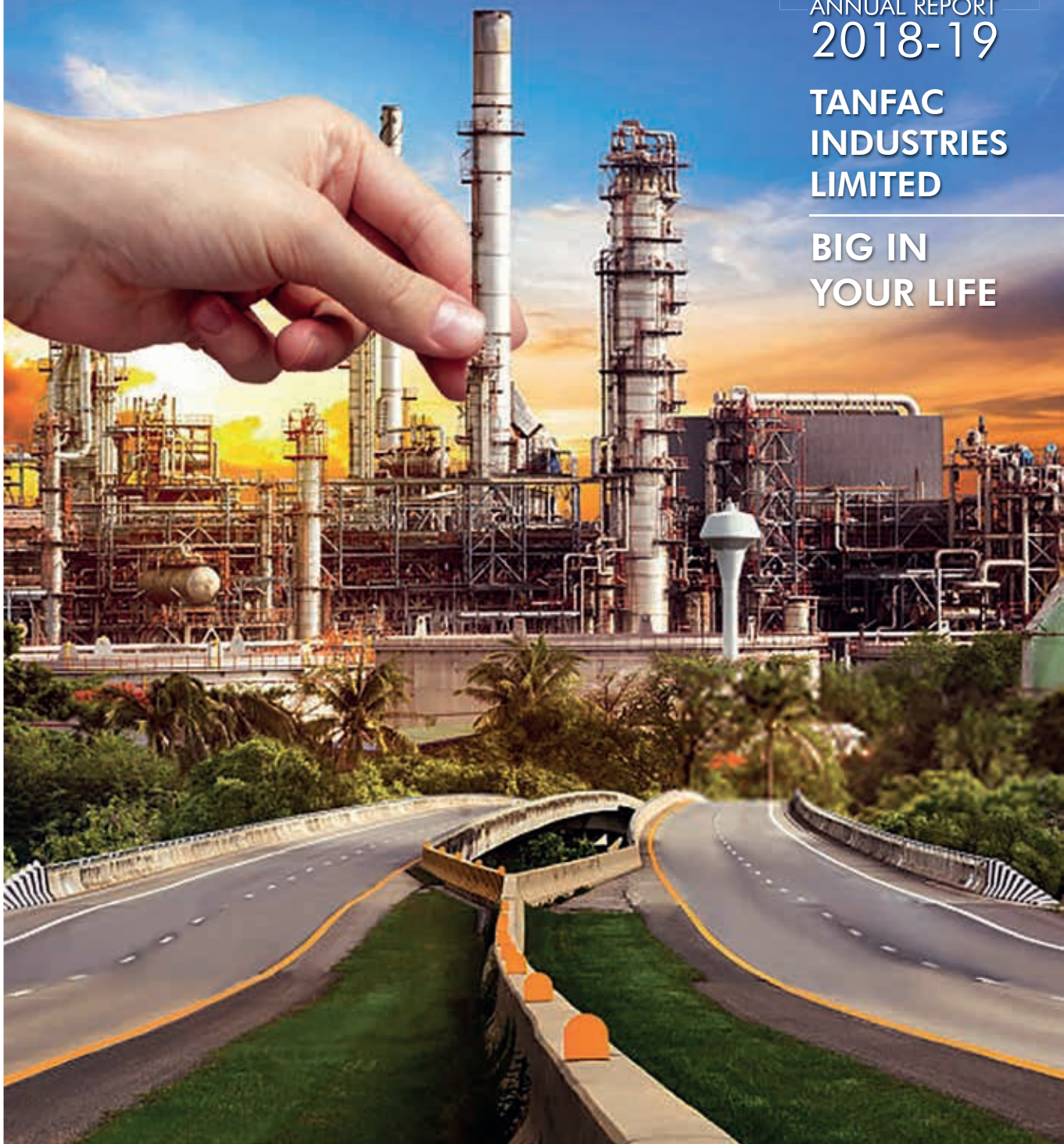




ANNUAL REPORT  
**2018-19**

**TANFAC  
INDUSTRIES  
LIMITED**

**BIG IN  
YOUR LIFE**





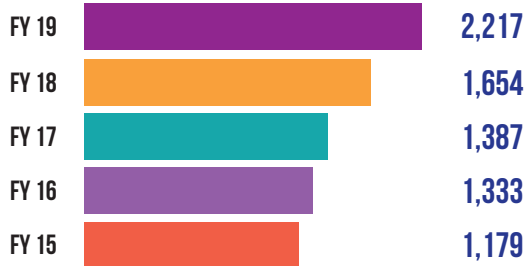
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## FINANCIAL HIGHLIGHTS

5 years CAGR

17% ↑

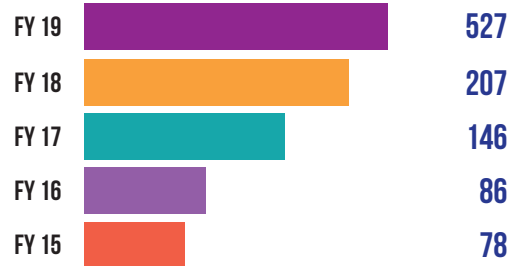
### Revenues (₹ in million)



5 years CAGR

61% ↑

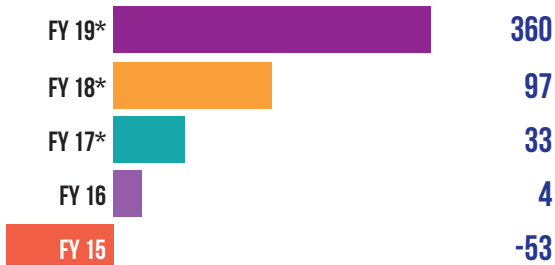
### EBITDA (₹ in million)



Increase over pervious year

271% ↑

### Net Profit (₹ in million)



### EBITDA Margin (%)

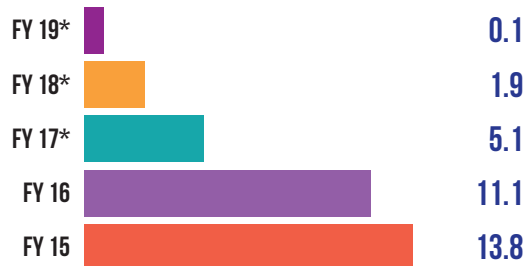


\* As per Ind AS

Reduction over previous year

95% ↓

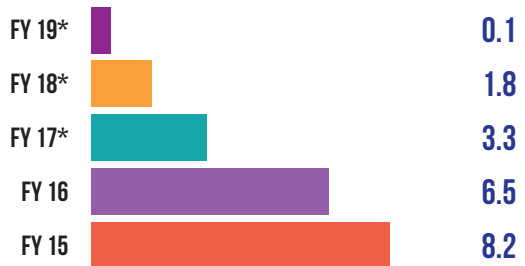
### Debt / Equity (x)



Reduction over previous year

94% ↓

### Net Debt / EBITDA (x)



\* Preference Shares included in Network



## AWARDS AND ACCOLADES



TANFAC's CEO  
receiving Asia's Most  
Trusted Company  
Award 2018 from IBC  
Info Media, USA



TANFAC's Marketing team receiving  
the BEST SUPPLIER AWARD  
"VIKRETA PURASKAR" from NALCO



TANFAC's team receiving  
ALCHEMIST AWARD for Transformation in  
Business from Business Head - Chemical Sector,  
Aditya Birla Group



TANFAC's CEO & CFO presenting  
BEST VENDOR AWARD to  
Director - Operations, CPCL,  
Chennai During Vendor Meet - 2018.



