.R. RAVICHANDAN  
CHIEF FINANCIAL OFFICER

## REPORT ON CORPORATE GOVERNANCE

### 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.

The Members of

#### **TANFAC INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Tanfac Industries Limited (the 'Company'), for the year ended March 31, 2018, as per the relevant provisions of the Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015; (Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

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

We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (ICAI), the standards on Auditing specified under section 143(10) of the Companies Act, 2013 in so far as applicable for the purpose of this Certificate and as per the Guidance Note on Reports or Certificates for special purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements.

Based on our examination of the relevant records and according to the information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing 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  
29.05.2018

(Hasmukh B Dedhia)  
Partner (F-33494)

## 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, 2018, for your review.

### FINANCIAL RESULTS

The Ministry of Corporate Affairs (MCA) vide its notification dated 16th February 2015 has notified the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS). In pursuance of this notification, the Company adopted Ind AS for the first time with effect from 1st April 2017. Consequent to this the financial results for the previous year ended 31st March 2017 have also been recast in accordance with Ind AS.

[in Crores]

Particulars	Financial Year 2017 - 18	Financial Year 2016 - 17
Sales	165.42	138.69
Other Income (including operating income)	0.33	0.75
Operating Expenditure	109.53	109.53
Profit before Depreciation, Finance Cost and Taxation (PBDIT)	20.72	14.61
Finance Cost	5.98	6.59
Depreciation / Impairment/Amortisation	4.94	4.73
Profit before Tax (PBT)	9.80	3.29
Current Tax / Deferred Tax	0.12	-
Deferred Tax / MAT Credit Entitlement	9.68	3.29
Other Comprehensive Income / (Loss)	(0.30)	(0.05)
Total Comprehensive Income	9.38	3.24
Add: Balance brought forward	(45.30)	(48.54)
Profit / (Loss) available for appropriation	(35.92)	(45.30)
Transferred from General Reserves	-	-
Balance Carried forward to Balance Sheet	(35.92)	(45.30)

### OPERATIONS AND OVERALL PERFORMANCE:

The Company's sales performance had increased by 19% due to increase in sales volume and also increase in prices of main products viz., HF, Sulphuric Acid & Aluminium Fluoride. Higher sales realization in HF acid was possible due to continuous focus and penetration in PV/Specialty grade HF markets and partial pass through of increase in spar price. However, profitability has increased significantly during the year due to

optimization of product/customer mix and the combined effects of lower increase in input costs compared to increase in sales realization.

Though the prices of main raw materials - Fluorspar & Sulphur had increased steeply during the year, the Company managed to significantly improve the profitability through optimization of product mix and judicious choice of customers, new market penetration and continuous improvements in reducing the fuel and energy consumptions.

## BOARD'S REPORT (Contd.)

These along with the ongoing initiatives and steps taken by the company during the last three 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 ₹20.72 Crores during the year, an increase of 42% compared to ₹14.61 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 the steps taken by the company as explained above.

Tight control on Working Capital, availing cheaper financing avenues and increased cash flow from operations due to improved operational performance helped in reducing the debt and overall finance cost to ₹6.03 crores during the current financial year as compared to ₹7.13 crores during the previous financial year. With significant reduction in debt, the Company expects further reduction in the Finance Cost during next financial year.

**Total Comprehensive Income (TCI):** Total Comprehensive Income for the year was significantly higher at ₹9.38 crores during the year compared to ₹3.24 crores during the previous year, registering an increase of 194%.

### **DIVIDEND:**

Though the financial performance of the company had improved significantly during the year, your Directors have not recommended any dividend on equity shares for the year 2017-18 on account of inadequacy of reserves as at the end of the year due to past losses and also arrears of Dividend on 11% Redeemable Cumulative Non-Convertible Preference Shares.

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

In terms of Section 125 of the Companies Act, 2013, unclaimed or unpaid Dividend pertaining

to financial year 2010-11 is due for remittance to the Investor Education and Protection Fund established by the Central Government during the financial year 2018-19.

### **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 few years to turn around the operations have started yielding results during last financial year and helped the company to post significant improvement in the operational performance during the current financial year also.

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 about further improvements in the operational performance of the company in the coming years.

### **ALUMINIUM FLUORIDE:**

Sale of Aluminium Fluoride had been similar to previous years. Your company continues with its strategy of reduced focus on Aluminium Fluoride due to its lower contribution. However, your company will continue to serve its long-term customers.

### **HYDROFLUORIC ACID & SPECIALTY FLUORIDES:**

Your company continues to widen the Customer base and has also made significant progress in stringent specialty applications with 28% growth in volume during FY'18. The markets remain oversupplied and your company will

## BOARD'S REPORT (Contd.)

embark upon identification of value added downstream products. This will also reduce our over dependence on traditional markets which are getting increasingly competitive

### **SULPHURIC ACID:**

Your company had robust performance in Sulphuric Acid. The sales and contributions were much higher than budget. Our production efficiencies have improved and are well poised to perform better in coming years

### **EXPORTS:**

Export turnover was marginally higher at ₹18.85 Crores, as compared to ₹18.45 crores in the previous year.

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.

### **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 Annual Report.

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

Your Company has not provided any loan(s), guarantee(s) to any person or body corporate and

has not made any investment(s) during the year under Section 186 of the Companies Act, 2013.

### **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.tanfacs.com](http://www.tanfacs.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.



## BOARD'S REPORT (Contd.)

Section 40 of the Companies Amendment Act, 2017 (amending Section 139 of the Companies Act, 2013) was notified on May 7, 2018 whereby ratification of Statutory Auditor's appointment is not required at every Annual General Meeting. Accordingly, resolution for ratification of appointment of Statutory Auditors is not proposed.

### 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 the Annual Report.

### COST AUDITOR

The Board of Directors of the Company has, on recommendation of the Audit Committee, approved the appointment of Shri 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 29th May, 2018, has appointed Shri N. Krishna Kumar, Cost Accountant as cost auditor for the Financial Year 2018-19 and necessary filing has been made with the Central Government.

### SECRETARIAL AUDIT REPORT

The Board has appointed Ms. Kalyani Srinivasan (Practising Company Secretary, Chennai (C.P. No.3109 & FCS No.5854), to conduct Secretarial Audit for the Financial Year 2017-18, 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 practised 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.tanfac.com](http://www.tanfac.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.tanfacs.com/documents/policy_Materiality_Of_Related_Party_Transactions.pdf">http://www.tanfacs.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.tanfacs.com/documents/policy_sebi.pdf">http://www.tanfacs.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.tanfacs.com/documents/policy_Whistle_Blower.PDF">http://www.tanfacs.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.tanfacs.com/documents/who_non_executive_directors.pdf">http://www.tanfacs.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.tanfacs.com/documents/policy_matrl_event.pdf">http://www.tanfacs.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.tanfacs.com/documents/policy_archival_policy.pdf">http://www.tanfacs.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.tanfacs.com/documents/policy_preservation_Doc.pdf">http://www.tanfacs.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.

### DIRECTOR RETIRING BY ROTATION:

In terms of Articles of Association of the Company, Mr. R. Karthikeyan, Director, retires by

rotation and being eligible, offer 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 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.

## BOARD'S REPORT (Contd.)

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 selected 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 function of the Board of Directors includes –

- 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 performances of Non-Independent Directors, Senior Management including Key Managerial persons and the Board as a whole. They have also reviewed 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 Meetings and are being implemented.

### FAMILIRISATION PROGRAMME:

The Familiarization Programme as required under SEBI (LODR) Regulations, 2015, aims at providing insights into 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 2017 - 18, the Board met four times and 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 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 CEO 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 and corporate governance as on Financial Year ended 31st March, 2018 and will continue to comply with the same.

### INSURANCE

The Company's properties, Fixed Assets (including Building, Plant and Machinery & other 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 & forming 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.

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

## BOARD'S REPORT (Contd.)

of remuneration paid to employee(s) are covered under the specified ceiling of drawing remuneration of ₹8.50 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, 2018.

### RESEARCH AND DEVELOPMENT:

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

- Out of box thinking approach by the Team improved productivity in HF plant
- Focused approach and continuous improvements in Sulphuric acid plant increased Productivity resulting in reduced average power cost and reduction in consumption norms of Steam.
- Continuous R&D efforts are ongoing to improve Quality of HF Acid for high end application.
- Process improvements were done to reduce consumption norms of Raw Materials in Specialty Fluorides

- Your company is working on improving productivity of IBAP.
- Newly developed technology for purifying the by-product of IBAP process improved profitability.
- Working on Product Quality improvement of Specialty Fluorides.

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

Your Company is committed to Safety, Health and Environmental Management System and processes.

Your Company in line with ABG Sustainability Frame work implements various Technical and Management standards related to Safety, Health and Environment through Enablon Software.

Your Company has established Training Gallery to conduct Training and enhance Safety awareness among the employees.

Your Company is an Integrated Management System (IMS) Certified by Intertek Certification Limited, UK and in the process of upgrading ISO 9001-2008 for Quality Management System(QMS) and ISO14001-2004 for Environmental Management System(EMS) to revised 2015 standards. IMS also covers OHSAS18001:2007for Occupational Health and Safety Assessment Series for Safety Management System.

You 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.

## BOARD'S REPORT (Contd.)

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

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

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

## BOARD'S REPORT (Contd.)

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, 2018, your Company's employee strength was 149 employees (previous year 153 employees).

Chennai  
9th August, 2018.

### ACKNOWLEDGMENT:

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

(R. KARTHIKEYAN)  
DIRECTOR



## ANNEXURE – A TO BOARD 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 2017-18 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 2017 - 2018 :

- Various initiatives taken for improving productivity in Sulphuric acid Plant enabled availability of more Waste Heat to Turbine resulting in increased renewable Energy generation and reducing average power cost.
- Heat recovered from Turbine Auxiliaries resulting in energy conservation and water recycling
- Installation of High Energy-efficient Motors (IE-3) improved the Motor Efficiency.
- Installation of LED lightings in phased manner helped in energy conservation.
- 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.
- 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. However your company is exploring the use of renewable solar power energy towards cost economics and environment conservation.

#### (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 Research Institutions, leading consultants in Fluorine field, prospective customers for diversification Projects and working on techno-economic feasibility.
- Eco friendly & economical process successfully developed from Fluoride by-product of customer to KF.
- Successfully developed the process from Customer's waste to one of our products.
- 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 improving the quality of the by-product resulted in increased profitability from sale of this product.
- 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.



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

- Successfully implemented schemes to consistently achieve increased captive power generation.

### TECHNOLOGY ABSORPTION

- In-house development of Green Chemistry 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 Spot Awards in various categories, 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:

Details	2017-18	2016-17
Forex Earned	1,842.93	1,686.78
Forex used	4,222.21	3,517.35

**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 2017-18 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, 2018, 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, 2018 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 PARTIE

#### 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, 2018, 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	21.3.2017 to 16.9.2017	Acceptance of WCDL Repayment of WCDL Acceptance of WCDL Rollover of WCDL Acceptance of WCDL Repayment of WCDL	03.08.2017	500.00
		03.03.2017 to 29.08.2017		11.11.2017	500.00
		30.08.2017 to 25.02.2018		12.02.2018	3130.00
		18.09.2017 to 26.03.2018		29.05.2018	3130.00
		02.03.2018			500.00
					630.00
Cuddalore Sipcot Industries Common Utilities Limited	Joint Venture for common Effluent Utilities	01-04-2017 to 31-03-2018	Deposit for commissioning of Effluent discharge system	03.08.2017 11.11.2017 12.02.2018 29.05.2018	1.98
			Charges for Effluent Discharge	03.08.2017 11.11.2017 12.02.2018 29.05.2018	17.65
Hindalco Industries	Group Company	01-04-2017 to 31-03-2018	Purchase of Raw material	03.08.2017 11.11.2017 12.02.2018 29.05.2018	724.44
Grasim Industries Limited	Group Company	01-04-2017 to 31-03-2018	Conversion charges billed	03.08.2017 11.11.2017 12.02.2018 29.05.2018	289.87
Thai Peroxide Company Limited	Group Company	01-04-2017 to 31-03-2018	Purchase of raw material	03.08.2017 11.11.2017 12.02.2018 29.05.2018	USD 7,872.00 INR 5.07

For and on behalf of the Board of Directors

Place: Chennai  
Date: 9th August, 2018

(R.KARTHIKEYAN)  
DIRECTOR

## ANNEXURE C TO BOARD'S REPORT

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018

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

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, 2018, 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, 2018, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there Under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings:- 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;

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

- (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.
  - (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 in to 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, Labour laws.

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

I further report that the compliance by the company of the applicable financial laws like direct and indirect tax laws has not been reviewed in this Audit since the same have been subject to review by statutory financial auditor.

Signature:

**KALYANI SRINIVASAN**

FCSNo.5854

CP No.6047

Place: Chennai

Date : 29.5.2018

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 record 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 book 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**

FCSNo.5854

CP No.6047

Place: Chennai

Date : 29.05.2018

## ANNEXURE-D TO BOARD'S REPORT

### FORM NO.MGT-9

#### EXTRACT OF ANNUAL RETURN

(AS ON THE FINANCIAL YEAR ENDED 31ST MARCH, 2018)

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: invreln.tanfac@adityabirla.com
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: corpserv@integratedindia.in

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Sl. No.	Name and Description of main products/services	NIC code of the product / service*	% to total turnover of the Company**
1.	Aluminium Fluoride	20119 Manufacture of organic and inorganic chemical compounds n.e.c.	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'S REPORT (Contd.)