## **CORPORATE INFORMATION**

### **DIRECTORS**

Mr R. Karthikeyan  
Mr Kalyan Ram Madabhushi  
Mr V.T. Moorthy  
Mr M.R. Sivaraman, IAS [Retd.]  
Dr. Shankar Narasimhan  
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**

Khimji Kunverji & Co LLP  
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 FIFTH ANNUAL GENERAL MEETING

### TANFAC INDUSTRIES LIMITED

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

CIN: L24117TN1972PLC006271

Website : www.tanfacs.com

### NOTICE OF THE FORTY FIFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 45<sup>th</sup> Annual General Meeting of TANFAC INDUSTRIES LIMITED will be held on Saturday, the 21<sup>st</sup> September, 2019, 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 31<sup>st</sup> March, 2019, including the audited balance sheet as at March 31, 2019, 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 on 11% Cumulative Redeemable Non-Convertible Preference Shares of Rs.100 each.

#### SPECIAL BUSINESS :

3. To consider and if thought fit, to pass with or without modification(s) the following Resolution as ORDINARY 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. Kalyan Ram Madabhushi (DIN: 08116290) who was appointed as a Non-Executive Director by the Board of Directors with effect from 22<sup>nd</sup> May 2019, in terms of Section 161(1) of the Companies Act, 2013 and who holds office upto the date of the 45<sup>th</sup> Annual General Meeting and in respect of whom the Company has received notice in writing from a member under Section 160 of the Companies Act 2013 proposing his candidature for the office

of Director, be and hereby appointed as a Non-Executive Non-Independent Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions, if any, of The Companies Act, 2013 read with Rule 14 of The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to the Cost Auditor, viz., Mr N. Krishna Kumar (Membership No.27885 and Firm Registration No.100814), appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020, 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.”

5. 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 Section 149 and 152, read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 (“Act”) and the

## NOTICE OF THE FORTY FIFTH ANNUAL GENERAL MEETING

Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (Listing Regulations), Mr. M.R.Sivaraman (DIN: 00020075), Non-Executive Independent Director of the Company, whose present term of office as an Independent Director expires on 31<sup>st</sup> March 2020, and is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and hereby re-appointed as a Non-Executive Independent Director of the Company, not liable to retire by rotation, based on the recommendations of the Nomination and Remuneration Committee, to hold office for a second term of five consecutive years commencing from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2025”.

“RESOLVED FURTHER 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, approval of the members be and is hereby accorded for the continuance of Mr. M.R.Sivaraman (DIN: 00020075) as an Independent Director of the Company for the above stated tenure, notwithstanding that he has crossed the age of 75 years.”

6. 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 Section 149 and 152, read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (Listing Regulations), Mr. V.T.Moorthy (DIN: 00007648), Non-Executive Independent Director of the Company, whose present term of office as an Independent Director expires on 31<sup>st</sup> March 2020, and is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and hereby re-appointed as a Non-Executive Independent Director of the Company, not liable to retire by rotation, based on the recommendations of the Nomination and Remuneration Committee, to hold office for a second term of five consecutive years commencing from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2025”.

“RESOLVED FURTHER 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, approval of the members be and is hereby accorded for the continuance of Mr. V.T.Moorthy (DIN: 00007648) as an Independent Director of the Company for the above stated tenure, notwithstanding that he has crossed the age of 75 years.”

## NOTICE OF THE FORTY FIFTH ANNUAL GENERAL MEETING

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 Section 149 and 152, read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (Listing Regulations), Dr. Shankar Narasimhan (DIN: 01484214), Non-Executive Independent Director of the Company, whose present term of office as an Independent Director expires on 31<sup>st</sup> March 2020, and is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and hereby re-appointed as a Non-Executive Independent Director of the Company, not liable to retire by rotation, based on the recommendations of the Nomination and Remuneration Committee, to hold office for a second term of five consecutive years commencing from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2025”.

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 Section 149 and 152, read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (Listing Regulations), Mrs. Rajalakshmi. R (DIN: 01982132), Non-Executive Independent Director of the Company, whose present term of office as an Independent Director expires on 24<sup>th</sup> March 2020, and is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and hereby re-appointed as a Non-Executive Independent Director of the Company, not liable to retire by rotation, based on the recommendations of the Nomination and Remuneration Committee, to hold office for a second term of five consecutive years commencing from 25<sup>th</sup> March 2020 to 24<sup>th</sup> March 2025”.

By Order of the Board  
For TANFAC INDUSTRIES LIMITED

PUNITA AGGARWAL  
COMPANY SECRETARY

Place : Chennai  
Date : 05.08.2019



## NOTICE OF THE FORTY FIFTH ANNUAL GENERAL MEETING

### NOTES:

1. The Register of Members and Share Transfer Books of the Company will remain closed from Sunday (15.09.2019) to Saturday (21.09.2019) 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.19.
  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 2018-19 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 2010-11, to the Investors Education and Protection Fund Account, 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 2010-11 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 the Investor Education and Protection Fund (Uploading of information regarding Unpaid and Unclaimed Amounts lying with companies) Rules,

## NOTICE OF THE FORTY FIFTH ANNUAL GENERAL MEETING

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, 2018 (date of last Annual General Meeting) on the website of the Company ([www.tanfacs.com](http://www.tanfacs.com)), as also on the website of the Ministry of Corporate Affairs

13. Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 ("the Act") and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by the Ministry of Corporate Affairs on September 7, 2016 and subsequently amended vide notification dated February 28, 2017 ("the Rules"), all the Equity Shares of the Company in respect of which dividend amounts have not been paid or claimed by the shareholders for seven consecutive years or more are required to be transferred to demat account of Investor Education and Protection Fund Authority (IEPF Account).

The Company has already sent individual communication to the concerned Shareholders by Registered Post, in this regard. The details are also available on the company's website [www.tanfacs.com](http://www.tanfacs.com). No claim shall lie against the Company in respect of these shares post their transfer to IEPF. The shareholders will be able to claim these 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). The Company has so far transferred 3,48,030 shares (4,511 shareholders) as per above Rules.

14. Members holding shares in physical form are requested to consider converting their holding to dematerialized form as pursuant to SEBI norms, with effect from 1<sup>st</sup> April 2019, share transfers cannot be effected in physical form. The transfer deeds once lodged prior to 31<sup>st</sup> March 2019 deadline and

returned due to deficiency in the document may be re-lodged for transfer even after the deadline of 1<sup>st</sup> April 2019.

15. 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.
16. As on 31.03.2019, 96.04% 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.
17. 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.
18. The annual report of the Company circulated to the Members of the Company, will be made available on the Company's website at [www.tanfacs.com](http://www.tanfacs.com).
19. 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

## NOTICE OF THE FORTY FIFTH ANNUAL GENERAL MEETING

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 18, 2019 (Wednesday) 9.00 a.m. and ends on September 20, 2019 (Friday) 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 14, 2019 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 VIO0000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id /folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat

## NOTICE OF THE FORTY FIFTH ANNUAL GENERAL MEETING

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

## NOTICE OF THE FORTY FIFTH ANNUAL GENERAL MEETING

- 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)
20. 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.
21. 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.
22. 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 : 05.08.2019                      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 3 to 9 mentioned in the accompanying Notice.

#### ITEM NO. 3

Based on the recommendation of the Nomination and Remuneration Committee, Mr. Kalyan Ram Madabhushi was appointed as a Non-Executive Non-Independent Director of the Company with effect from 22<sup>nd</sup> May 2019 under Section 161 (1) of the Companies Act, 2013. He will hold office till the ensuing Annual General Meeting. As required under Section 160 of the Companies Act 2013, the Company have received notice from a member signifying his intention to propose Mr.Kalyan Ram Madabhushi as a candidate for the office of the Director of the Company. The brief profile of Mr.Kalyan Ram Madabhushi is given in the annexure and forms part of this Notice.

Having regard to his qualifications, knowledge and experience, the appointment of Mr.Kalyan Ram Madabhushi will be in the interest of the Company. The Board recommends the Resolution as set Out in item No. 3 of the Notice for approval of the members.

A copy of the draft Letter of Appointment, setting out the terms and conditions of appointment of Mr.Kalyan Ram Madabhushi as Non-Executive Non-Independent Director shall be open for inspection by the Members at the Registered Office (except Saturdays, Sundays and Public Holidays) between 11.00 a.m. and 1.00 p.m. up to the date of this Annual General Meeting and is also available on the website of the Company [www.tanfac.com](http://www.tanfac.com).

None of the Directors, Key Managerial Personnel and/or their relatives, except Mr. Kalyan Ram Madabhushi is concerned or interested in the Resolution.



## NOTICE OF THE FORTY FIFTH ANNUAL GENERAL MEETING

### ITEM NO.4

On the recommendation of the Audit Committee, the Board of Directors of the Company at their meeting held on 22<sup>nd</sup> May, 2019, had appointed Mr. N. Krishna Kumar, Cost Accountant (Membership No.27885), as the Cost Auditor of the Company for the Financial Year 2019-20 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 NOS.5 TO 8

At the 41<sup>st</sup> Annual General Meeting of the members of the Company held on 29<sup>th</sup> September 2015, Mr.M.R.Sivaraman, Mr. V.T.Moorthy and Dr.Shankar Narasimhan were appointed as Independent Directors to hold office for a term of five consecutive years upto 31<sup>st</sup> March 2020. At the same meeting, Mrs.R.Rajalakshmi was appointed as an Independent Director to hold office for a term of five consecutive years upto 24<sup>th</sup> March 2020.

The performance evaluation of the Independent Directors was conducted by the entire Board of Directors (excluding the Director being evaluated) on the basis of structured parameters. The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors have recommended the reappointment of Mr. M.R.Sivaraman, Mr.V.T.Moorthy, Dr. Shankar Narasimhan and Mrs. R.Rajalakshmi as

Independent Directors of the Company for a second term of five consecutive years in accordance with the provisions of the Companies Act. 2013 (Act) and the Securities and Exchange Board of India (Listing and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Mr.M.R.Sivaraman and Mr.V.T.Moorthy have crossed the age of 75 years. As per SEBI Listing Regulations 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 this effect. The members had, at their 44<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> September 2018, passed Special Resolutions for continuance of both the Independent Directors for their balance period of current tenure viz., upto 31<sup>st</sup> March 2020. Therefore, continuance/reappointment of these Directors as Independent Directors requires consent of the members by way of Special Resolution. These directors are active and keep good health.

Mr. M.R.Sivaraman is aged 79 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 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 had also served as Executive Director in the International Monetary Fund (IMF).

Mr. V.T.Moorthy 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.

## NOTICE OF THE FORTY FIFTH ANNUAL GENERAL MEETING

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

Mr. M.R.Sivaraman, Mr.V.T.Moorthy, Dr.Shankar Narasimhan and Mrs.R.Rajalakshmi have consented for their reappointment and have confirmed that they do not suffer from any disqualifications which stand in the way of their re-appointment as Independent Directors. The Company has also received declarations from the aforesaid Independent Directors confirming that they meet the criteria for independence as prescribed under Section 149(6) of the Act and Regulation 16 (1) (b) of the Listing Regulations.

In the opinion of the Board, the aforesaid Independent Directors fulfil the conditions specified under the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the

Listing Regulations for their re-appointment as Independent Directors of the Company and are independent of the management. Considering their background, experience and contributions made by them during their tenure, the Board is of the opinion that their continued association would be of immense benefit to the Company.

Brief profile of the aforesaid Independent Directors and the disclosures required under the Listing Regulations form part of the Notice.

A copy of the draft Letter of Appointment, setting out the terms and conditions of re-appointment of the above Directors shall be open for inspection by the Members at the Registered Office (except Saturdays, Sundays and Public Holidays) between 11.00 a.m. and 1.00 p.m. up to the date of this Annual General Meeting and is also available on the website of the Company [www.tanfacs.com](http://www.tanfacs.com).

The Board recommends the Special Resolution(s) set out at Item Nos. 5 to 8 of the Notice for the approval by the members.

Except Mr.M.R.Sivaraman, Mr.V.T.Moorthy, Dr.Shankar Narasimhan and Mrs.R.Rajalakshmi none of the Directors, Key Managerial Personnel of the Company and / or their relatives are concerned or interested in the respective resolutions for their reappointment set out at Item Nos. 5 to 8 of this Notice.