### 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 01.04.2017)				No. of shares held at the end of the year (as on 31.3.2018)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. PROMOTER</b>									
<b>(1) INDIAN</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	25,95,000	-	25,95,000	26.020	25,95,000	-	25,95,000	26.020	-
d) Bodies Corporate	24,88,652	-	24,88,652	24.950	24,88,652	-	24,88,652	24.950	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other – Mr A.K. Agarwala – Director (person acting in concert)	1,150	0	1,150	0.010	1150	-	1,150	0.010	-
<b>SUB-TOTAL A(1)</b>	<b>50,84,802</b>	<b>0.00</b>	<b>50,84,802</b>	<b>50.980</b>	<b>50,84,802</b>	<b>-</b>	<b>50,84,802</b>	<b>50.980</b>	<b>-</b>
<b>(1) FOREIGN</b>									
a) Individuals (NRIs/others)	-	-	-	-	-	-	-	-	-
b) Bodies Corporate	-	-	-	-	-	-	-	-	-
c) Banks/FI	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
<b>SUB-TOTAL A(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SHAREHOLDING OF PROMOTER(A) = (A)(1) + A(2)</b>	<b>50,84,802</b>	<b>-</b>	<b>50,84,802</b>	<b>50.980</b>	<b>50,84,802</b>	<b>-</b>	<b>50,84,802</b>	<b>50.980</b>	<b>-</b>
<b>B. PUBLIC SHAREHOLDING :</b>									
<b>INSTITUTIONS</b>									
a) Mutual Funds/UTI	-	8,100	8,100	0.080	0.000	7,000	7,000	0.080	0.000
b) Banks/FIs	450	550	1,000	0.010	350	450	800	0.010	0.000
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	650	650	0.010	-	-	650	0.010	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
<b>SUB-TOTAL B(1)</b>	<b>450</b>	<b>9,300</b>	<b>9750</b>	<b>0.100</b>	<b>350</b>	<b>7,450</b>	<b>7,800</b>	<b>0.100</b>	<b>(0.020)</b>
<b>1. NON INSTITUTIONS</b>									
a) Bodies Corporate									
i) Indian	15,44,435	11,676	15,56,111	15.600	13,68,864	7,975	13,76,839	15.600	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital up to ₹ 1 Lakh	20,88,716	6,58,293	27,47,009	27.540	21,26,221	4,22,980	25,49,201	27.540	-
ii) Individual Shareholders holding nominal share capital in excess of ₹1 Lakh	4,92,712	-	4,92,712	4.940	6,18,107	-	6,18,107	4.940	-

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

Category of Shareholder	No. of shares held at the beginning of the year (as on 01.04.2017)				No. of shares held at the end of the year (as on 31.3.2018)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
c) Others									
i) Directors' relatives	100	400	500	0.001	100	350	450	0.005	-
ii) NRIs	17,891	10,350	28,241	0.280	25,220	5,150	30,370	0.280	-
iii) Clearing Member	15,425	-	15,425	0.150	8,796	-	8,796	0.150	-
iv) Trust	450	-	450	0.000	450	-	450	0.010	-
v) LLP	40,000	-	40,000	0.400	50,000	-	50,000	0.400	-
vi) Investor Education and Protection Fund	-	-	-	-	2,48,185	-	2,48,185	2.49	
<b>SUB-TOTAL B(2)</b>	<b>41,99,729</b>	<b>6,80,719</b>	<b>48,80,448</b>	<b>48.930</b>	<b>44,45,943</b>	<b>4,36,455</b>	<b>48,82,398</b>	<b>48.930</b>	<b>0.020</b>
<b>Total Public Share-holding(B) = (1) + b(2)</b>	<b>42,00,179</b>	<b>6,90,019</b>	<b>48,90,198</b>	<b>49.030</b>	<b>44,46,293</b>	<b>4,43,905</b>	<b>48,90,198</b>	<b>49.030</b>	<b>-</b>
<b>C. Shares held by custodian for GDRs/ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>92,84,981</b>	<b>6,90,019</b>	<b>99,75,000</b>	<b>100.00</b>	<b>95,31,095</b>	<b>4,43,905</b>	<b>99,75,000</b>	<b>100.00</b>	<b>-</b>

### (ii) Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.4.2016)			Share holding 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	-	-
	<b>Total</b>	<b>50,83,652</b>	<b>50.963</b>	<b>-</b>	<b>50,83,652</b>	<b>50.963</b>	<b>-</b>	<b>-</b>



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

### (iii) Change in Promoters' Shareholding

Sl. No.		Shareholding at the beginning of the year (as on 01.4.2016)		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
1	At the beginning of the year	50,83,652	50.963	–	–
2	Date-wise Increase / Decrease in Promoters Share holding during the year	–	–	–	–
3	At the End of the year	50,83,652	50.963	–	–
HENCE THERE IS NO CHANGE IN PROMOTERS' SHAREHOLDING					

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

Sl No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2017)		Cumulative Shareholding during the year (as on 31.03.2018)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
1	UTKARSH GLOBAL HOLDINGS PRIVATE LIMITED AAACU4658D				
	At the beginning of the year	6,16,987	6.185		
	20/10/2017	-6,16,987	-6.185	–	–
	At the end of the year			–	–
2.	KAMALJYOT INVESTMENTS LIMITED-AAACK3258K				
	At the beginning of the year	5,76,941	5.784		
	23/02/2018	-5,61,941	-5.633	15,000	0.150
	At the end of the year			15,000	0.150
3	KAMAL MAVJI VISARIA- AAPV6233C				
	At the beginning of the year	52,065	0.522		
	15/09/2017	-6,870	-0.069	45,195	0.453
	22/09/2017	-24,614	-0.247	20,581	0.206
	06/10/2017	-3,740	-0.037	16,841	0.169
	13/10/2017	-1,530	-0.015	15,311	0.153
	20/10/2017	-6,000	-0.060	9,311	0.093
	27/10/2017	-9,311	-0.093	–	–
	At the end of the year			–	–

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

Sl No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2017)		Cumulative Shareholding during the year (as on 31.03.2018)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
4.	EDELWEISS BROKING LTD- AABCE9421H				
	At the beginning of the year	42,944	0.431		
	07/04/2017	-250	-0.003	42,694	0.428
	14/04/2017	1,201	0.012	43,895	0.440
	21/04/2017	2,100	0.021	45,995	0.461
	28/04/2017	-1,247	-0.013	44,748	0.449
	05/05/2017	400	0.004	45,148	0.453
	12/05/2017	800	0.008	45,948	0.461
	19/05/2017	6,287	0.063	52,235	0.524
	26/05/2017	4,809	0.048	57,044	0.572
	02/06/2017	-3,326	-0.033	53,718	0.539
	16/06/2017	-800	-0.008	52,918	0.531
	23/06/2017	-823	-0.008	52,095	0.522
	14/07/2017	-420	-0.004	51,675	0.518
	21/07/2017	429	0.004	52,104	0.522
	28/07/2017	27	0.000	52,131	0.523
	04/08/2017	-2,636	-0.026	49,495	0.496
	11/08/2017	-1,744	-0.017	47,751	0.479
	18/08/2017	1,400	0.014	49,151	0.493
	25/08/2017	-37,001	-0.371	12,150	0.122
	01/09/2017	188	0.002	12,338	0.124
	08/09/2017	-3,387	-0.034	8,951	0.090
	15/09/2017	850	0.009	9,801	0.098
	22/09/2017	946	0.009	10,747	0.108
	06/10/2017	-1,137	-0.011	9,610	0.096
	13/10/2017	450	0.005	10,060	0.101
	20/10/2017	11,733	0.118	21,793	0.218
	27/10/2017	12,824	0.129	34,617	0.347
	31/10/2017	-16,433	-0.165	18,184	0.182
	03/11/2017	-12,471	-0.125	5,713	0.057
	10/11/2017	2,712	0.027	8,425	0.084
	17/11/2017	3,238	0.032	11,663	0.117

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

SI No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2017)		Cumulative Shareholding during the year (as on 31.03.2018)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
	24/11/2017	-2,241	-0.022	9,422	0.094
	01/12/2017	4,956	0.050	14,378	0.144
	08/12/2017	-1,381	-0.014	12,997	0.130
	15/12/2017	-915	-0.009	12,082	0.121
	22/12/2017	-677	-0.007	11,405	0.114
	29/12/2017	-120	-0.001	11,285	0.113
	05/01/2018	-388	-0.004	10,897	0.109
	12/01/2018	-334	-0.003	10,563	0.106
	19/01/2018	-395	-0.004	10,168	0.102
	26/01/2018	-56	-0.001	10,112	0.101
	02/02/2018	-145	-0.001	9,967	0.100
	09/02/2018	15	0.000	9,982	0.100
	16/02/2018	850	0.009	10,832	0.109
	23/02/2018	-1,045	-0.010	9,787	0.098
	02/03/2018	-725	-0.007	9,062	0.091
	09/03/2018	-6	0.000	9,056	0.091
	16/03/2018	-90	-0.001	8,966	0.090
	23/03/2018	-130	-0.001	8,836	0.089
	30/03/2018	-300	-0.003	8,536	0.086
	At the end of the year			8,536	0.086
5	KANTA BAGADIA- AALPB9577C				
	At the beginning of the year	40,000	0.401		
	31/10/2017	-25,000	-0.251	15,000	0.150
	08/12/2017	-10,000	-0.100	5,000	0.050
	02/03/2018	-5,000	-0.050	-	-
	At the end of the year			-	-
6	SAYURI TRADING- ADBFS6428A				
	At the beginning of the year	40,000	0.401		
	23/02/2018	-40,000	-0.401	0	0.000
	At the end of the year			0	0.000
7	RELIGARE SECURITIES LTD- AAACF1952D				
	At the beginning of the year	39,961	0.401		
	07/04/2017	-3,245	-0.033	36,716	0.368

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

SI No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2017)		Cumulative Shareholding during the year (as on 31.03.2018)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
	14/04/2017	-1,600	-0.016	35,116	0.352
	21/04/2017	-13,797	-0.138	21,319	0.214
	28/04/2017	-50	-0.001	21,269	0.213
	05/05/2017	25	-	21,,294	0.213
	12/05/2017	1,475	0.015	22,769	0.228
	19/05/2017	-550	-0.006	22,219	0.223
	26/05/2017	-18,071	-0.181	4,148	0.042
	09/06/2017	25	0.000	4,173	0.042
	16/06/2017	-2,073	-0.021	2,100	0.021
	23/06/2017	-500	-0.005	1,600	0.016
	30/06/2017	-800	-0.008	800	0.008
	21/07/2017	-150	-0.002	650	0.007
	28/07/2017	-550	-0.006	100	0.001
	04/08/2017	400	0.004	500	0.005
	11/08/2017	876	0.009	1,376	0.014
	18/08/2017	-200	-0.002	1,176	0.012
	01/09/2017	-76	-0.001	1,100	0.011
	08/09/2017	-139	-0.001	961	0.010
	15/09/2017	1,927	0.019	2,888	0.029
	22/09/2017	-212	-0.002	2,676	0.027
	06/10/2017	-1,777	-0.018	899	0.009
	13/10/2017	4,475	0.045	5,374	0.054
	20/10/2017	1,014	0.010	6,388	0.064
	27/10/2017	6,781	0.068	13,169	0.132
	31/10/2017	-1,425	-0.014	11,744	0.118
	03/11/2017	-6,316	-0.063	5,428	0.054
	10/11/2017	-1,023	-0.010	4,405	0.044
	17/11/2017	-1,165	-0.012	3,240	0.032
	24/11/2017	-2,506	-0.025	734	0.007
	01/12/2017	2,198	0.022	2,932	0.029
	08/12/2017	2,628	0.026	5,560	0.056
	15/12/2017	-4,925	-0.049	635	0.006

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

SI No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2017)		Cumulative Shareholding during the year (as on 31.03.2018)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
	22/12/2017	-333	-0.003	302	0.003
	29/12/2017	50	0.001	352	0.004
	05/01/2018	688	0.007	1,040	0.010
	12/01/2018	46	–	1,086	0.011
	19/01/2018	-542	-0.005	544	0.005
	26/01/2018	-284	-0.003	260	0.003
	02/02/2018	-21	–	239	0.002
	16/02/2018	-8	–	231	0.002
	23/02/2018	-99	-0.001	132	0.001
	02/03/2018	499	0.005	631	0.006
	09/03/2018	-380	-0.004	251	0.003
	16/03/2018	117	0.001	368	0.004
	30/03/2018	-46	–	322	0.003
	At the end of the year	-100	-0.001	222	0.002
8	MANJITSINGH K BHATTI & OTHERS - AAAAM1377R				
	At the beginning of the year	32,594	0.327		
	23/02/2018	-32,594	-0.327	–	–
	At the end of the year			–	–
9	KAMLESHKUMAR S SANAS- BBDPS0759P				
	At the beginning of the year	30,908	0.310		
	09/06/2017	-30,908	-0.310	–	–
	At the end of the year			–	–
10	DR RAMESH CHIMANLAL SHAH- AAFPS8772A				
	At the beginning of the year	30,000	0.301		
	21/04/2017	-3,200	-0.032	26,800	0.269
	28/04/2017	-1,800	-0.018	25,000	0.251
	06/10/2017	-5,000	-0.050	20,000	0.201
	08/12/2017	-2,000	-0.020	18,000	0.180
	16/02/2018	-1,551	-0.016	16,449	0.165
	23/02/2018	-1,449	-0.015	15,000	0.150
	At the end of the year			15,000	0.150

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

### (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 Shareholding	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 V.T. Moorthy	-	-	-	-	-	-
3.	Mr M.R. Sivaraman, IAS (Retd.)	-	-	-	-	-	-
4.	Mr R. Karthikeyan	-	-	-	-	-	-
5.	Mr Kannan K Unni	-	-	-	-	-	-
6.	Dr. Shankar Narasimhan	-	-	-	-	-	-
7.	Mr T.S. Raghavan	-	-	-	-	-	-
8.	Mrs. R. Rajalakshmi	-	-	-	-	-	-
9.	Mr.K.Sendhil Naathan	-	-	-	-	-	-
10	Mr.N.R. Ravichandran	50	-	-	-	50	-
11	Mrs.Punita Aggarwal	-	-	-	-	-	-

### V INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.4.2017):				
i) Principal Amount	882.68	3,895.08	-	4,777.76
ii) Interest due but not paid *	0.17	0.70	-	0.87
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	882.85	3,895.78	-	4,778.63
Change in Indebtedness during the financial year;				
· Addition	-	-	-	-
· Reduction	103.75	994.47	-	1,098.22
Net Change	-103.75	-994.47	-	-1,098.22
Indebtedness at the end of the financial year (31.3.2018) :				
i) Principal Amount	777.85	2,899.29	-	3,677.14
ii) Interest due but not paid **	1.25	-	-	1.25
iii) Interest accrued but not due	-	2.02	-	2.02
Total (i + ii + iii)	779.10	2,901.31	-	3,680.41

\* Bank Interest due on March 2017 and debited by bank on 3rd April, 2017.

\*\* Bank Interest due on March 2018 and debited by bank on 2nd April, 2018.

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

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

#### A. Remuneration to Managing Director:

Not applicable since the Company does not have a Managing Director.