By Order of the Board  
For TANFAC INDUSTRIES LIMITED

PUNITA AGGARWAL  
COMPANY SECRETARY

Place : Chennai  
Date : 05.08.2019

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

Name	<b>Mr. V.T. Moorthy</b> (DIN: 00007648)
Age	78 years
Date of Appointment/ Re-appointment	21 <sup>st</sup> September 2019
Brief Resume - Qualification	B,E
Expertise in Specific Functional Areas	Mr. V.T.Moorthy, a Professional Engineer, has served Aditya Birla Group of Companies for over four decades both in India and overseas. During his stint as Managing Director of TANFAC, 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.
Other Directorships in Listed Companies	Nil
Memberships / Chairmanships of Committees in Listed Companies	Committee Membership: TANFAC Industries Limited: Audit Committee Stakeholders' Relationship Committee Committee Chairman: Nil
Disclosure of relationship	He is not related to any of the Director or Key Managerial Personnel of the Company
Shareholding in the Company	Nil
Number of Board Meetings Attended	4

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

Place: Chennai

Dated: 5<sup>th</sup> August 2019

By Order of the Board  
Punita Agarwal  
Company Secretary

Regd. Office:

14, SIPCOT Industrial Complex,

Kudikadu

Cuddalore 607 005

Tel: 91 4142 239001 Fax: 91 4142 239005

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

Name	<b>Mr. M..R.Sivaraman, IAS (Retd.)</b> (DIN: 00020075)
Age	79 years
Date of Appointment/ Re-appointment	21 <sup>st</sup> September 2019
Brief Resume - Qualification	M.A. (Eco.)
Expertise in Specific Functional Areas	He has 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).
Other Directorships in Listed Companies	1
Memberships / Chairmanships of Committees in Listed Companies	Committee Membership: Audit Committee of M/s Creative Eye Limited Committee Chairman: TANFAC Industries Limited: Audit Committee Stakeholders' Relationship Committee
Disclosure of relationship	He is not related to any of the Director or Key Managerial Personnel of the Company
Shareholding in the Company	Nil
Number of Board Meetings Attended	4

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

Place: Chennai  
Dated: 5<sup>th</sup> August 2019

By Order of the Board  
Punita Agarwal  
Company Secretary

Regd. Office:  
14, SIPCOT Industrial Complex,  
Kudikadu  
Cuddalore 607 005  
Tel: 91 4142 239001 Fax: 91 4142 239005

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

Name	<b>Dr.Shankar Narasimhan</b> (DIN: 01484214)
Age	60 years
Date of Appointment/ Re-appointment	21 <sup>st</sup> September 2019
Brief Resume - Qualification	B.Tech (IIT Madras), M.S & Ph D degrees from Northwestern University, Illinois,
Expertise in Specific Functional Areas	He is currently Professor in IIT Madras. Prior to joining to IIT Madras, he was an Associate Professor in Chemical Engineering Department at IIT Kanpur. His major research interests are in Data Mining, Process Design and Moptimisation, Fault Detection and Diagnosis (FDD) and Fault Tolerant Control. Dr.Narasimhan is well known for his work in the area of Data Reconciliation & co-authored several papers and a book. He has been a visitng professor at the Centre for Automatic Control in Nancy, France, Purdue University and Texas Tech University in USA.
Other Directorships in Listed Companies	Nil
Memberships / Chairmanships of Committees in Listed Companies	
Disclosure of relationship	He is not related to any of the Director or Key Managerial Personnel of the Company
Shareholding in the Company	Nil
Number of Board Meetings Attended	3

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

Place: Chennai  
Dated: 5<sup>th</sup> August 2019

By Order of the Board  
Punita Agarwal  
Company Secretary

Regd. Office:  
14, SIPCOT Industrial Complex,  
Kudikadu  
Cuddalore 607 005  
Tel: 91 4142 239001 Fax: 91 4142 239005



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

Name	<b>Mrs. Rajalakshmi.R</b> (DIN: 01982132)
Age	57 years
Date of Appointment/ Re-appointment	21 <sup>st</sup> September 2019
Brief Resume - Qualification	M.Com.,
Expertise in Specific Functional Areas	She has two decades of experience in business handling, office administration and construction activities. She is actively involved in social, religious activities. She currently holds directorship in Real Estate Companies closely held by her family.
Other Directorships in Listed Companies	Nil
Memberships / Chairmanships of Committees in Listed Companies	Nil
Disclosure of relationship	She is not related to any of the Director or Key Managerial Personnel of the Company
Shareholding in the Company	Nil
Number of Board Meetings Attended	4

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

Place: Chennai

Dated: 5<sup>th</sup> August 2019

By Order of the Board

Punita Agarwal

Company Secretary

Regd. Office:

14, SIPCOT Industrial Complex,

Kudikadu

Cuddalore 607 005

Tel: 91 4142 239001 Fax: 91 4142 239005

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

Name	Mr. Kalyan Ram Madabhushi (DIN: 08116290)
Age	51 years
Date of Appointment/ Re-appointment	22 <sup>nd</sup> May 2019
Brief Resume - Qualification	BE (MECH), MBA.,
Expertise in Specific Functional Areas	Mr.Kalyan Ram Madabhushi is a Techno – Commercial person with a Bachelor’s degree in Mechanical Engineering from NIT, Warangal and an MBA specialized in International Business from Indian Institute of Foreign Trade. He had completed executive leadership learning at IMD Switzerland and University of Oxford. He is currently CEO - Global Chemicals, Aditya Birla Group with additional responsibility for Fertilizers and Insulators Business as Group Business Head. He is a senior Business Leader with more than 25 years' experience in Energy and Chemicals Industry with expertise in Transformation/Change, P & L responsibility at Global & Regional Level, Portfolio M&A deal making & Board I JV governance
Other Directorships in Listed Companies	Nil
Memberships / Chairmanships of Committees in Listed Companies	Nil
Disclosure of relationship	He is not related to any of the Director or Key Managerial Personnel of the Company
Shareholding in the Company	Nil
Number of Board Meetings Attended	N.A

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

By Order of the Board

Place: Chennai

Punita Agarwal

Dated: 5th August 2019

Company Secretary

Regd. Office:

14, SIPCOT Industrial Complex,

Kudikadu

Cuddalore 607 005

Tel: 91 4142 239001 Fax: 91 4142 239005

## MANAGEMENT DISCUSSION AND ANALYSIS

### PERFORMANCE REVIEW:

(₹ in Crores)

Particulars	Financial Year 2018 - 19	Financial Year 2017 - 18
Sales	221.71	165.42
Other Income (including operating income)	0.94	0.33
Operating Expenditure	169.96	145.03
Profit before Depreciation, Finance Cost and Taxation (PBDIT)	52.69	20.72
Finance Cost	3.04	5.98
Depreciation/Impairment/Amortisation	8.02	4.94
Profit before Tax (PBT)	41.63	9.80
Current Tax / Deferred Tax	5.66	0.12
Profit after Tax (PAT)	35.97	9.68
Other Comprehensive Income / (Loss)	0.10	(0.30)
Total Comprehensive Income	36.07	9.38

### INDUSTRY STRUCTURE AND DEVELOPMENTS:

#### GLOBAL ECONOMIC OUTLOOK:

After strong growth during 2017 & first half of 2018, Global Economy slowed down in second half to 3.2% compared to 3.7% during 2017 & 3.8% during first half of 2018. Activity softened amid an increase in trade tensions and tariff hikes between China and United States, a decline in business confidence, a tightening of financial conditions and higher policy uncertainties across many economies. Failure of Brexit negotiations and higher crude oil costs also contributed to the sluggishness and the Global growth is estimated at 3.3% in 2019 on account of sustained weakening in advanced economies. (source: World Economic Outlook, Apr'19 - imf.org).

#### INDIAN ECONOMY

After registering slightly slower growth rate of 6.7% in 2018, the Indian economy is expected to report a growth of 7% in 2019 and picking up to 7.2% in 2020, a downward revision of 0.3% compared to previous estimates reflecting a weaker than expected outlook for domestic demand.