#### B. Remuneration to other Directors :

Except sitting fee no other remuneration was paid to Directors during the financial year 2017 -18.  
The details are as follows:

Sl. No.	Name of Director	Particulars of remuneration - Sitting fee (Amount in ₹)			
		Board Meeting	Audit Committee	Investors/ Stakeholders Relationship Committee	Total fee paid
I.	<b>INDEPENDENT DIRECTORS :</b>				
1.	MR V.T. MOORTHY	80,000	80,000	40,000	2,00,000
2.	MR M.R. SIVARAMAN, IAS (RETD.)	80,000	80,000	40,000	2,00,000
3.	MR KANNAN K UNNI	80,000	80,000	-	1,60,000
4.	DR. SHANKAR NARAISMHAN	80,000	80,000	-	1,60,000
5.	MR T.S. RAGHAVAN	80,000	-	-	80,000
6.	SMT. R. RAJALAKSHMI	80,000	-	-	80,000
	<b>TOTAL (I)</b>	<b>4,80,000</b>	<b>3,20,000</b>	<b>80,000</b>	<b>8,80,000</b>
II.	<b>OTHER NON EXECUTIVE DIRECTORS :</b>				
1.	MR A.K. AGARWALA	40,000	-	-	40,000
2.	MR R. KARTHIKEYAN	80,000	80,000	40,000	2,00,000
	<b>TOTAL (II)</b>	<b>120,000</b>	<b>80,000</b>	<b>40,000</b>	<b>2,40,000</b>
	<b>TOTAL B = (I) + (II)</b>	<b>6,00,000</b>	<b>4,00,000</b>	<b>1,20,000</b>	<b>11,20,000</b>

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total amount
		CEO (K.Sendhil Naathan)	CFO (N.R. Ravichandran)	Company Secretary (Punita Aggarwal)	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of The Income Tax Act, 1961	78.66	51.94	3.00	133.60
	(b) Value of perquisites under Section 17(2) of The Income Tax Act, 1961	7.19	1.04	-	8.23
	(c) Profit in lieu of salary under Section 17(3) of The Income Tax Act, 1961			-	
2.	Stock Option	Not applicable			
3.	Sweat Equity				
4.	Commission – as % of profit				
5.	Others				
	<b>TOTAL</b>	<b>85.85</b>	<b>52.98</b>	<b>3.00</b>	<b>141.83</b>

### b. 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'S REPORT (Contd.)

**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 Chief Executive Officer, Company Secretary and Chief Financial Officer during the year was at 9.25%.

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

During the Financial year 2017-18, there was an increase of 9.40% 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 149 permanent employees on the rolls of the Company as on 31st March, 2018.

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 CEO, CFO and the Company Secretary was at 9.25% compared to 9.40% 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 Ind AS Financial Statements**

1. We have audited the accompanying Ind AS Financial Statements of TANFAC Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of Significant Accounting Policies and other explanatory information (herein after referred to as "Ind AS Financial Statements")

**Management's Responsibility for the Ind AS 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 Ind AS Financial Statements that give a true and fair view of the Financial Position, Financial Performance including Other Comprehensive Income, Changes in Equity and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with Rule 3 of Companies (Indian Accounting Standards Rules), 2015.

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; and design, implementation and maintenance of adequate Internal Financial

Controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the Ind AS Financial Statements, the management is responsible for assessing the Company's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these Ind AS 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 Ind AS Financial Statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor

## INDEPENDENT AUDITOR'S REPORT

considers Internal financial Control relevant to the Company's preparation of the Ind AS 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 Ind AS Financial Statements

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the Auditor's Report. However, future events or conditions may cause an entity to cease to continue as a going concern.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS of

the state of affairs of the Company as at 31st March 2018, its Profit (including Other Comprehensive Income), Changes in Equity and its Cash Flows for the year ended on that date.

### Emphasis of Matter Paragraph

7. Attention is invited to Note No 26.4(d) of the Notes to the Ind AS Financial Statements, 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

### Other Matter Paragraph

8. The financial information of the Company for the year ended March 31, 2017 and the transition date opening Balance Sheet as at April 1, 2016 included in these Ind AS Financial Statements, are based on the previously issued statutory Financial Statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 23, 2017 and May 24, 2016 respectively. The adjustments to those Financial Statements for the differences in accounting principles adopted by the Company on transition to Ind AS have been audited by us.

### 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.

## INDEPENDENT AUDITOR'S REPORT

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 (including Other Comprehensive Income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the aforesaid Ind AS Financial Statements comply with the applicable Indian Accounting Standards specified under Section 133 of the Act;
- e. on the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act;
- f. With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company

and the operating effectiveness of such controls, refer to our separate report in "Annexure B"

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS Financial Statements. Refer Note No. 26.4(h) to the Ind AS 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.

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

Camp: Chennai  
Date: May 29, 2018

Hasmukh B Dedhia  
Partner (F - 33494)

## ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

### **ANNEXURE A [Referred to in paragraph 9 under "Report on Other Legal and Regulatory Requirements" in the Independent Auditor's Report of even date to the members of Tanfac Industries Limited on the Financial Statements for the year ended 31 March, 2018]**

- (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) The title deeds of Immovable Properties, recorded as Property Plant & Equipment in the books of account of the Company, 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) As informed, the Company has not granted any Loans, Secured or Unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) As informed, the Company has not given any loans, or made investments or given Guarantees and securities as covered under Section 185 or 186 of the Act. Accordingly, Paragraph 3(iv) of the order is not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there-under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the Rules framed there-under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Goods & Services Tax, Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities in India. There are no undisputed statutory dues payable in respect to above statutes, outstanding as at March 31, 2018 for a period of more than six months from the date they became payable.
- (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.

## 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
		(Rs 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
Customs 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	0.41	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 Job Work to Shasun Chemicals	10.75	2012-13 & 2013-14	Joint.Commissioner/Audit-II Commissionerate, Chennai
	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	2.56	July'15-February'16	Asst.Commissioner Cuddalore
	Excise duty on Job Work to Shasun Chemicals	8.18	2014-15	Joint.Commissioner/Audit-II Commissionerate, Chennai
	Excise duty on Job Work to Shasun Chemicals	34.67	2015-16 & 2016-17	Asst.Commissioner Cuddalore
	<b>Total</b>	<b>72.92</b>		

## 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
		(Rs in Lacs)		
Finance Act, 1994 (Service Tax)	Service Tax on Lease Rent	12.30	2001-02 to 2004-05	The Commissioner/The Asst. Commissioner, Pondicherry
	Service Tax on Consulting Engineers – Penalty	0.23	2002-03 to 2003-04	CESTAT, Chennai
	Service Tax on Freight Outward	20.39	April'06-March'08	Commissioner, Pondicherry
	Service Tax on Medical Subscription	0.72	July'15-Mar'16	Superintendent, Cuddalore
	<b>Total</b>	<b>33.64</b>		
Income Tax Act, 1961	Replacement of equipment claimed as revenue expenditure, reclassified by Dept. as capital expenditure [tax demanded]( Including Interest)	85.39	2002 – 03	Income Tax Appellate Tribunal
	Disallowance of various expenses (Including Interest)	75.79	2007-08	The Commissioner of Income Tax [Appeals], Chennai
	<b>Total</b>	<b>161.18</b>		

(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. The Company has not issued any Debentures.

(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, Managerial Remuneration has been paid / provided in accordance with the requisite approvals mandated by

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

the provisions of Section 197 read with Schedule V to the Act.

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

(xiii) According to the information and explanation given to us, all transactions entered into by the Company with the Related Parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.

(xiv) The Company has not made any Preferential Allotment or Private Placement of shares or Fully or Partly Convertible Debentures during

the year under review. Hence, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.

(xvi) The Company is not required to Registered under Section 45-IA of the Reserve Bank of India Act 1934. Accordingly, the provisions of Clause 3(xvi) are not applicable to the Company.

**For Khimji Kunverji & Co**

Chartered Accountants

Firm Registration No. 105146W

Camp: Chennai

Date: May 29, 2018

**Hasmukh B Dedhia**

Partner (F - 33494)



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

### **Annexure B to the Independent Auditors' Report of even date on the Ind AS Financial Statements of Tanfac Industries Limited– 31 March 2018.**

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

We have audited the Internal Financial Controls over Financial Reporting of Tanfac Industries Limited ("the Company") as at 31 March 2018 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

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

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 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 for ensuring the orderly and efficient conduct of its business, including adherence to the 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 on Audit of Internal Financial Controls Over Financial Reporting (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 was established and maintained and if 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 of the Ind AS 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**

A Company's Internal Financial Controls over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of Financial Reporting and the preparation of Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP). A Company's Internal Financial Controls over Financial Reporting includes those Policies and Procedures that:

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

- (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with Generally Accepted Accounting Principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and
- (c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's Assets that could have a material effect on the Financial Statements.

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

Because of the inherent limitations of Internal Financial Controls over Financial Reporting,

including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any Evaluation of the Internal Financial Controls over Financial Reporting to future periods are subject to the risk that the Internal Financial Controls over Financial Reporting may become inadequate because of changes in conditions, or that the degree of compliance with the Policies or Procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate Internal Financial Controls system over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31 March 2018, 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 issued by the ICAI.

Camp : Chennai  
Date : May 29, 2018

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

Hasmukh B Dedhia  
Partner (F - 33494)

## BALANCE SHEET AS AT 31ST MARCH 2018

(Rs. in Lakhs)				
Particulars	Note	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
<b>ASSETS</b>				
<b>1) Non-Current Assets</b>				
a) Property, Plant and Equipment	2	4,086.66	4,470.86	4,910.90
b) Capital Work-in-Progress	2	19.46	48.00	-
c) Other Intangible Assets	2	2.91	2.91	2.91
d) Financial Assets				
i) Investments	3	75.41	75.41	69.33
ii) Loans	4	9.01	27.68	11.30
e) Deferred Tax Assets (Net)		-	-	-
f) Other Non-Current Assets	5	115.40	117.75	124.23
<b>Total Non-Current Assets (A)</b>		<b>4,308.85</b>	<b>4,742.61</b>	<b>5,118.67</b>
<b>2) Current Assets</b>				
a) Inventories	6	1,690.44	1,084.50	1,789.26
b) Financial Assets				
i) Investments		-	-	-
ii) Trade Receivables	7	1,959.28	1,594.78	1,989.63
iii) Cash & Cash Equivalents	8	0.79	0.79	0.92
iv) Bank balances other than iii above	8	3.37	35.38	8.61
v) Loans	9	19.09	76.76	83.28
c) Current Tax Assets ( Net)		-	-	-
d) Other Current Assets	10	369.13	177.53	164.42
<b>Total Current Assets (B)</b>		<b>4,042.10</b>	<b>2,969.74</b>	<b>4,036.12</b>
<b>Total Assets (A + B)</b>		<b>8,350.95</b>	<b>7,712.35</b>	<b>9,154.79</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity</b>				
a) Equity Share Capital	11	997.50	997.50	997.50
b) Other Equity	12	266.04	(671.98)	(995.51)
<b>Total Equity (A)</b>		<b>1,263.54</b>	<b>325.52</b>	<b>1.99</b>
<b>Liabilities</b>				
<b>1) Non-Current Liabilities</b>				
a) Financial Liabilities				
i) Borrowings	13	668.17	612.00	555.95
b) Provisions	14	60.35	65.21	52.87
c) Deferred Tax Liability (net)		-	-	-
<b>Total Non-Current Liabilities (B)</b>		<b>728.52</b>	<b>677.21</b>	<b>608.82</b>
<b>2) Current Liabilities</b>				
a) Financial Liabilities				
i) Borrowings	15	3,677.14	4,777.76	5,599.94
ii) Trade Payables	16	1,681.72	1,144.54	2,117.63
b) Other Current Liabilities	17	325.75	195.71	267.38
c) Provisions	18	674.28	591.61	559.03
d) Current Tax Liabilities (Net)				
<b>Total Current Liabilities (C)</b>		<b>6,358.89</b>	<b>6,709.62</b>	<b>8,543.98</b>
<b>TOTAL EQUITY AND LIABILITIES (A + B + C)</b>		<b>8,350.95</b>	<b>7,712.35</b>	<b>9,154.79</b>
Significant accounting policies	1			
The accompanying notes are integral part of the Financial Statements				
As per our report of even date For KHIMJI KUNVERJI & CO Chartered Accountants Firm Registration No: 105146W		For and on behalf of the Board of Directors		
Hasmukh B. Dedhia Partner Membership No. (F-33494)		K.Sendhil Naathan Chief Executive Officer		R.Karthikeyan Director
Place: Chennai Date : 29th May, 2018		N.R.Ravichandran Chief Financial Officer		M.R.Sivaraman Director
		Punita Aggarwal Company Secretary		

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

(Rs. in Lakhs)

Particulars	Note	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
<b>INCOME</b>			
Revenue from Operations	19	16,541.77	13,869.14
Other Income	20	33.28	74.64
<b>Total Income (A)</b>		<b>16,575.05</b>	<b>13,943.78</b>
<b>EXPENDITURE</b>			
Cost of Material Consumed	21	8,547.58	6,263.48
Changes in inventories of Finished goods, Stock-in-trade and Work-in-progress	22	84.68	164.49
Excise Duty on sales	23	354.05	1,230.03
Employee Benefit Expenses	24	1,147.94	1,109.49
Finance cost	25	597.76	659.31
Depreciation/ Amortization	2	494.02	473.34
Other Expenses	26	4,369.49	3,714.35
<b>Total Expenses (B)</b>		<b>15,595.52</b>	<b>13,614.49</b>
<b>Net Profit Before Tax (A-B)</b>		<b>979.53</b>	<b>329.29</b>
<b>Tax Expense</b>			
1) Current Tax		198.08	-
2) Deferred Tax		-	-
3) MAT Credit Entitlement / Refund		(186.34)	-
<b>Net Profit for the Period</b>		<b>967.79</b>	<b>329.29</b>
<b>Other Comprehensive Income (OCI)</b>			
<b>Items that will not be reclassified to Profit and Loss</b>			
Effect [(gain) / loss] of measuring equity instruments at fair value through OCI		-	(6.08)
Remeasurement (gain) / loss on net defined benefit liability	27	29.77	11.84
Income tax relating to items that will not be reclassified to profit and loss		-	-
<b>Total Comprehensive Income for the year</b>		<b>938.02</b>	<b>323.53</b>
Earnings per Share - Basic and Diluted (Face Value of Rs. 10 each fully paid-up)		9.70	3.30
Weighted Average Number of Shares used in computing Earnings per Share Basic and Diluted	28.9	9.70	3.30
Significant accounting policies	1		
The accompanying notes are integral part of the Financial Statements			

As per our report of even date

For KHIMJI KUNVERJI & CO

Chartered Accountants

Firm Registration No: 105146W

K.Sendhil Naathan  
Chief Executive Officer

For and on behalf of the Board of Directors

R.Karthikeyan  
Director

Hasmukh B. Dedhia

Partner

Membership No. (F-33494)

N.R.Ravichandran  
Chief Financial Officer

V.T.Moorthy  
Director

M.R.Sivaraman  
Director

Place: Chennai

Date : 29th May, 2018

Punita Aggarwal  
Company Secretary

# STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

(₹. in Lakhs)

A) EQUITY SHARE CAPITAL	As At 31st March 2018	As At 31st March 2017
Balance at the beginning of the reporting year	997.50	997.50
Changes in Equity Share capital during the year	-	-
Balance at the end of the reporting year	997.50	997.50

(₹. in Lakhs)

B) OTHER EQUITY	General Reserve	Retained Earnings	Securities premium	Capital Reserve	Equity Instruments through OCI	Total
Balance as at 1st April 2016 (I)	3,824.96	(4,905.49)	2.18	30.46	52.37	(995.52)
Profit for the year	-	385.35	-	-	-	385.35
Effect of measuring Preference share capital at amortised costs	-	(56.05)	-	-	-	(56.05)
Items of OCI for the year, net of tax	-	-	-	-	-	0.00
Remeasurement of net defined benefit liability	-	(11.84)	-	-	-	(11.84)
Effect of measuring equity instruments at fair value through OCI	-	-	-	-	6.08	6.08
Total Comprehensive income from the year (2016-17) (II)	-	-	-	-	-	-
Total (III)	-	-	-	-	-	-
Balance as at 31st March 2017 (IV) = I+II+III	3,824.96	(4,588.03)	2.18	30.46	58.45	(671.98)
Profit for the year	-	967.79	-	-	-	967.79
Remeasurement of net defined benefit liability	-	(29.77)	-	-	-	(29.77)
Total Comprehensive income from the year (2017-18) (V)	-	-	-	-	-	-
Total (VI)	-	-	-	-	-	-
Balance as at 31st March 2018 (VII) = IV+V+VI	3,824.96	(3,650.01)	2.18	30.46	58.45	266.04

As per our report of even date  
For KHMJJI KUNVERJI & CO  
Chartered Accountants  
Firm Registration No: 105146W

For and on behalf of the Board of Directors

Hasmukh B. Dedhia  
Partner  
Membership No. (F-33494)  
Place: Chennai  
Date : 29th May, 2018

K. Sendhil Naathan  
Chief Executive Officer

R. Karthikeyan  
Director

M.R. Sivaraman  
Director

V.T. Moorthy  
Director

N.R. Ravichandran  
Chief Financial Officer

Punita Aggarwal  
Company Secretary

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

		(₹. in Lakhs)			
S.No	Particulars	2017 - 18		2016 - 17	
A.	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
	Net Profit before Tax	979.53		329.29	
	Adjustments for :				
	Depreciation & Amortisation of Expenses	494.02		473.34	
	Interest on Borrowing cost for Fixed assets	-		-	
	Finance Cost	597.76		659.31	
	Interest on Income tax	(11.74)		-	
	Provision for Liabilities no longer required written back	(20.51)		(10.24)	
	Loss / Profit on Sale of Fixed Assets	0.00		0.58	
	Loss / Profit on Fair Valuation of Investment	-		6.08	
	Remeasurement gain / loss on net defined benefit liability	(29.77)		(11.84)	
	Interest & Dividend Income	(11.99)		(4.62)	
	Provision for Advances	5.96		2.00	
	Provision for Sales Tax	11.39		10.21	
	Provision for Inventories	45.01		42.59	
	Operating Profit before Working Capital changes		2,059.66		1,496.70
	Adjustments for :				
	Trade and Other Receivables	(473.59)		382.98	
	Inventories	(650.94)		662.16	
	Trade Payable and Provisions	606.68		(1,022.74)	
B.			(517.85)		22.40
	Cash Generated From/(Used in) Operations		1,541.81		1,519.10
	Direct Taxes (Payment)/Refund (net)	196.00		72.12	
			196.00		72.12
	<b>Net Cash Generated From/(Used in) Operations</b>		1,737.81		1,591.22
	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Purchase of Fixed Assets	(79.59)		(88.02)	
	Sale of Fixed Assets	0.01		4.91	
	Purchase of Investments	-		-	
	Sale of Investments	-		-	
C.	Loss/(Gain) on valuation of Investment	-		-	
	Interest and Dividend Income	8.14		0.02	
	<b>Net Cash flow From/(Used in) Investing Activities</b>		(71.44)		(83.09)
	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
	Buyer's credit/ICD	(995.79)		(20.35)	
	Long term loan availed (Net)	-		-	
	Short-term loan availed	(104.83)		(801.83)	
	Interest on Borrowing cost for fixed assets	-		-	
	Issue of Preference Shares	-		-	

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(₹. in Lakhs)					
S.No	Particulars	2017 - 18		2016 - 17	
	Amortized Cost on Redeemable NC Preference Shares	(56.17)		(56.05)	
	Finance Cost	(541.59)		(603.25)	
	<b>Net Cash flow From/(Used in) financing Activities</b>		<b>(1,698.38)</b>		<b>(1,481.48)</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(32.01)</b>		<b>26.65</b>
	Add: Cash & Cash Equivalents (Opening Balance)		<b>36.17</b>		9.52
	Cash & Cash Equivalents (Closing Balance)		<b>4.16</b>		36.17
	Significant Accounting Policies - Note 1				
	The accompanying notes are an integral part of the Financial Statements				

Note I Cash Flow Statement has been prepared under the indirect method as set out in Ind AS 7 prescribed under the Companies (Indian Accounting Standard) Rules, 2015 under the Companies Act, 2013.

Note II Purchase of Property, Plant and Equipment includes movements of Capital Work-in-Progress (including Capital Advances) and Capital Expenditure Creditors during the year.

Note III	Particulars	As at 31st Mar 2018	As at 31st Mar 2017
	Cash and cash equivalent comprises of		
	Balances with Banks:		
	- Current account	0.08	0.09
	- Cash credit account	0.71	0.70
	<b>Cash and cash equivalents (Refer Note 8)</b>	<b>0.79</b>	<b>0.80</b>
	Add: Unclaimed Dividend	3.37	3.40
	Deposit accounts (Margin money for 6 months)	-	31.98
	<b>Cash and cash equivalents in Cash Flow Statement</b>	<b>4.16</b>	<b>36.17</b>

As per our report of even date		For and on behalf of the Board of Directors	
For KHIMJI KUNVERJI & CO			
Chartered Accountants			
Firm Registration No: 105146W	K.Sendhil Naathan	R.Karthikeyan	
	Chief Executive Officer	Director	
Hasmukh B. Dedhia			
Partner	N.R.Ravichandran	V.T.Moorthy	M.R.Sivaraman
Membership No. (F-33494)	Chief Financial Officer	Director	Director
Place: Chennai	Punita Aggarwal		
Date : 29th May, 2018	Company Secretary		

## SIGNIFICANT ACCOUNTING POLICIES

### Note 1: SIGNIFICANT ACCOUNTING POLICIES

#### a. Statement of Compliance:

These Financial Statements are prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, the relevant provisions of the Companies Act, 2013 ('the Act') and guidelines issued by the Securities and Exchange Board of India ('SEBI'), as applicable.

The Financial Statements for the year ended March 31, 2018 are the Company's first Ind AS Financial Statements. The date of transition to Ind AS is April 1, 2016. Accordingly, the Company has prepared an Opening Ind AS Balance Sheet as on April 1, 2016 and comparative figures for the year ended March 31, 2017 are also in compliance with Ind AS. An explanation of how the transition to Ind AS has affected the previously reported Balance sheet, Statement of Profit and Loss and Statement of Cash Flows of the Company is provided in Note 28.

#### b. Basis for Preparation and Presentation of Financial Statements:

##### Basis of Preparation:

The Financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities:

- i Certain financial assets and liabilities (refer accounting policy regarding financial instruments).
- ii Employee's Defined Benefit Plan as per Actuarial Valuation
- iii Derivative Financial Instruments measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

##### Functional and Presentation Currency

The Financial Statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

##### Classification of Assets and Liabilities into Current/Non-Current:

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III of the Companies Act, 2013. Based on the nature of products and the time lag between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12-month period has been considered by the Company as its normal operating cycle.

#### c. Property, Plant and Equipment (PPE)

Property, plant and equipment are stated at acquisition or construction cost less accumulated depreciation and impairment loss. Cost comprises the purchase price and any attributable cost



## SIGNIFICANT ACCOUNTING POLICIES

of bringing the asset to its location and working condition for its intended use, including relevant borrowing costs and any expected costs of decommissioning.

The cost of an item of PPE is recognised as an asset if, and only if, it is probable that the economic benefits associated with the item will flow to the Company in future periods and the cost of the item can be measured reliably. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses are charged to the Statement of Profit and Loss during the period in which they are incurred.

Items such as spare parts, standby equipment and servicing equipment are recognised as PPE when it is held for use in the production or supply of goods or services, or for administrative purpose, and are expected to be used for more than one year. Otherwise such items are classified as inventory.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss, arising on the disposal or retirement of an item of PPE, is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

### **d. Expenditure during construction period**

Expenditure, net of income earned, during construction (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) period is included under capital work-in-progress, and the same is allocated to the respective PPE on the completion of construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other Non-Current Assets".

### **e. Depreciation**

Depreciation on Buildings and Plant and Machinery is the systematic allocation of the depreciable amount over its useful life and is provided on a straight-line basis over such useful lives as prescribed in Schedule II of the Act except that of useful life of IBAP plant has been considered as technically assessed which is less than the period prescribed under Schedule II to the Act. Depreciation on all other assets other than Buildings and Plant and Machinery has been provided on Written Down Value method.

- i) Where a significant component (in terms of cost) of an asset has an estimated economic useful life shorter than that of its corresponding asset, the component is depreciated over its shorter life.
- ii) Depreciation on additions is being provided on Pro-rata basis from the date of such additions.
- iii) Depreciation on sale or disposal is provided on Pro-rata basis till the date of such sale or disposal.
- iv) Depreciation on assets sold, discarded or demolished during the year is being provided up to the month in which such assets are sold, discarded or demolished.
- v) Depreciation on other Assets individually costing less than Rs. 5,000/- each has been wholly depreciated in the year of acquisition/installation.

## SIGNIFICANT ACCOUNTING POLICIES

vi) Depreciation and amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively.

vii) Leasehold lands are amortized over the period of the lease.

### **f. Intangible Assets and Amortization:**

Intangible assets are recognized only if it is probable that the future economic benefits attributable to asset will flow to the Company and the cost of asset can be measured reliably. The Company determines the useful life as the period over which the future economic benefits will flow to the Company after taking into account all relevant facts and circumstances.

Intangible assets are stated at cost of acquisition/development less accumulated amortization and accumulated impairment loss if any. Cost of Intangible asset includes purchase price including non-refundable taxes and duties, borrowing cost directly attributable to the qualifying asset and any directly attributable expenditure on making the asset ready for its intended use.

Intangible assets under development comprise of cost incurred on intangible assets under development that are not yet ready for their intended use as at the Balance sheet date.

The Company has determined useful life of Software as 5 years.

Amortization methods and useful lives are reviewed at each financial year end and adjusted prospectively.

In case of assets purchased during the year, amortization on such assets is calculated on pro-rata basis from the date of such addition.

### **g. Impairment of Non-Financial Assets:**

At the end of each reporting period, the Company reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

## SIGNIFICANT ACCOUNTING POLICIES

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **h. Non-Current assets (or disposal Company) classified as held for disposal:**

Assets are classified as held for disposal and stated at the lower of carrying amount and fair value less costs to sell. To classify any Asset as "Asset held for disposal" the asset must be available for immediate sale and its sale must be highly probable. Such assets or Company of assets are presented separately in the Balance Sheet, in the line "Assets held for disposal". Once classified as held for disposal, intangible assets and PPE are no longer amortised or depreciated.

### **i. Inventories:**

#### **Raw materials, fuel, stores & spare parts and packing materials**

Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis.

#### **Work-in-progress (WIP), finished goods, stock-in-trade and trial run inventories:**

Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

#### **Waste/Scrap:**

Waste/Scrap inventory is valued at NRV. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### **j. Borrowing Costs:**

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset are capitalized as part of the cost of the respective asset till such time the asset is ready for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are expensed in the period in which they occur.

## SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs consist of interest, amortization of discounts, hedge related cost incurred in connection with foreign currency borrowings and exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

### **k. Government Grant:**

Government Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to Statement of Profit & Loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset. When loans or similar assistance are provided by the government or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

### **l. Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessment of time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognized in Financial Statements since this may result in the recognition of income that may never be realized. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognized.

### **m. Revenue Recognition:**

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue is recognised when

## SIGNIFICANT ACCOUNTING POLICIES

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 and now Goods & Service 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.

Rental income on assets given under operating lease arrangements is recognized on a straight-line basis over the period of the lease unless the receipts are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases.

### **n. Lease:**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as Operating Leases.

#### **Operating Lease:**

Lease rentals on assets obtained under operating lease arrangements are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases.

#### **Finance Lease:**

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

### **o. Employee Benefit Expense:**

#### **Defined benefit plan:**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/superannuation. The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

## SIGNIFICANT ACCOUNTING POLICIES

Remeasurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income. Remeasurement recognised in Other Comprehensive Income ('OCI') is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss.

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

The defined benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

### **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.

### **Other long-term employee 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.

### **p. Income Taxes:**

The tax expense for the period comprises current and deferred tax. Tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognized in the OCI or in equity. In which case, the tax is also recognized in OCI or equity.

#### **Current Tax:**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

#### **Deferred Tax:**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

## SIGNIFICANT ACCOUNTING POLICIES

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**q. Foreign Currency Transactions:**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

As at balance sheet date, foreign currency monetary items are translated at closing exchange rate. Foreign currency non-monetary items carried at fair value are translated at the rates prevailing at the date when the fair value was determined. Foreign currency non-monetary items measured in terms of historical cost are translated using the exchange rate as at the date of initial transactions.

Exchange difference arising on settlement or translation of foreign currency monetary items are recognized as income or expense in the year in which they arise except to the extent exchange differences are regarded as an adjustment to interest cost on those foreign currency borrowings.

**r. Earnings Per Share:**

The basic Earnings Per Share ('EPS') is computed by dividing the net profit/(loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split, if any.

For the purpose of calculating diluted EPS, net profit/(loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**s. Financial Instruments:**

Financial Assets & Financial Liabilities are recognized when the Company becomes party to contractual provisions of the relevant instrument.

**Initial Measurement:**

At initial recognition, the Company measures a financial asset and financial liabilities at its fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Profit and Loss.