Principal developments during the year are increased per capita income, decline in the national inflation, steady interest rates, decline in the crude oil price and weaker consumer sentiments particularly during second half of the year. However, India retains its position as fastest growing economy and sixth largest economy, receiving more foreign inflows than China (US \$ 6 billion more than China's US\$ 32 billion). India reported a 23-notch jump to 77<sup>th</sup> position in the World Bank's report on the Ease of Doing Business. Private investment is expected to revive due to stabilization of GST and more particularly after improved sentiments following clear majority to the ruling party in the general elections held in May'19. (source: IMF's Economic Survey)

#### CHEMICAL INDUSTRY & FLUOROCHEMICALS

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

The 2018 chemical logistics survey report shows chemical executives anticipating disruptive

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

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)

Global fluorochemical market increased to 3.8 million tonnes in 2018 (US\$ 25 billion). Asia Pacific accounted for the largest share of the global market. The growing industrialisation in emerging economies like China, India and South East Asian countries is likely to increase demand for refrigerants. The global Fluorochemicals market is pegged to grow at a CAGR of 5.5% by 2024. The rapidly growing demand of Air-conditioning and Refrigeration Systems in the domestic and industrial sectors is expected to drive the growth for Fluorochemicals. However, attribution of Fluorochemicals to the degradation of ozone layer in some countries is expected to restrict the growth. (sources: globalnewswire, GM insights and Business Wire, Ken Research)

China is one of the largest Fluorine producing and consuming countries in the world. The environmental protection drive started during 2016 had further intensified during 2017 & 2018. China deepened regulatory investigations to enhance production safety and significantly reduce environment pollution. This has impacted Fluorspar mining industry resulting in closure of number of small and medium size enterprises. This had pushed the Fluorspar prices by 35% - 45% during 2018. (source: Business Wire, Ken Research)

In India the market growth is driven by downstream sectors like Automobile, Air Conditioning, Refrigeration, Construction Cold Storage and Pharma / Life Science segments. Life science segment has emerged one of the key drivers over the years.

### OVERVIEW

During the year under review, the Company had registered its **all-time high performance** both in terms of Revenue and Profitability taking advantage of both the head and tail winds. The Company's sales performance had increased by 34% due to increase in sales volume and also increase in prices of main products viz., HF & Sulphuric Acid. Higher sales realization in Sulphuric Acid was due to spurt in prices due to sudden constraints in supplies. Increase in realization of HF Acid was possible due to continuous focus on niche / value added segments and also successfully passing through the increase in Spar price.

Apart from increase in sales realizations mentioned above, profitability has increased significantly during the year due to optimization of process, product and customer mix and the combined effects of lower increase in input costs compared to increase in sales realization. The following steps and initiatives taken by the company during the last few years have resulted in significant improvement in the operational performance of the company since Financial Year 2016-17:

- Recalibrated business strategy by diversifying to niche product & segments.
- Strongly positioned in a niche segment of DHF as a prime mover. Continuous focus on downstream Specialty Fluorides / VAPs.
- Increase in export volume of HF / DHF to existing and new markets
- Increase in vendor base and global sourcing of Fluorspar to reduce dependency on China.
- Long term tie up with a key refinery for supply of Molten Sulphur with a win-win deal.
- Negotiation with key raw material suppliers for reduction in prices compared to international price.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

- Thrust on Working Capital Management & reduction of overall debt using the Operating Cash Flows generated.
- Manpower optimization

### SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

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

### SALES VOLUME AND REVENUE:

Sales Turnover was higher by 34% at ₹221.71 crores against ₹165.42 crores in the previous year.

Export turnover was higher by 7% at ₹20.15 crores against ₹18.85 crores in the previous year.

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

Profit before Depreciation, Finance Cost and Taxation had increased significantly by 154% at ₹52.69 Crores during the year, highest in the history of the Company, compared to ₹20.72 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 ₹8.02 Crores as against ₹4.94 Crores in the previous year. This includes impairment provision of ₹3.24 Crores (Previous Year - Nil).

### FINANCE COST:

Finance Cost, including Forex Cover Charges, on Foreign Exchange Borrowings was reduced to ₹3.04 Crores against ₹5.98 Crores in the previous year due to continued focus on working capital management, repayment of high cost debts from the operating cash flows generated, reduction in interest rate and other cost optimizing initiatives.

The Company does not accept any fixed deposits from the public falling under Section 73 of the Companies Act, 2013 ("the Act") and the Companies (Acceptance of Deposits) Rules, 2014.

### CREDIT RATING:

On the back of improved operating performance and stronger Balance Sheet, ICRA and Acuite Ratings have upgraded the credit rating as ICRA BBB+ (Stable) and ACUITE BBB+ (Stable) for Long Term and ICRA A2 and ACUITE A2 for Short Term respectively.

### INCOME TAX

In line with increased profitability, the Company has accounted for MAT provision of ₹7.22 crores (previous year ₹1.98 crores) and recognized MAT credit entitlement of ₹7.22 crores (previous year ₹1.86 crores). During the year the Company has made Deferred Tax provision of ₹5.66 crores (previous year NIL).

### OTHER COMPREHENSIVE INCOME / (EXPENSES)

Other Comprehensive Income / (Expenses) was ₹0.10 crores during the year against (₹0.30) crores 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 at ₹36.07 crores during the year against ₹9.38 crores during previous year.

### RESERVES / OTHER EQUITY

With the help of strong performances during the year, the Company had ended up with a Reserve of ₹38.05 crores.

### CASH FROM OPERATIONS

Cash from operations was significantly higher compared to previous year due to overall improvement in profitability and continuous focus on working capital management.



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### BORROWINGS AND NET DEBT:

Total borrowings have reduced significantly by ₹30.57 crores to ₹6.23 crores from ₹36.80 crores in previous year. Significant increase in operating cash flow generation had helped in repayment of high cost debt.

### RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM:

The Company has already constituted a Risk Management Committee consisting of senior employees. The company defined the roles and responsibilities of the committee and laid down the procedure to assess the risk and minimization procedures. The risk management includes identifying types of risks and its assessment, risk handling and monitoring and reporting.

The details of risk management process, assessment and identification and mitigation action plan prepared in line with The Companies Act, 2013, were reviewed by the Audit Committee and the Board of Directors of the Company on a quarterly basis.

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

### OPERATIONAL RISK:

- (a) Your Company's most significant exposure relates to the US Dollar, since the 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 specialty grade HF and specialty Fluorides. Retain existing customers through competitive pricing. Expand market of HF in Asia Pacific markets and increase export volumes.

- (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.

**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 Procedures for compliance under various Acts, Rules and Regulations to ensure zero non-compliance.

**ECONOMIC RISK:** Economic slowdown may affect the performance of the company resulting in downward trend in sales volume and growth.