## SIGNIFICANT ACCOUNTING POLICIES

### **Classification and Subsequent Measurement: Financial Assets**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through Other Comprehensive Income ('FVOCI') or fair value through profit or loss ('FVTPL') on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

#### **Amortised Cost:**

A financial asset shall be classified and measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Fair Value through OCI:**

A financial asset shall be classified and measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Fair Value through Profit or Loss:**

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortised cost or at FVOCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### **Equity instruments:**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such selection on an instrument-by-instrument basis. Where the Company's management has selected to present fair value gains and losses on equity investments in Other Comprehensive Income, there is no subsequent reclassification of fair value gains and losses to the Statement of Profit and Loss. Dividends from such investments are recognized in the Statement of Profit and Loss as other income when the Company's right to receive payments is established.



## SIGNIFICANT ACCOUNTING POLICIES

### **Impairment of financial assets:**

The Company assesses on a forward-looking basis the expected credit losses associated with its assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies 'simplified approach' as specified under Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The application of simplified approach does not require the Company to track changes in credit risk. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

### **Derecognition of Financial Instruments:**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in Other Comprehensive Income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in Other Comprehensive Income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in Other Comprehensive Income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

### **Classification and Subsequent Measurement: Financial Liabilities**

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method.

## SIGNIFICANT ACCOUNTING POLICIES

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

Preference shares, which are mandatorily redeemable are classified as Financial liabilities.

### **t. Cash and cash equivalent:**

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

### **u. Derivative Financial Instruments and Hedge Accounting:**

The Company enters into derivative financial instruments viz. foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. The Company formally establishes a hedge relationship between such forward currency contracts ('hedging instrument') and recognized financial liabilities ('hedged item') through a formal documentation at the inception of the hedge relationship in line with the Company's Risk Management objective and strategy. The Company does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately excluding derivatives designated as cash flow hedge.

#### **Recognition and measurement of fair value hedge:**

Hedging instrument is initially recognized at fair value on the date on which a derivative contract is entered into and is subsequently measured at fair value at each reporting date. Gain or loss arising from changes in the fair value of hedging instrument is recognized in the Statement of Profit and Loss. Hedging instrument is recognized as a financial asset in the Balance Sheet if its fair value as at reporting date is positive as compared to carrying value and as a financial liability if its fair value as at reporting date is negative as compared to carrying value.

Hedged item (recognized financial liability) is initially recognized at fair value on the date of entering into contractual obligation and is subsequently measured at amortized cost. The hedging gain or loss on the hedged item is adjusted to the carrying value of the hedged item as per the effective interest method and the corresponding effect is recognized in the Statement of Profit and Loss.

On Derecognition of the hedged item, the unamortized fair value of the hedging instrument is recognized in the Statement of Profit and Loss.

## SIGNIFICANT ACCOUNTING POLICIES

### v. Segment Reporting - Identification of Segments:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's management to make decisions for which discrete financial information is available.

Based on the management approach as defined in Ind AS 108, the management evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

### Note 1(B) : Use of Estimates and Judgements

The preparation of the Financial Statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are included in the following notes:

#### a. Useful Lives of Property, Plant & Equipment:

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life. The useful lives of the Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year-end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

#### b. Defined Benefit Plans and Compensated Absences:

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

## SIGNIFICANT ACCOUNTING POLICIES

### c. Expected Credit Losses on Financial Assets:

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

### d. Fair Value measurement of Financial Instruments:

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

### w. Standards issued but not effective:

The amendments to standards that are issued, but not yet effective, upto the date of issuance of the Company's Financial Statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate affairs ('MCA') has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 115 Revenue from contracts with customers:

Ind AS 115 was issued on 29 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind As 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to the customer. The Company is currently assessing the potential impact of this standard.

# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 2 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

₹ in Lakhs

Sr. No.	Description of the Block of Assets	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK	
		As at 01/04/2017	Additions	Deductions/ Discarded	As at 31/03/2018	As at 01/04/2017	Depreciation	As at 31/03/2018	As at 31/03/2017
	<b>Tangible Asset</b>								
1	Freehold Land	12.01	-	-	12.01	-	-	12.01	12.01
2	Leasehold Land	39.68	-	-	39.68	11.95	0.38	27.34	27.73
3	Building - Freehold	207.46	-	-	207.46	63.02	3.22	141.23	144.44
4	Building - Leasehold	524.43	-	-	524.43	328.74	10.94	184.74	195.69
5	Road, Well, Culvert, Fencing etc	100.17	-	-	100.17	91.19	0.09	8.89	8.98
6	Plant & Machinery	12,175.97	98.63	-	12,274.60	8,157.40	464.97	3,652.23	4,018.57
7	Plant & Machinery-Data Processing Equipments	172.53	0.31	-	172.84	161.99	1.48	9.37	10.54
8	Vehicles & Tanks	208.65	7.80	-	216.45	169.75	10.30	36.39	38.90
9	Furnitures & Fixtures	70.37	1.70	-	72.07	66.53	1.33	4.21	3.84
10	Office Equipment	171.16	1.39	0.18	172.37	161.00	1.31	10.24	10.16
	<b>Total</b>	<b>13,682.43</b>	<b>109.83</b>	<b>0.18</b>	<b>13,792.08</b>	<b>9,211.57</b>	<b>494.02</b>	<b>4,086.66</b>	<b>4,470.86</b>
	<b>Intangible Assets</b>								
1	Software Items	6.21	-	-	6.21	5.90	-	0.31	0.31
2	Specialised Software	52.08	-	-	52.08	49.48	-	2.60	2.60
	<b>Total</b>	<b>58.29</b>	<b>-</b>	<b>-</b>	<b>58.29</b>	<b>55.38</b>	<b>-</b>	<b>2.91</b>	<b>2.91</b>
	<b>Capital Work In Progress</b>								
		-	19.46	-	19.46	-	-	19.46	48.00
	<b>Total Assets</b>	<b>13,740.72</b>	<b>129.29</b>	<b>0.18</b>	<b>13,869.83</b>	<b>9,266.95</b>	<b>494.02</b>	<b>4,109.03</b>	<b>4,521.77</b>

₹ in Lakhs

Sr. No.	Description of the Block of Assets	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK	
		As at 01/04/2016	Additions	Deductions/ Discarded	As at 31/03/2017	As at 01/04/2016	Depreciation	As at 31/03/2017	As at 31/03/2016
	<b>Tangible Asset</b>								
1	Freehold Land	12.01	-	-	12.01	-	-	12.01	12.01
2	Leasehold Land	39.68	-	-	39.68	11.57	0.38	27.73	28.11
3	Building - Freehold	207.46	-	-	207.46	59.81	3.22	144.44	147.66
4	Building - Leasehold	522.52	1.91	-	524.43	317.82	10.92	195.69	204.70
5	Road, Well, Culvert, Fencing etc	100.17	-	-	100.17	85.46	5.73	8.98	14.71

# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

Sr. No.	Description of the Block of Assets	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK	
		As at 01/04/2016	Additions	Deductions/ Discarded	As at 31/03/2017	Depreciation	Deductions	As at 31/03/2017	As at 31/03/2017	As at 31/03/2016
6	Plant & Machinery	12,174.22	1.75	-	12,175.97	444.29	-	8,157.40	4,018.57	4,461.11
7	Plant & Machinery- Data Processing Equipments	169.53	2.99	-	172.52	1.36	-	161.99	10.54	8.91
8	Vehicles & Tanks	202.64	30.28	24.27	208.65	5.16	18.79	169.75	38.90	19.26
9	Furnitures & Fixtures	70.37	-	-	70.37	0.97	-	66.53	3.84	4.81
10	Office Equipment	169.31	1.85	-	171.16	1.30	-	161.00	10.16	9.61
	<b>Total</b>	<b>13,667.91</b>	<b>38.78</b>	<b>24.27</b>	<b>13,682.42</b>	<b>473.33</b>	<b>18.79</b>	<b>9,211.58</b>	<b>4,470.86</b>	<b>4,910.90</b>
	<b>Intangible Assets</b>									
1	Software Items	6.21			6.21	5.90		5.90	0.31	0.31
2	Specialised Software	52.08			52.08	49.48		49.48	2.60	2.60
	<b>Total</b>	<b>58.29</b>	<b>-</b>	<b>-</b>	<b>58.29</b>	<b>-</b>	<b>-</b>	<b>55.38</b>	<b>2.91</b>	<b>2.91</b>
	<b>Capital Work In Progress</b>		48.00		48.00				48.00	-
	<b>Total Assets</b>	<b>13,726.20</b>	<b>86.78</b>	<b>24.27</b>	<b>13,788.71</b>	<b>473.33</b>	<b>18.79</b>	<b>9,266.96</b>	<b>4,521.77</b>	<b>4,913.82</b>

Notes :

During the year 2004-05, impairment provision was made in respect of Building and Plant and machinery of Organic Fluorine plant as per details given below:

Asset	Cost	Acc. Deprn. As of 31/03/2013	Impairment	Carrying Cost
Building	27.90	4.51	21.99	1.40
Plant & Machinery	1,112.09	297.50	758.99	55.60
<b>Total</b>	<b>1,139.99</b>	<b>302.01</b>	<b>780.98</b>	<b>57.00</b>

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

Asset	Cost	Acc. Deprn. As of 31/03/2013	Impairment	Carrying Cost As of 31/03/2013
Plant & Machinery - IBAP (Refer Note 28.4 (f))	1,543.84	190.78	277.96	1,075.10
Plant & Machinery - Bio Mass Plant	131.24	64.31	60.37	6.56
<b>Total</b>	<b>1,675.08</b>	<b>255.09</b>	<b>338.33</b>	<b>1,081.66</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 3 NON CURRENT INVESTMENT(NON TRADED AND UNQUOTED)

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
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)	75.41	75.41	69.33
<b>TOTAL</b>	<b>75.41</b>	<b>75.41</b>	<b>69.33</b>

**Note:**

### NON-CURRENT INVESTMENT(NON-TRADED AND UNQUOTED)

(Long Term Fully Paid-up)

(₹ in Lakhs)

Particulars	Face value	Total no.	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Investment in equity instrument Carried at Fair Value through Other Comprehensive Income (FVTOCI) Cuddalore SIPCOT Industries Common Utilities Limited	100	16963	75.41	75.41	69.33
<b>Total</b>			<b>75.41</b>	<b>75.41</b>	<b>69.33</b>

### NOTE - 4 Non-Current-Loans

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Security Deposits & Other Deposits	2.74	21.41	5.03
Loans & Advances to related parties	1.98	1.98	1.98
Rent Advance	4.29	4.29	4.29
<b>Total</b>	<b>9.01</b>	<b>27.68</b>	<b>11.30</b>

### NOTE - 5 Other Non-Current Assets

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Other Loans & Advances VAT Input Credit, Statutory/Electricity deposits etc	115.40	117.75	124.23
<b>Total</b>	<b>115.40</b>	<b>117.75</b>	<b>124.23</b>

# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 6 INVENTORIES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Raw materials including Packing Materials	1,179.79	365.70	720.39
Raw materials including Packing Materials - In transit	-	26.36	88.35
Raw materials including Packing Materials Indigenous - In transit	21.84	-	0.00
Work-in-progress	1.58	1.17	1.28
Finished goods	330.84	447.18	631.41
Stores, Spares & Consumables (Net of Provision for Inventory of Rs. 45.01 lakhs PY Rs. 42.59 lakhs)	94.88	165.83	310.58
Coal, Fuel Oil & Other utilities	61.51	78.26	37.25
<b>TOTAL</b>	<b>1,690.44</b>	<b>1,084.50</b>	<b>1,789.26</b>

## NOTE - 7 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Trade Receivables			
Secured, considered good			
Unsecured, considered good	1,959.28	1,594.78	1,989.63
Unsecured, considered doubtful	-	-	-
Less: Provision for doubtful debt	-	-	-
<b>TOTAL</b>	<b>1,959.28</b>	<b>1,594.78</b>	<b>1,989.63</b>

## NOTE - 8 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
<b>A. Cash &amp; Cash Equivalent</b>			
Balances with Bank			
Current Accounts	0.08	0.09	0.20
Cash Credit Accounts	-	-	-
EEFC Account	0.71	0.70	0.72
PCFC Account	-	-	-
Cash on Hand	-	-	-
<b>TOTAL (A)</b>	<b>0.79</b>	<b>0.79</b>	<b>0.92</b>
<b>B. Other Bank Balance</b>			
Unclaimed Dividend	3.37	3.40	8.61
Deposit Accounts (Margin money for 6 months)	-	31.98	-
<b>TOTAL (B)</b>	<b>3.37</b>	<b>35.38</b>	<b>8.61</b>
<b>TOTAL (A + B)</b>	<b>4.16</b>	<b>36.17</b>	<b>9.53</b>



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE 9 SHORT TERM LOANS AND ADVANCES (Unsecured, Considered Good except otherwise stated) (₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Security Deposits & Other Deposits	3.41	-	1.21
Claims Recoverable	15.68	76.76	82.07
<b>TOTAL</b>	<b>19.09</b>	<b>76.76</b>	<b>83.28</b>

### NOTE - 10 OTHER CURRENT ASSETS (Unsecured, Considered Good except otherwise stated) (₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Interest accrued on Loans and Advances	3.85	4.35	4.58
Interest accrued on Fixed Deposit	-	0.25	-
Export Incentives	70.04	56.75	43.49
MAT Credit Entitlement/Refund	186.34	-	-
Advance for Expenses & Purchases of Material	48.12	45.82	37.50
Advances to Employees	6.83	6.03	7.32
Others Loans & Advances			
Claims Recoverable, VAT Input Credit etc	13.55	13.57	19.50
Prepaid Expenses	40.40	50.76	52.03
<b>TOTAL</b>	<b>369.13</b>	<b>177.53</b>	<b>164.42</b>

### NOTE -11 EQUITY SHARE CAPITAL (₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
<b>Authorised</b>			
2,50,00,000 Equity Shares of Rs.10/- each	2,500.00	2,500.00	2,500.00
10,00,000 11% Redeemable Cumulative Preference Shares of Rs 100 each	1,000.00	1,000.00	1,000.00
	3,500.00	3,500.00	3,500.00
<b>Issued, Subscribed and Paid-up</b>			
99,75,000 Equity shares of Rs.10/- each fully paid-up	997.50	997.50	997.50
<b>TOTAL</b>	<b>997.50</b>	<b>997.50</b>	<b>997.50</b>

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

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

SN	Particulars	As at 31 <sup>st</sup> 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
I	Equity Shares at the beginning of the year	99,75,000	99,75,000	99,75,000
	Add: Shares issued if any during the year	-	-	-
	Equity Shares at the end of the year	99,75,000	99,75,000	99,75,000

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

Name of the Shareholder	As at 31 <sup>st</sup> March 2018		As at 31 <sup>st</sup> March 2017		As at 01 <sup>st</sup> April 2016	
	No. of Shares	%age of holding	No. of Shares	%age of holding	No. of Shares	%age of holding
Tamilnadu Industrial Development Corporation Ltd.	25,95,000	26.02%	25,95,000	26.02%	25,95,000	26.02%
TGS Investment & Trade Pvt. Ltd.	19,90,652	19.96%	19,90,652	19.96%	19,90,652	19.96%
Pilani Investment & Industries Corporation Limited	4,98,000	4.99%	4,98,000	4.99%	4,98,000	4.99%

11.4

- 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

**NOTE - 12 RESERVES AND SURPLUS**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
<b>a) Capital Reserve</b>			
i) State Capital Subsidy from SIPCOT	30.00	30.00	30.00
ii) Profit on sale of Forfeited Shares	0.46	0.46	0.46
<b>TOTAL</b>	<b>30.46</b>	<b>30.46</b>	<b>30.46</b>
<b>b) Securities Premium Account</b>	<b>2.18</b>	<b>2.18</b>	<b>2.18</b>
<b>c) General Reserve</b>			
Opening balance	3,824.96	3,824.96	3,824.96
Less: Transferred to P&L A/c	-	-	-
<b>TOTAL</b>	<b>3,824.96</b>	<b>3,824.96</b>	<b>3,824.96</b>
<b>d) Profit and Loss account</b>			
Opening balance	(4,529.58)	(4,853.11)	(4,893.24)
Add: Net profit after tax transferred to P&L A/c	938.02	323.53	40.13
<b>TOTAL</b>	<b>(3,591.56)</b>	<b>(4,529.58)</b>	<b>(4,853.11)</b>
<b>Total (a + b + c + d)</b>	<b>266.04</b>	<b>(671.98)</b>	<b>(995.51)</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 13 LONG TERM BORROWINGS (AT AMORTIZED COST)

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
5,00,000 11% Redeemable Cumulative Non convertible Preference Shares of Rs 100 each fully paid-up issued to Aditya Birla Chemicals India Limited**	668.17	612.00	555.95
<b>TOTAL</b>	<b>668.17</b>	<b>612.00</b>	<b>555.95</b>

\*\* Aditya Birla Chemicals India Limited since merged with Grasim Industries Limited w.e.f 05th January 2016.