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

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

**ATTRITION RISK:** Employee attrition may affect the day-to-day operations/performance of the Company.

**Mitigation:** To retain talent, the Company has instituted suitable reward mechanism and provide additional specialised training to its employees. New ideas/kaizens by the employees are well appreciated and given suitably rewarded.

### **FOREIGN EXCHANGE RISK:**

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

**Mitigation:** The Company has a well defined Hedging Policy and 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 ideal levels.

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 different regions with a focus on increasing 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 expects improvement in domestic market demand in 2019- 20.

### **HUMAN CAPITAL**

The employees of your Company are the pillars of its success and growth. Your Company believes in creating an environment where individuals can achieve their goals, both professional and personal. Developing the competencies of our employees continues to be a strategic focus area for us. Your Company continues to make investments for training and developing its employees, emphasize enhancing the relevance and effectiveness of learning. Employees are proud to be part of your Company and are engaged to deliver high performance. Employees have also played voluntary role in community & social works. Your Company's Employee Engagement Score reflects high engagement and pride in being part of the organization.

The Company continues to maintain a cordial and harmonious industrial relationship with its employees. Presently, the Company has 139 permanent employees as on 31<sup>st</sup> March, 2019.

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company is committed to the adoption of best governance practices. 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 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 31<sup>st</sup> March, 2019, who have varied experience in their respective areas. The Board has six Independent Directors, including a lady Director, who do not have any 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 the composition of the Board of Directors, category of Directors and their attendance in the Board meetings are as under.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### Composition and Directorship(s) / Committee Membership(s) / Chairmanship(s) as on 31<sup>st</sup> March, 2019 :

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	12	-	5	-
Mr. R. Karthikeyan	00824621	Non-Executive – Promoter	8	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	-	-

@ Resigned effective from 1<sup>st</sup> May 2019

# Ceased to be director effective from 1<sup>st</sup> April 2019 upon completion of his term

## Resigned effective from 16<sup>th</sup> April 2019

### Board / General Meeting attendance details of Directors for the year 2018 – 19 :

Name of Director	Category / Representing	No. Of Board Meeting Held (2018-19)	Nos. Attended	Whether attended last AGM held on 25.09.2018
Mr. A.K. Agarwala @	Non-Executive – Promoter	4	3	N
Mr. R. Karthikeyan	Non-Executive – Promoter	4	3	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	3	N
Dr. Shankar Narasimhan	Independent – Non Executive	4	4	Y
Mr. T.S. Raghavan ##	Independent – Non Executive	4	4	Y
Mrs. R. Rajalakshmi	Independent – Non Executive	4	4	N

Y = YES    N = NO

@ Resigned effective from 1<sup>st</sup> May 2019

# Ceased to be director effective from 1<sup>st</sup> April 2019 upon completion of his term

## Resigned effective from 16<sup>th</sup> April 2019

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### Notes:

During the year 2018-19, four Board meetings were held and the gap between two meetings did not exceed the maximum days prescribed under 173(1) of The Companies Act, 2013. The dates of Board meetings were 29.05.2018, 09.08.2018, 12.11.2018 and 05.02.2019 and necessary quorum was present at all the Board Meetings.

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

Mr. A.K. Agarwala, Non Executive Director (till 1<sup>st</sup> May 2019), representing Promoter, held 1,150 Equity Shares as on 31<sup>st</sup> March, 2019. No other Directors are holding any Equity Shares in the Company.

### Changes in composition of the Board after 31<sup>st</sup> March 2019:

Mr.Kannan K Unni's term as Independent Director of the Company had ended on 31<sup>st</sup> March 2019 and has not been reappointed. Therefore, he ceased to be director of the Company from 1<sup>st</sup> April 2019.

Mr.T.S.Raghavan had resigned as Independent Director effective from 16<sup>th</sup> April 2019.

Mr.Askaran Agarwala had resigned as Non Executive Non Independent Director of the Company with effect from 1<sup>st</sup> May 2019.

The Board has appointed Mr.Kalyan Ram Madabhushi as Non-Executive Non Independent Director of the Company from 22<sup>nd</sup> May 2019 subject to members' approval in the ensuing General Meeting of the Company. His appointment is proposed as an item in the ensuing Annual General Meeting.

The Board had passed requisite resolutions and has made necessary disclosures to Stock Exchange as per SEBI (LODR) Regulations 2015.

Even after these changes in the composition, the Company continues to conform with Regulation 17 of SEBI (LODR) Regulations 2015 read with Section 149 of The Companies Act, 2013.

## 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 is in accordance with Section 177 and other applicable provisions of The Companies Act, 2013, Rules framed thereunder and the provision contained in Part C Schedule II of SEBI (LODR) Regulations, 2015 read with the Listing Agreement.

The Members of the Audit Committee 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.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

The composition of the Audit Committee constituted by the Board comprising of five Non-Executive Directors including four Independent Directors. All the members of the Committee have financial expertise, with relevant experience. The Chairman of the Audit Committee Mr. M.R. Sivaraman, IAS (Retd.), Independent Director, has been the Revenue Secretary of the Government of India and Executive Director of the IMF with 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 2018-19	
		Held	Attended
Mr. R. Karthikeyan	Non-Executive - Promoter	4	3
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	3
Dr. Shankar Narasimhan	Independent – Non-Executive	4	4

During the year 2018-19, four meetings of the Audit Committee were held and the gap between two meetings did not exceed one hundred and twenty days. The Audit Committee meetings were held on 29.05.2018, 09.08.2018, 12.11.2018 and 05.02.2019 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.

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

# Resigned effective from 1<sup>st</sup> May 2019



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

The Company will come within the ambit of CSR provisions of the Companies Act, 2013 from the financial year 2019-20. Accordingly, the Board, in their meeting dated 8<sup>th</sup> August 2018, had constituted CSR Committee pursuant to Section 135 of The Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 & provision contained under Regulation 19 of SEBI (LODR) Regulations, 2015, read with listing agreement and approved the CSR policy which forms part of this annual report and is also available on company's website [www.tanfac.com](http://www.tanfac.com).

The CSR Committee will recommend to the Board the activities to be undertaken during the year and the amount to be spent on these activities.

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

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

The Compliance Officer acts as Secretary to the Committee.

### CHANGES IN MEMBERSHIP OF COMMITTEES OF THE BOARD:

Due to changes in the composition of the Board as explained under the heading Composition of the Board, on the recommendation of Nomination and Remuneration Committee, the Board had reconstituted the Committees on 22<sup>nd</sup> May 2019. The reconstituted Committee has also been updated on the website of the Company [www.tanfac.com](http://www.tanfac.com).