### NOTE - 14 LONG-TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Employee Benefits			
Leave Encashment	60.35	65.21	52.87
<b>TOTAL</b>	<b>60.35</b>	<b>65.21</b>	<b>52.87</b>

### NOTE - 15 SHORT-TERM BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
<b>SECURED LOANS</b>			
Loan Repayable on Demand from Bank (Refer Note 15.1 below)	777.85	882.68	1,684.51
<b>TOTAL - I</b>	<b>777.85</b>	<b>882.68</b>	<b>1,684.51</b>
<b>UNSECURED LOANS</b>			
Loan Repayable on Demand from Banks (Refer Note 15.2 below)	399.29	265.08	285.43
Others - Intercompany deposit (Refer Note 28.2)	2,500.00	3,630.00	3,630.00
<b>TOTAL - II</b>	<b>2,899.29</b>	<b>3,895.08</b>	<b>3,915.43</b>
<b>TOTAL (I + II)</b>	<b>3,677.14</b>	<b>4,777.76</b>	<b>5,599.94</b>

#### 15.1 Secured Loan - Working Capital Loans from Bank

##### Nature of Security

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

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

### 15.2 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.	₹ in Lakhs
Buyers Credit for Raw Material Imports in USD #	12-04-2018	3.32	70.89
	26-04-2018	3.36	33.56
	19-04-2018	3.34	51.22
	09-05-2018	3.41	54.28
	11-05-2018	3.42	83.89
	25-05-2018	3.81	105.45
<b>TOTAL</b>			<b>399.29</b>

# Hedged by forward contract of USD 6,12,575.49 (fully covered)

15.3 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	
		31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Forward Contracts	USD (Lakhs)	10.36	1.22

### NOTE - 16 TRADE PAYABLES

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Trade Payables			
Dues to Micro Enterprises and Small Enterprises	6.75	53.10	10.90
Due to Others	1,674.97	1,091.44	2,106.73
<b>TOTAL</b>	<b>1,681.72</b>	<b>1,144.54</b>	<b>2,117.63</b>

"Disclosure under Sec. 22 of MSMED Act, 2006

(Chapter V - Delayed Payment to Micro and Small Enterprises)"

(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:

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> Mar 2018	As at 31 <sup>st</sup> Mar 2017	As at 01 <sup>st</sup> April 2016
The Principal amount (Interest - Nil) remaining unpaid to any supplier as at the end of the each accounting year	<b>6.75</b>	53.10	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	NIL
The amount of interest due and payable for the period of delay in making payments (which have been paid but beyond the appointed day during the year) but without adding the interest specified Under Micro Small and Medium Enterprise Development Act, 2006	<b>NIL</b>	NIL	NIL
The amount of interest accrued and remaining unpaid at the end of each accounting year : and	<b>NIL</b>	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	<b>NIL</b>	NIL	NIL

### NOTE - 17 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Current Maturities of Long-term Borrowings	-	-	-
Interest accrued but not due on borrowings	<b>2.02</b>	0.70	15.98
Interest accrued & due on borrowings	<b>1.25</b>	0.17	2.96
Advance from Customers	<b>82.49</b>	17.35	61.59
Unclaimed Dividend	<b>3.38</b>	3.40	8.61
Other Payables	-	-	-
Statutory dues	<b>217.48</b>	156.18	160.30
Security Deposits	<b>7.95</b>	5.95	5.95
Payables pertaining to employees	<b>8.59</b>	11.08	9.88
Creditors for Fixed Assets	<b>2.59</b>	0.88	2.11
<b>TOTAL</b>	<b>325.75</b>	195.71	267.38

# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 18 SHORT-TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Employee Benefits - Leave Encashment	54.87	39.85	17.73
Income Tax (Net of Advance tax - Rs. 272.37 lakhs ; Previous Year Rs. 77.30 lakhs)	103.11	100.11	43.40
Disputed Liabilities (Refer Note 28.4)	52.77	52.77	52.77
Provision for expenses	466.72	397.25	405.85
Provision for Gratuity (Refer Note 28.1)	1.56	0.00	37.70
Mark to Market on Currency Forward contracts	-4.75	1.63	1.58
<b>TOTAL</b>	<b>674.28</b>	<b>591.61</b>	<b>559.03</b>

## NOTE -19 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2018	Year Ended 31 <sup>st</sup> March 2017
<b>Revenue from Operations</b>		
<b>A. Sale of Products</b>		
Manufactured	15,707.25	13,110.59
<b>Total (A)</b>	<b>15,707.25</b>	<b>13,110.59</b>
<b>B. Other Operating Income</b>		
Insurance claims	-	17.91
Export Incentives	23.41	18.61
Conversion charges	563.22	386.12
Disposal treatment charges	-	12.50
Scrap sales	28.95	12.65
Freight Packing & forwarding	218.94	310.76
<b>Total (B)</b>	<b>834.52</b>	<b>758.55</b>
<b>Total Revenue from Operation (A + B)</b>	<b>16,541.77</b>	<b>13,869.14</b>
Details of Sale Value of Goods manufactured under broad heads		
Fluorine Chemicals	11,610.56	9,656.54
Sulphuric Acid and Oleum	3,639.28	2,946.48
Others (Gypsum and Specialty Chemicals)	457.41	507.57
<b>Total</b>	<b>15,707.25</b>	<b>13,110.59</b>

## NOTE - 20 OTHER INCOME

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2018	Year Ended 31 <sup>st</sup> March 2017
<b>Other Income</b>	-	-
Interest on Income tax refunds	0.78	5.44
Interest on deposits	11.99	4.62
Profit on sale of Fixed assets	-	-
Other Miscellaneous receipt	-	20.34
Fluctuation in Exchange Rates (excluding forward cover charges)	-	40.10
Excess provisions & Liabilities no longer required written back	20.51	4.14
<b>Total</b>	<b>33.28</b>	<b>74.64</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 21

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2018	Year Ended 31 <sup>st</sup> March 2017
<b>Cost of Raw Materials including Packing Material Consumed</b>		
Cost of Raw materials consumed	8,106.64	5,851.02
Cost of Packing materials consumed	440.94	412.46
<b>Total</b>	<b>8,547.58</b>	<b>6,263.48</b>
Details of Materials Consumed under broad heads as follows:		
Fluorspar	4,060.22	2,856.37
Sulphur	2,504.80	1,440.29
Aluminium Hydroxide	480.06	423.65
Potassium Carbonate	434.97	587.39
Others (includes Boric Acid/Ether and other materials used in speciality products)	1,067.53	955.78
<b>Total</b>	<b>8,547.58</b>	<b>6,263.48</b>

### NOTE - 22

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> Mar 2018	Year Ended 31 <sup>st</sup> Mar 2017
<b>Changes in Inventories of Finished goods and Work-in-Progress</b>		
<b>Closing stock</b>		
Finished Goods	330.84	447.18
Work-in-Progress	1.58	1.17
<b>Total</b>	<b>332.42</b>	<b>448.35</b>
<b>Less:</b>		
<b>Opening Stock</b>		
Finished Goods	447.18	631.41
Work-in-Progress	1.17	1.28
<b>Total</b>	<b>448.35</b>	<b>632.69</b>
Excise duty on Closing Stock	-	31.25
Excise duty on Opening Stock	31.25	51.10
<b>Increase/Decrease in Excise duty on Finished Goods</b>	<b>(31.25)</b>	<b>(19.85)</b>
<b>Increase/(Decrease) in Inventories of Finished Goods and WIP</b>	<b>84.68</b>	<b>164.49</b>
<b>Manufactured Goods</b>		
Fluorine Chemicals	308.38	399.98
Sulphuric Acid and Oleum	12.40	11.29
Others	10.06	35.91
<b>Total</b>	<b>330.84</b>	<b>447.18</b>
<b>Work-in-progress</b>		
Fluorine Chemicals	1.52	1.10
Sulphuric Acid and Oleum	-	-
Others	0.06	0.06
<b>Total</b>	<b>1.58</b>	<b>1.17</b>

# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 23 EXCISE DUTY ON SALES

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2018	Year Ended 31 <sup>st</sup> March 2017
Excise duty on Sales	354.05	1,230.03
<b>Total</b>	<b>354.05</b>	<b>1,230.03</b>

## NOTE - 24 EMPLOYEE BENEFIT EXPENSES

₹ in Lakhs

Particulars	Year Ended 31 <sup>st</sup> March 2018	Year Ended 31 <sup>st</sup> March 2017
Salaries, Wages and Bonus	895.99	944.52
Contribution to Provident & Other Funds	131.31	61.90
Staff Welfare Expenses	109.44	92.87
Directors' sitting fees	11.20	10.20
<b>Total</b>	<b>1,147.94</b>	<b>1,109.49</b>

## NOTE - 25 FINANCE COST

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2018	Year Ended 31 <sup>st</sup> March 2017
<b>Interest Expenses</b>		
Banks		
Borrowings - Term Loan	-	-
Borrowings - Working Capital	62.99	139.99
Others	-	-
Interest on Inter-Corporate Deposit	393.68	399.38
Amortization cost of preference shares	56.17	56.05
Others	0.41	1.99
Other Borrowing cost	-	-
Processing Fees	51.11	39.73
Forward Cover Charges	33.40	21.77
<b>Total</b>	<b>597.76</b>	<b>659.31</b>



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 26 OTHER EXPENSES

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2018	Year Ended 31 <sup>st</sup> March 2017
Consumption of stores and Spares	549.44	499.52
Power & Fuel	1,944.00	1,653.04
Effluent Treatment Expenses	87.21	84.33
Water charges	93.39	98.44
Other Manufacturing Expenses - Consumables and Operation Expenses (Job Work Charges)	70.99	53.30
Repairs & Maintenance		
Building	56.56	31.24
Plant & machinery	236.54	202.39
Others	249.66	238.36
Rent	6.03	6.03
Insurance (Net)	33.83	33.55
Rates & Taxes	26.18	28.07
Travelling & Conveyance	67.37	65.28
Vehicle Running Expenses	8.34	6.00
Communication Expenses	23.57	21.17
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	0.55
Travel and Stay Expenses	1.46	0.87
Cost Audit Fee	0.40	0.40
Printing & Stationery	11.62	11.05
Legal & Professional Charges	24.67	12.06
Consultancy Charges	3.13	2.47
Miscellaneous Expenses	50.51	41.75
R&D Expenses	0.28	0.41
Bank Charges (other than borrowings)	61.84	61.15
Fluctuation in Exchange Rates (excluding forward cover charges)	26.77	-
Loss on sale of Fixed assets	0.00	0.58
Area maintenance charges	6.42	6.20
Security Service charges	36.10	33.17
Lease Charges	16.27	16.89
Freight Packing & forwarding	594.27	422.84
Commission on sales	12.17	20.89
Provision for Inventory	45.01	42.59
Provision for Advances	5.96	2.00
Provision for Sales Tax	11.39	10.21
<b>Total</b>	<b>4,369.49</b>	<b>3,714.35</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 27 Other Comprehensive Income

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2018	Year Ended 31 <sup>st</sup> March 2017
Net actuarial (Gain)/Loss on employees defined benefit obligation	29.77	11.84
(Gain)/Loss on Fair Value of Investments (net of tax)	-	(6.08)
<b>Total</b>	<b>29.77</b>	<b>5.76</b>

### NOTE - 28 NOTES TO FINANCIAL STATEMENTS

#### 28.1 Employee Benefits:

##### a) Disclosure in respect of gratuity liability

(₹ in Lakhs)

Reconciliation of Defined Benefit Obligation (DBO):	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
<b>Present value of DBO at start of the year</b>	<b>254.28</b>	<b>239.15</b>
Interest Cost	17.46	16.11
Current Service Cost	27.79	17.00
Past Service Cost	-	-
Benefit Paid		
Re-measurements:	(54.94)	(39.31)
a. Actuarial Loss/(Gain) from changes in demographic assumptions	0.03	-
b. Actuarial Loss/(Gain) from changes in financial assumptions	24.93	1.11
c. Actuarial Loss/(Gain) from experience over the past period	0.61	20.22
<b>Present value of DBO at end of the year</b>	<b>270.16</b>	<b>254.28</b>

Reconciliation of Fair Value of Plan Assets :	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Fair Value of Plan Assets at the beginning of the year	248.23	192.46
Interest Income on Plan Assets	19.32	15.27
Contributions by Employer	60.18	70.34
Benefit Paid	(54.94)	(39.31)
Re-measurements:		
a. Actuarial (Loss)/Gain	(4.21)	9.48
b. Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset)	-	
Fair Value of Plan Assets at the end of the year	268.58	248.23
Actual Return on Plan Assets	15.11	24.75

Amount recognized in the Balance Sheet:	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Present value of DBO at the end of the year	270.16	254.28
Fair Value of Plan Assets at the end of the year	268.58	248.23
Net Asset / (Liability) in the Balance Sheet	(1.58)	(6.05)

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

Gratuity recognized in the Statement of Profit and Loss	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Current Service Cost	27.79	17.00
Past Service Cost		
Net Interest on net defined benefit liability/(asset)	(1.85)	0.85
Expense Recognized in Statement of Profit and Loss	25.94	17.85

Principal Assumption used in determining Gratuity liability	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Discount Rate	7.70%	7.34%
Interest rate for net interest on net DBO		
Withdrawal Rate	6.00%	5.00%
Salary Escalation	9.00%	6.00%
Mortality Table	Indian Assured lives Mortality (2006-08) (Ultimate)	Indian Assured lives Mortality (2006-08) (Ultimate)
Expected average remaining working life		
Retirement Age	58	58

\* First valuation as per Ind AS19 from FY 2016-17

\* Information is disclosed to the extent available Figures for the period prior to 1<sup>st</sup> April, 2016 are as per previous GAAP.

Sensitivity Analysis	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
	Increases 1%	Decreases 1%	Increases 1%	Decreases 1%
	Change in DBO (Amount)		Change in DBO (Amount)	
Salary Growth Rate	280.97	260.16	263.97	245.25
Discount Rate	260.10	281.25	245.39	263.98
Withdrawal Rate	268.84	271.59	254.30	254.26

### Maturity profile

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the method (Projected Unit Credit Method) used to calculate the liability recognized in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

100% of the plan assets held by gratuity trust comprises of employees group gratuity scheme with TANFAC Employees Gratuity Trust Fund. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The expected rate of return on plan assets given by Actuary.

The Company expects to contribute Rs. 10.00 lakhs (P.Y. Rs. 60.18 lakhs) to gratuity trust for contribution to Aditya Birla Finance Limited during the financial year 2018-19.

### b) Disclosure in respect of leave entitlement liability:

Leave entitlement is short term benefit which is recognized as an expense at the un-discounted amount in the year in which the related service is rendered and disclosed under other current liabilities.

### c) Death-in-service benefit:

The Company has taken group term policy from an insurance Company to cover its obligation for death-in-service benefit given to eligible employees. The insurance premium of Rs.16.43 lakhs (P.Y. Rs.12.08 lakhs) is recognized in Statement of Profit and Loss.

d) The Company contributes towards Employees Provident Fund, Employees State Insurance, National Pension Scheme and Labour Welfare Fund. The aggregate amount contributed and charged to Statement of Profit and Loss is Rs. 73.55 lakhs (P.Y. Rs. 67.69 lakhs).

## 28.2. Related Party Disclosure:

Disclosures as per Ind AS 24 – ‘Related Party Disclosures’ are given below:

### a) Promoters of the Company:

Name of the Promoters	% of equity share-holding in the Company
Tamil Nadu Industrial Development Corporation Limited.	26.02%
T.G.S Investment & Trade Pvt. Ltd. (Since 3 <sup>rd</sup> February 2006)	19.96%
Pilani Investment & Industries Corporation Limited	4.99%

### b) Key Management Personnel (KMP):

Name of KMPs	Designation
K. Sendhil Naathan	Chief-Executive Officer
N.R. Ravichandran	Chief Financial Officer
Punita Aggarwal	Company Secretary

### c) Entities where Promoters/Directors or their relatives exercise control/significant influence:

Grasim Industries Limited

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

### d) Disclosure in respect of material transactions with related parties during the year: (₹ in Lakhs)

Name of the Related Party	Nature of Relationship	Nature of Transactions	For year ended 31 <sup>st</sup> March 2018	For year ended 31 <sup>st</sup> March 2017
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	17.65	17.21
Thai Peroxides Ltd (Thailand)	Key Management Personnel (till 28.11.2016)	Purchase of Raw Material	5.07	11.10
Aditya Birla Epoxy (India) Ltd - (till 28.11..2016)	Key Management Personnel (till 28.11.2016)	Interest Payment	0.00	7.10
		Intercompany deposit received during the year	0.00	130.00
		Intercompany deposit repaid during the year	0.00	130.00
Grasim Industries Ltd	Companies under same Group	Conversion charges billed	289.87	103.99
Aditya Birla Finance Ltd	Companies under same Group	Short Term Loan	2,500.00	3,630.00
		Interest Payment	393.68	140.13
		Short term loan received during the year	500.00	3,630.00
		Short term loan paid during the year	1,630.00	3,630.00
Hindalco Industries	Companies under same Group	Purchase of Raw material	724.44	449.53

### e) Outstanding balances (₹ in Lakhs)

Nature of transaction/relationship	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016
Grasim Industries Ltd (Conversion charges)	82.49	10.83	16.43
Grasim Industries Ltd	500.00	500.00	500
Aditya Birla Finance Limited	2,500.00	3,630.00	3,630.00
Cuddalore SIPCOT Industries Common Utilities Limited (CUSECS)	1.68	1.57	1.70
Hindalco Industries (Purchase of Raw Materials)	98.21	6.27	38.80

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

### f) Compensation to KMP

(₹ in Lakhs)

Nature of Benefits#	For the year ended 31 <sup>st</sup> March 2018	For the year ended 31 <sup>st</sup> March 2017
Short-term employee benefits (including Directors Sitting Fees)	152.29	140.01
Post-employment gratuity and medical	-	-
Other long-term benefits	-	-
Share-based payment transactions	-	-
Termination Benefits	-	-
<b>Total</b>	<b>152.29</b>	<b>140.01</b>

# The aforesaid amounts exclude gratuity provision as it is determined on actuarial basis for the Company as a whole. The transactions exclude reimbursement of expenses

### 28.3 Disclosure regarding Hedged and Unhedged exposure in foreign currency denominated monetary items:

#### Exposure in Foreign Currency - Hedged

The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

Currency	Number of Contracts	Buy amount (USD in Million)	Indian Rupee equivalent (Rs in crores)
Forward contract to buy USD-As on 31.3.2018	6	1.04	6.76
Forward contract to buy USD-As on 31.3.2017	1	0.12	0.82
Forward contract to buy USD-As on 1.4.16	4	0.60	4.05

#### Exposure in Foreign Currency - Unhedged

**The Foreign currency exposure not hedged as at 31<sup>st</sup> March 2018:**

Currency	Payable (in Foreign currency)			Receivables (in foreign currency)		
	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016
USD in Lakhs	9.03	9.48	14.53	3.84	3.46	1.81

Currency	Payable (Rs. in lakhs)			Receivables (Rs. in lakhs)		
	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016
INR	588.75	614.83	962.90	250.32	224.29	120.20

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

### 28.4 Provisions, Contingent Liabilities and Contingent Assets:

a) Contingent liabilities not provided for (excluding interest and penalty, if any) (₹ in Lakhs)

Claims against the Company not acknowledged as debt	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016
Customs Duty	10.79	10.79	10.79
Excise Duty	22.76	72.92	102.51
Service tax	12.30	33.64	158.25

- b) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) - Rs.35.97 lakhs (Previous Year Rs. 22.98 lakhs)
- c) SIPCOT has raised a demand of Rs.12.00 lakhs 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 lakhs in 1995 and additional amount of Rs.6.00 lakhs 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.
- d) 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 2017-18 currently estimated at Rs.112.78 lakhs.
- e) During the Financial Year 1991 - 92 the Company has received a notice from the Tamil Nadu 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 lakhs. 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 lakhs.

The Honourable High Court had passed Order vide SR No.49922 dated 1st September, 2016, disposing all the 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 Tamil Nadu 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.

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

- f) The Company had implemented Isobutyl Acetophenone (IBAP) project during 2010-11 with a capital outlay of Rs.1,477.27 lakhs and has made some modifications during 2011-12, 2012-13 and 2015-16 with additional capex amounting to Rs. 85.66 lakhs 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 lakhs during that year based on the said MOU. In the opinion of the management there would be no further impairment in the said project.
- g) The Company has a process of evaluating financial impact of pending litigation on Financial Statement and making necessary provision in terms of prevailing accounting practices.
- h) 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.

### 28.5. Fair Value Measurement:

The management assessed that cash and bank balances, trade receivables, trade payables, cash credits and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company has established the following fair value hierarchy that categorises the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

- **Level 1:** This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

- A. Quantitative disclosures fair value measurement hierarchy for financial assets as at 31<sup>st</sup> March, 2018, 31<sup>st</sup> March, 2017 and 01<sup>st</sup> April, 2016

(₹ in Lakhs)

Particulars	Fair value measurement using			Total (Amount)
	(Level 1) Amount	(Level 2) Amount	(Level 3) Amount	
<b>As at March 31, 2018:-</b>				
<b>Financial Assets at amortised cost:</b>				
Trade receivables	-	-	1,959.28	1,959.28
Cash and cash equivalents	-	-	0.79	0.79
Bank Balances other than cash and cash equivalent	-	-	3.37	3.37
Loans	-	-	28.10	28.10
<b>Assets measured at fair value</b>				
Fair value through Other Comprehensive Income				
Investment in Equity shares	-	75.41	-	75.41
<b>As at March 31, 2017:-</b>				
<b>Financial Assets at amortised cost:</b>				
Trade receivables	-	-	1,594.78	1,594.78
Cash and cash equivalents	-	-	0.79	0.79
Bank Balances other than cash and cash Equivalent	-	-	35.38	35.38
Loans	-	-	104.44	104.44
<b>Assets measured at fair value</b>				
Fair value through Other Comprehensive Income				
Investment in Equity shares	-	75.41	-	75.41
<b>As at April 1, 2016:-</b>				
<b>Financial Assets at amortised cost:</b>				
Trade receivables	-	-	1,989.63	1,989.63
Cash and cash equivalent	-	-	0.92	0.92
Bank Balances other than cash and cash Equivalent	-	-	8.61	8.61
Loans	-	-	94.58	94.58
<b>Assets measured at fair value</b>				
Fair value through Other Comprehensive Income				
Investment in Equity shares	-	69.33	-	69.33

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

- B. Quantitative disclosures fair value measurement hierarchy for financial liabilities as at 31<sup>st</sup> March, 2018, 31<sup>st</sup> March, 2017 and 1<sup>st</sup> April, 2016

(₹ in Lakhs)

Particulars	Fair value measurement using			Total (Amount)
	(Level 1) Amount	(Level 2) Amount	(Level 3) Amount	
<b>As at March 31, 2018:-</b>				
<b>Financial Liabilities at amortised cost:</b>				
Borrowings- Preference Share capital	-	-	668.17	668.17
Other Borrowings			3,677.14	3,677.14
Trade payables	-	-	1,681.72	1,681.72
<b>As at March 31, 2017:-</b>				
<b>Financial Liabilities at amortised cost:</b>				
Borrowings- Preference Share capital	-	-	612.00	612.00
Other Borrowings			4,777.76	4,777.76
Trade payables	-	-	1,144.54	1,144.54
<b>As at April 1, 2016:-</b>				
<b>Financial Liabilities at amortised cost:</b>				
Borrowings- Preference Share capital	-	-	555.95	555.95
Other Borrowings			5,599.94	5,599.94
Trade payables	-	-	2,117.63	2,117.63

### 28.6 Financial risk management objectives and policies:

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, investments, and cash & cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of foreign currency risk. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables, payables and borrowings. The sensitivity analyses in the following sections relate to the position as at 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2017.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2017.

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

### i) Foreign currency risk

The Company may also have Foreign currency exchange risk on procurement of raw materials. The Company manages this foreign risk using derivatives, wherever required to mitigate or eliminate the risk.

#### Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in rate of USD, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

(₹ in Lakhs)

Basis Points	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
	2% increase	2% decrease	2% increase	2% decrease
Effect on profit before tax (Amount)	(6.77)	6.77	(7.81)	7.81

### b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- Actual or expected significant adverse changes in business,
- Actual or expected significant changes in the operating results of the counterparty,
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- Significant increase in credit risk on other financial instruments of the same counterparty,
- Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

Financial assets are written off when there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company.

Assets in the nature of Investment, security deposits, loans and advances are measured using 12 months expected credit losses (ECL). Balances with Banks is subject to low credit risk due to good credit rating assigned to these banks. Trade receivables are measured using life time expected credit losses.

Financial Assets for which loss allowances is measured using the Expected Credit Losses (ECL):

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

The Ageing analysis of Account receivables has been considered from the date the invoice falls due:

(₹ in Lakhs)

Ageing	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016
1 to 60 days	1,846.78	1,402.27	1,712.31
61 to 91 days	58.23	83.70	176.27
92 to 181 days	14.61	78.17	72.91
182 to 321 days	22.20	23.46	23.95
322 days and above	17.46	7.18	4.19
<b>Total</b>	<b>1,959.28</b>	<b>1,594.78</b>	<b>1,989.63</b>

The following table summarizes the changes in loss allowances measured using life time expected credit loss model:

Provisions	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Opening Provision	-	-
Add:- Additional provision made	17.89	-
Less:- Provision utilised against bad debts	-	-
Closing provisions	17.89	-

No Significant changes in estimation techniques or assumptions were made during the year

### c) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company determines its liquidity requirements in the short, medium and long term. This is done by drawing up cash forecast for short and medium term requirements and strategic financing plans for long term needs. Management monitors the Company's liquidity position through rolling forecast on the basis of expected cash flows.

Maturity patterns of the Financial Liabilities of the Company at the reporting date based on contractual undiscounted payment-

As at 31 <sup>st</sup> March, 2018	Less than 1 year (Amount)	1 to 5 years (Amount)	More than 5 Years (Amount)	Total (Amount)
Borrowings	3,897.44	275	1,105	5,277.44
Trade payables	1,681.72	-	-	1,681.72
<b>Total</b>	<b>5,579.16</b>	<b>275</b>	<b>1,105</b>	<b>6,959.16</b>

As at 31 <sup>st</sup> March, 2017	Less than 1 year (Amount)	1 to 5 years (Amount)	More than 5 Years (Amount)	Total (Amount)
Borrowings	4,942.76	275	1,160	6,377.76
Trade payables	1,144.54	-	-	1,144.54
<b>Total</b>	<b>6,087.30</b>	<b>275</b>	<b>1,160</b>	<b>7,522.30</b>

As at 01 <sup>st</sup> April, 2016	Less than 1 year (Amount)	1 to 5 years (Amount)	More than 5 Years (Amount)	Total (Amount)
Borrowings	5,709.93	275	1,215	7,199.93
Trade payables	2,117.63	-	-	2,117.63
<b>Total</b>	<b>7,827.56</b>	<b>275</b>	<b>1,215</b>	<b>9,317.56</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

### d) Capital Management

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equityholders. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Net Debt	4,344.52	5,388.96	6,154.96
Total Equity	1,263.53	325.52	1.99
Total Capital and Net debt	5,608.05	5,714.48	6,156.95
Gearing Ratio	77%	94%	100%

### 28.7. Assets taken on operating lease

The Company has taken certain assets on operating lease. The lease rentals payable by the Company is on monthly/quarterly basis. Future minimum lease rental payable under non-cancellable lease agreements are as under:

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016
Not Later than 1 year	16.27	16.89	16.67
Later than 1 year but not later than 5 years			
Later than 5 years			
<b>Total</b>	<b>16.27</b>	<b>16.89</b>	<b>16.67</b>

Lease payments recognized in the Statement of Profit & Loss for the year is Rs.16.27 lakhs (Previous year: Rs 16.89 lakhs)

### 28.8. First-time adoption of Ind AS

These are the Company's first Financial Statements prepared in accordance with Ind AS.