### 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 as applicable across Aditya Birla Group Companies 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 2018-19 (Rupees in Lakhs)			
			Sitting fees@	Salary and Perks	Commission	Total
Mr. A.K. Agarwala	Non-Executive	NIL	0.60	-	-	0.60
Mr. V.T. Moorthy	Non-Executive-Independent	NIL	2.00	-	-	2.00
Mr. R. Karthikeyan	Non-Executive	NIL	1.50	-	-	1.50

## REPORT ON CORPORATE GOVERNANCE (Contd.)

Name of Director	Relationship with other Directors	Business relationship with the Company if any	Remuneration paid during 2018-19 (Rupees in Lakhs)			
			Sitting fees@	Salary and Perks	Commission	Total
Mr. M.R. Sivaraman, IAS (Retd.)	Non-Executive-Independent	NIL	2.00	-	-	2.00
Mr. Kannan K Unni	Non-Executive-Independent	NIL	1.20	-	-	1.20
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
Total			10.50			10.50

@ includes sitting fee paid for Board Committee Meetings.

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

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

The primary focus of Stakeholders Relationship Committee includes –

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

The Committee comprises of the following directors:

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

During the year, the Stakeholders' Relationship Committee met four times on 29.05.2018, 09.08.2018, 12.11.2018 and 05.02.2019 and necessary quorum was present at all the Meetings.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

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	3
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 been filing Status of Investor Complaints on a quarterly basis since December, 2015 with BSE Limited.

### 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
2017 - 18	A.G.M.	Registered Office at- Plot No.14 SIPCOT Industrial Complex, Kudikadu Cuddalore – 607 005	25.09.2018/ 11.30 A.M.	4
2016 - 17	A.G.M.		25.09.2017/ 11.30 A.M.	- NIL -
2015 - 16	A.G.M.		28.09.2016 / 11.30 a.m.	- NIL -

The Company did not pass any special resolution applicable through postal ballot during the last financial year 2018-19. No special resolution is proposed to be passed through postal ballot at the ensuing Annual General Meeting.

**Annual General Meeting for the financial year 2018 - 2019:**

Date and Time	:	21 <sup>st</sup> September, 2019
Venue	:	Registered Office at – Plot No.14, Industrial Complex, Kudikadu Cuddalore – 607 005 TAMIL NADU
Period of Book Closure	:	15.09.2019 to 21.09.2019

### 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.tanfacs.com">www.tanfacs.com</a>

## REPORT ON CORPORATE GOVERNANCE (Contd.)

Whether it also displays official news releases	..	-NO-
Presentation made to Institutional Investors or to the analysts	...	-NO-

### GENERAL SHAREHOLDER INFORMATION:

A.G.M., Date, Time and Venue	...	21.09.2019 (11.30 AM) Monday at the Registered Office of the Company at - Plot No.14 SIPCOT Industrial Complex, Kudikadu Cuddalore – 607 005
Financial Year	...	1 <sup>st</sup> April to 31 <sup>st</sup> March
Dividend Payment Date	...	Not Applicable. Payment of dividend has not been recommended by the Board due to inadequacy of reserves during the financial year 2018-19.
Date of Book Closure	...	15.09.2019 (Sunday) to 21.09.2019 (Monday)
Name and address Stock Exchange at which the Company's securities are listed	...	BSE Limited Phiroze Jeejeebhoy Towers 25 <sup>th</sup> Floor, Dalal Street Mumbai – 400 001.
Stock Code	...	506854
Corporate Identity Number of the Company	...	L24117TN1972PLC006271

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

MONTH	BSE LIMITED (BSE) SCRIP CODE : 506854	
	HIGH (Rs.Ps.)	LOW (Rs.Ps.)
APRIL 2018	135.00	113.55
MAY 2018	128.90	96.10
JUNE 2018	121.00	102.10
JULY 2018	128.70	103.20
AUGUST 2018	313.65	113.10
SEPTEMBER 2018	402.65	297.15
OCTOBER 2018	329.95	232.90
NOVEMBER 2018	338.70	245.15
DECEMBER 2018	251.55	206.05
JANUARY 2019	242.65	163.75
FEBRUARY 2019	214.00	166.15
MARCH 2019	236.60	197.55

## REPORT ON CORPORATE GOVERNANCE (Contd.)

Registrar and Transfer Agents (For share transfers and other communications relating to share certificates, and change of address etc.)	...	PHYSICAL and DEMAT	Investors Services Department Integrated Registry Management Services P Ltd "Kences Towers" Second Floor No.1 Ramakrishna Street, North Usman Road, T.Nagar, Chennai – 600 017. TEL: (044)28140801 TO 8 FAX: (044) 28142479/28143378 Email Id: corpseiv@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

No. of Equity Shares Held	2019				2018			
	NO.OF HOLDERS	% TO HOLDERS	NO.OF SHARES	% TO HOLDERS	NO.OF HOLDERS	% TO HOLDERS	NO.OF SHARES	% TO HOLDERS
Up to 500	13,165	93.77	12,87,129	12.90	11,940	92.95	12,46,194	12.49
501 - 1000	451	3.21	3,59,864	3.61	478	3.72	3,94,189	3.95
1001 - 2000	219	1.56	3,32,969	3.34	215	1.67	3,32,186	3.33
2001 - 3000	84	0.60	2,12,601	2.13	74	0.58	1,88,673	1.89
3001 - 4000	29	0.21	1,03,844	1.04	25	0.19	89,542	0.90
4001 - 5000	18	0.13	86,510	0.87	22	0.17	1,02,400	1.03
5001 - 10000	43	0.31	3,15,350	3.16	50	0.39	3,65,133	3.66
Above 100001	31	0.22	72,76,733	72.95	41	0.32	72,56,683	72.75
<b>Total</b>	<b>14,040</b>	<b>100.00</b>	<b>99,75,000</b>	<b>100.00</b>	<b>12,845</b>	<b>100.00</b>	<b>99,75,000</b>	<b>100.00</b>
No.of Shareholders in physical mode	4,839	34.47	3,95,199	3.96	5,358	41.71	4,43,905	4.45
No.of Shareholders in electronic mode	9,201	65.53	95,79,801	96.04	7,487	58.29	95,31,095	95.55
<b>TOTAL</b>	<b>14,040</b>	<b>100.00</b>	<b>99,75,000</b>	<b>100.00</b>	<b>12,845</b>	<b>100.00</b>	<b>99,75,000</b>	<b>100.00</b>

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### CATEGORIES OF SHAREHOLDING AS ON 31ST MARCH

CATEGORY	2019		2018	
	NO.OF SHARES HELD	% AGE OF SHAREHOLDING	NO.OF SHARES HELD	% AGE OF SHAREHOLDING
PROMOTERS/PROMOTERS GROUP	50,84,802	50.98	50,84,802	50.98
UTI AND MUTUAL FUNDS	7,000	0.07	7,000	0.07
BANKS, FINANCIAL INSTITUTIONS AND INSURANCE COMPANIES	700	0.01	800	0.01
NON RESIDENT INDIANS (NRIs/ OCBs)	47,603	0.48	30,570	0.31
CORPORATES	14,63,760	14.67	13,76,839	13.80
CLEARING MEMBER	6,614	0.07	8,796	0.09
RESIDENT INDIVIDUALS	30,62,036	30.70	31,67,558	31.75
TRUST	450	0.00	450	0.00
LIMITED LIABILITY PARTNERSHIP	40,000	0.40	50,000	0.50
IEPF	2,48,185	2.49	2,48,185	2.49
ALTERNATIVE INVESTMENT FUND	13,850	0.14	NIL	NIL
<b>TOTAL</b>	<b>99,75,000</b>	<b>100.00</b>	<b>99,75,000</b>	<b>100.00</b>

### DEMATERIALISATION OF SHARES AND LIQUIDITY :

As on 31<sup>st</sup> March, 2019, 95,79,801 Equity Shares, against subscribed fully paid equity shares of 99,75,000, were converted from the physical to electronic form. Over 96.04% of the outstanding equity shares have been dematerialised up to 31<sup>st</sup> March, 2019.