The Company has adopted Ind AS notified by the Ministry of Corporate Affairs with effect from 1st April, 2017, with a transition date of 1st April, 2016. Ind AS 101-First-time Adoption of Indian Accounting Standards requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS Financial Statements which is for the year ended 31st March, 2018 for the company, be applied retrospectively and consistently for all financial years presented.

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

Consequently, in preparing these Ind AS Financial Statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognized directly in equity.

Set out below are the Ind AS 101 optional exemptions availed as applicable and exceptions applied in the transition from previous GAAP to Ind AS.

### A. Optional Exemptions availed

#### (i) Deemed Cost

The Company has opted paragraph D7AA and accordingly considered the carrying value of property, plant and equipment and Intangible assets as deemed cost as at the transition date.

#### (ii) Designation of previously recognised financial instruments

Paragraph D19B of Ind AS 101 gives an option to an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The company has opted to apply this exemption for its investment in equity Investments.

### B. Applicable Exceptions

#### (i) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

Ind AS estimates as at 1st April, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVOCI;
- Impairment of financial assets based on Expected Credit Loss model.

#### (ii) Classification and measurement of financial assets

As required under Ind AS 101 the company has assessed the classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

### C. Transition to Ind AS - Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS as required under Ind AS 101:

- I. Reconciliation of Balance Sheet as at April 1, 2016 (Transition Date)
- II. A. Reconciliation of Balance Sheet as at March 31, 2017  
B. Reconciliation of Total Comprehensive Income for the year ended March 31, 2017
- III. Reconciliation of Equity as at 31st March 2017 and 1st April 2016

The presentation requirements under Previous GAAP differs from Ind AS, and hence, Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The Regrouped Previous GAAP information is derived from the Financial Statements of the Company prepared in accordance with Previous GAAP.

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

### I. Reconciliation of Balance sheet as at 1st April, 2016

(₹ in Lakhs)

Particulars	Foot Notes	Previous GAAP	Adjustments	Ind AS
<b>ASSETS</b>				
<b>1) Non-Current Assets</b>				
a) Property, Plant and Equipment		4,910.90	-	4,910.90
b) Capital Work-in-Progress		-	-	-
c) Other Intangible Assets		2.91	-	2.91
d) Financial Assets				
i) Investments	A	16.96	52.37	69.33
ii) Loans	B	135.53	(124.23)	11.30
e) Deferred Tax Assets(Net)		-	-	-
f) Other Non-Current Assets		-	124.23	124.23
<b>2) Current Assets</b>				
a) Inventories		1,789.26	-	1,789.26
b) Financial Assets				
i) Investments		-	-	-
ii) Trade Receivables		1,989.63	-	1,989.63
iii) Cash & Cash Equivalents		0.92	-	0.92
iv) Bank balances (other than iii above)		8.61	-	8.61
v) Loans		199.63	(116.35)	83.28
vi) Other Financial Assets		-	-	-
c) Current Tax Assets (Net)		-	-	-
d) Other Current Assets		48.07	116.35	164.42
<b>TOTAL ASSETS</b>		<b>9,102.42</b>	<b>52.37</b>	<b>9,154.79</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity</b>				
a) Equity Share Capital	C	1,497.50	(500)	997.50
b) Other Equity	A&F	(991.94)	(3.58)	(995.51)
<b>Liabilities</b>				
<b>1) Non-Current Liabilities</b>				
a) Financial Liabilities				
i) Borrowings	C&F	-	555.95	555.95
ii) Other Financial Liabilities				
b) Provisions		52.87	-	52.87
c) Deferred Tax Liability		-	-	-
d) Other non-current liabilities		-	-	-
<b>2) Current Liabilities</b>				
a) Financial Liabilities				
i) Borrowings	D	5,599.94	-	5,599.94
ii) Trade Payables		2,117.63	-	2,117.63
iii) Other financial liabilities		-	-	-
b) Other Current Liabilities		267.38	-	267.38
c) Provisions		559.03	-	559.03
d) Current Tax Liabilities (Net)				
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,102.42</b>	<b>52.37</b>	<b>9,154.79</b>

# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

## II. A. Reconciliation of Balance Sheet as at 31<sup>st</sup> March, 2017

(₹ in Lakhs)

Particulars	Foot Notes	Previous GAAP	Adjustments	Ind AS
<b>ASSETS</b>				
<b>1) Non-Current Assets</b>				
a) Property, Plant and Equipment		4,470.86	-	4,470.86
b) Capital Work-in-Progress		48.00	-	48.00
c) Other Intangible Assets		2.91	-	2.91
d) Financial Assets				
i) Investments	<b>A</b>	16.96	58.45	75.41
ii) Loans	<b>B</b>	145.42	(117.74)	27.68
e) Deferred Tax Assets(Net)		-	-	-
f) Other Non-Current Assets		-	117.75	117.75
<b>2) Current Assets</b>				
a) Inventories		1,084.50	-	1,084.50
b) Financial Assets				
i) Investments		-	-	-
ii) Trade Receivables		1,594.78	-	1,594.78
iii) Cash & Cash Equivalents		0.79	-	0.79
iv) Bank balances (other than iii above)		35.38	-	35.38
v) Loans		192.93	(116.17)	76.76
c) Current Tax Assets (Net)				
d) Other Current Assets		61.35	116.18	177.53
<b>TOTAL ASSETS</b>		<b>7,653.88</b>	<b>58.47</b>	<b>7,712.35</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity</b>				
a) Equity Share Capital	<b>C</b>	1,497.50	(500.00)	997.50
b) Other Equity	<b>A&amp;F</b>	(618.43)	(53.54)	(671.98)
<b>Liabilities</b>				
<b>1) Non-Current Liabilities</b>				
a) Financial Liabilities				
i) Borrowings	<b>C&amp;F</b>	-	612.00	612.00
b) Provisions	<b>E</b>	65.21	-	65.21
c) Deferred Tax Liability (Net)		-	-	-
d) Other non-current liabilities		-	-	-
<b>2) Current Liabilities</b>				
a) Financial Liabilities				
i) Borrowings	<b>D</b>	4,777.76	-	4,777.76
ii) Trade Payables		1,144.54	-	1,144.54
b) Other Current Liabilities		195.71	-	195.71
c) Provisions		591.61	-	591.61
d) Current Tax Liabilities (Net)				
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,653.89</b>	<b>58.45</b>	<b>7,712.33</b>



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

### II. B. Reconciliation of Statement of Profit and Loss for the year ended 31st March 2017 (₹ in Lakhs)

Particulars	Foot Notes	Previous GAAP	Adjustments	Ind AS
<b>Revenue:</b>				
Revenue from Operations	E	12,328.35	1,540.79	13,869.14
Other Income		74.64	-	74.64
<b>Total Revenue (I + II)</b>		<b>12,402.99</b>	<b>1,540.79</b>	<b>13,943.78</b>
<b>Expenses:</b>				
Cost of materials consumed		6,263.48		6,263.48
Purchase of stock-in-trade				
Change in inventories of finished goods, work in progress and stock-in-trade		164.49		164.49
Excise duty on sales	E		1,230.03	1,230.03
Employee benefit expenses		1,111.13	(1.64)	1,109.49
Finance cost		603.26	56.05	659.31
Depreciation and amortisation expenses		473.34		473.34
Other Expenses		3,413.79	300.56	3,714.35
<b>Total Expenses</b>		<b>12,029.49</b>	<b>1,585.00</b>	<b>13,614.49</b>
<b>Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b>373.50</b>	<b>(44.21)</b>	<b>329.29</b>
Exceptional Items		-	-	-
<b>Profit before extraordinary items and tax (V-VI)</b>		<b>373.50</b>	<b>(44.21)</b>	<b>329.29</b>
Extraordinary items		-	-	-
<b>Profit before tax (VII - VIII)</b>		<b>373.50</b>	<b>(44.21)</b>	<b>329.29</b>
<b>Tax Expense:</b>				
Current tax				
Deferred tax				
(Excess)/Short provision for taxes of earlier years				
<b>Profit for the year (IX - X)</b>		<b>373.50</b>	<b>(44.21)</b>	<b>329.29</b>
<b>Other Comprehensive Income (OCI)</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Remeasurement [gain/(loss)] of net defined benefit liability	G		(11.84)	(11.84)
Effect [gain/(loss)] of measuring equity instruments at fair value through OCI	A		6.08	6.08
Income tax on above				
<b>Total of Other Comprehensive income</b>			<b>(5.76)</b>	<b>(5.76)</b>
<b>Total Comprehensive income for the period (XI + XII)</b>		<b>373.50</b>	<b>(49.97)</b>	<b>323.53</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

### III. Reconciliation of Equity as at 31<sup>st</sup> March 2017 and 1<sup>st</sup> April 2016

(₹ in Lakhs)

Nature of Adjustments	Foot notes	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016
Equity as per Previous GAAP		(618.43)	(991.94)
Effect of measuring Preference share capital at amortised costs	<b>F</b>	(111.99)	(55.95)
Effect of measuring equity investments at fair value through OCI	<b>A</b>	58.45	52.37
Equity as per Ind AS		(671.98)	(995.52)

#### Footnotes to the reconciliation:

#### A. Non-Current Investments:

In the Financial Statements prepared under Previous GAAP, Non-current Investments of the Company were measured at cost less provision for diminution (other than temporary). Under Ind AS, the Company has recognised investments in equity shares of Cuddalore Sipcot Industries Common Utilities Limited at Fair Value through OCI. Ind AS requires FVOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the fair value of investment and IGAAP carrying amount has been recognised in Retained Earnings.

**B. Loans, Other Current Financial & Non-Financial assets:** Reclassification effect of Loans into other current financial and non-financial assets.

**C. Equity:** Under the previous GAAP, Cumulative Redeemable preference shares issued by the Company were considered as Equity. Under Ind AS, such Cumulative Redeemable preference shares are considered as Financial Liability and subsequently classified into amortised costs category. Accordingly, the reclassification effect of Cumulative Redeemable preference shares into Financial liability is disclosed.

**D. Other Long-Term Liabilities:** Inter-corporate deposits along with related interest accruals were reclassified from Short-term borrowings to financial Liabilities measured at amortised cost. This reclassification did not have any impact on the carrying value of the said liabilities as at April 1, 2016.

**E. Revenue:** Under the previous GAAP, revenue from sale of goods was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty is presented on the face of the Statement of Profit and Loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31st March, 2017 by Rs.1230.03 Lakhs. There is no impact in the total equity and profit due to above adjustments.

**F. Finance Costs:** Since the Cumulative redeemable preference shares issued by the Company is disclosed as Financial Liabilities, it will be subsequently measured at Amortised cost.

**G. Re-measurement on defined benefit plans –** Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in Other Comprehensive Income (OCI) instead of

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. The concept of Other Comprehensive Income did not exist under previous GAAP. There is no impact on the total equity as at March 31, 2017 due to above adjustment.

### H. Effect of Ind AS adoption on Statement of Cash flows for the year ended 31st March 2017 -

The Ind AS adjustments are either non-cash adjustments or are regrouping among the cash flows from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31st March, 2016 as compared with the previous GAAP.

### 28.9. Earnings per Share

(Rs. in lakhs)

Particulars	For year ended 31 <sup>st</sup> March 2018	For year ended 31 <sup>st</sup> March 2017
Profit/(loss) after taxation	967.79	329.30
Weighted average number of shares outstanding during the year (Nos)	99.75	99.75
Earnings per share of Rs 10 each	9.70	3.30
Basic (in Rs.)	9.70	3.30
Diluted (in Rs.)	9.70	3.30

**28.10** The company operates in single segment i.e, Fluoro-Chemicals in India and all other activities evolve around the same. Hence, there is no reportable primary/secondary segment.

**28.11** 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.

**28.12** Previous year figures are regrouped or rearranged wherever considered necessary.

As per our report of even date	For and on behalf of the Board of Directors		
For KHIMJI KUNVERJI & CO			
Chartered Accountants			
Firm Registration No: 105146W	K.Sendhil Naathan	R.Karthikeyan	
	Chief Executive Officer	Director	
Hasmukh B. Dedhia			
Partner	N.R.Ravichandran	V.T.Moorthy	M.R.Sivaraman
Membership No. (F-33494)	Chief Financial Officer	Director	Director
Place: Chennai	Punita Aggarwal		
Date : 29th May, 2018	Company Secretary		

**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 FOURTH ANNUAL GENERAL MEETING**

Tuesday, September 25, 2018



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 Fourth Meeting of the Company, to be held on Tuesday, September 25, 2018 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, 2018, the Reports of the Board of Directors and Auditors' thereon.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
2.	To declare Dividend (including arrears) on 11% Cummulative Redeemable Non-Convertible Preference Shares of Rs.100 each	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
3.	Re-appointment of Mr R. Karthikeyan, Director retiring by rotation.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
4.	Approval for continuation of directorship of Mr. A.K. Agarwala	Special	<input type="checkbox"/>	<input type="checkbox"/>
Special Business				
5.	Ratification of the remuneration to Cost Auditors for the financial year ending 31 <sup>st</sup> March, 2019.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
6.	Approval for continuation of directorship of Mr. M.R. Sivaraman	Special	<input type="checkbox"/>	<input type="checkbox"/>
7.	Approval for continuation of directorship of Mr. V.T. Moorthy	Special	<input type="checkbox"/>	<input type="checkbox"/>
8.	Approval for continuation of directorship of Mr. T.S. Raghavan	Special	<input type="checkbox"/>	<input type="checkbox"/>

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

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 FOURTH 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 Fourth Annual General Meeting of TANFAC Industries Limited on Monday, 25<sup>th</sup> September, 2018 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.18 of Notes to Notice of 44<sup>th</sup> Annual General Meeting.



## 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)