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	Plot No.14 SIPCOT Industrial Complex, Kudikadu Cuddalore – 607 005
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 – Plot No.14 SIPCOT Industrial Complex, Kudikadu Cuddalore – 607 005 Tamilnadu. Tel: 04142 - 239001 to 239005 or Mail to – invreln.tanfac@adityabirla.com.



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### OTHER DISCLOSURE:

Disclosure on materially significant related party transaction that may have potential conflict with the interest of the Company at large.	:	None of the transactions with any of the related parties were in conflict with the interest of the Company
Details of non-compliance by the Company, penalties, strictures imposed by stock exchanges / SEBI or any statutory authority, on any matter related to capital markets, during the last three years.	:	None
Details of establishment of Vigil Mechanism, Whistle Blower Policy and Affirmation that no personnel has been denied access to the Audit Committee.	:	<p>The Company has a Group's Whistle Blower Policy to articulate the Group's point of view on whistle blowing, And the objective is to strengthen the Whistle Blowing Mechanism.</p> <p>The objectives of the policy are –</p> <ul style="list-style-type: none"> <li>• To provide a platform and mechanism for the employees and directors to voice genuine concerns or grievances about unprofessional conduct without fear of reprisal</li> <li>• To provide an environment that promotes responsible and protected whistle blowing. It reminds employees and directors about their duty to report any suspected violation of any law that applies to the Group and any suspected violation of the Group Values or Aditya Birla Group's Code of Conduct.</li> </ul> <p>Whistle Blower Policy is made available on the Company's website, <a href="http://www.tanfacs.com">www.tanfacs.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	:	Policy on dealing with related party transactions is available on the Company's website at – <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>

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### DISCRETIONARY REQUIREMENTS

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

#### THE BOARD:

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

#### SHAREHOLDERS' RIGHTS

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

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

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

There are no qualifications/modified opinion in the Auditors' Report on the accounts for the financial year 2018-19.

#### SEPARATE POSTS OF CHAIRMAN AND CEO

Currently the company does not have the post of 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 to the code as on 31<sup>st</sup> March, 2019.

A declaration to this effect has been given by the CEO 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 on the Company's website, viz., [www.tanfac.com](http://www.tanfac.com).

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 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 and the same is annexed to this 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, 2018 (₹)	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 31<sup>st</sup> March, 2019, 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 31<sup>st</sup> March, 2019.

Place: Chennai

Date : 22.05.2019

K. SENDHIL NAATHAN

Chief Executive Officer

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 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 the Financial Statements and the Cash Flow Statement for the financial year ended 31<sup>st</sup> March, 2019 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 are no significant changes in Internal Control during the year;
  - (ii) that there are no significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the financial statements;

and

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

Place: Chennai  
Date: 22.05.2019

K. SENDHIL NAATHAN  
CHIEF EXECUTIVE OFFICER

N.R. RAVICHANDAN  
CHIEF FINANCIAL OFFICER

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### CERTIFICATE ON CORPORATE GOVERNANCE

**Certificate No: 0525/2019/RoCH**

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 the conditions of Corporate Governance by TANFAC Industries Limited ('the Company') for the financial year ended 31<sup>st</sup> March 2019 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable with effect from December 1, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Listing Agreement / Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the said Listing Agreement / Regulations.

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

For Khimji Kunverji & Co. LLP  
(Formerly Khimji Kunverji & Co – FRN 105146W)  
Chartered Accountants

(Hasmukh B Dedhia)  
Partner (F-033494)

Camp: Chennai  
Date: 22.05.2019

UDIN No: 19033494AAAABT3913

## 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 31<sup>st</sup> March, 2019, for your review.

### FINANCIAL RESULTS

[₹ in Crores]

Particulars	Financial Year 2018 - 19	Financial Year 2017 - 18
Sales	221.71	165.42
Other Income (including operating income)	0.94	0.33
Operating Expenditure	169.96	145.03
Profit before Depreciation, Finance Cost and Taxation (PBDIT)	52.69	20.72
Finance Cost	3.04	5.98
Depreciation/Impairment/Amortization	8.02	4.94
Profit before Tax (PBT)	41.63	9.80
Current Tax / Deferred Tax (Net of MAT Credit Entitled)	5.66	0.12
Profit After Tax (PAT)	35.97	9.68
Other Comprehensive Income / (Loss)	0.10	(0.30)
Total Comprehensive Income	36.07	9.38
Add: Balance brought forward	(35.92)	(45.30)
Profit/(Loss) available for appropriation	(0.53)	(35.92)
Transferred from General Reserves	-	-
Balance Carried forward to Balance Sheet	(0.53)	(35.92)

### OPERATIONS AND OVERALL PERFORMANCE:

During the year under review, enabled by both head and tail winds, your Company had registered an **all-time high performance** both in terms of revenue and profitability.

The Company's sales performance had increased by 34% due to increase in sales volume and also increase in prices of main products viz., HF and Sulphuric Acid. Significant increase in Sulphuric Acid price was due to sudden change in market dynamics and supply constraints. Higher sales realization in HF acid was possible due to continuous focus on niche / value added segments and also partial pass through of increase in spar price.

Apart from significant increase in realizations mentioned above, profitability has increased significantly during the year due to process optimization, better market penetration resulting in further 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. The Company continued its strategy of sourcing



## BOARD'S REPORT (Contd.)

Fluorspar from diverse sources / geography. These along with the ongoing initiatives and steps taken by the company during the past 5 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 (PBDIT/EBIDTA) was significantly higher at ₹52.69 Crores during the year, an increase of 154% compared to ₹20.72 crores in the previous year. Company continues to face stiff competition from China which affects the sales realization and margin of 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 significantly reducing the debt by ₹30.57 crores during the year. This has helped in reducing the overall finance cost to ₹3.04 crores during the year from ₹5.98 crores during the previous financial year. The Company expects further reduction in the debt and Finance Cost during next financial year.

**Total Comprehensive Income (TCI):** Total Comprehensive Income for the year was significantly higher at ₹36.07 crores during the year compared to ₹9.38 crores during the previous year, registering nearly fourfold increase.

### **DIVIDEND:**

Though the financial performance and reserve position of the company had improved significantly during the year, your Directors have not recommended any dividend on equity shares for the year 2018-19 considering the capital expenditures planned during the coming years.

### **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 has been transferred to the Investor Education and Protection Fund established by the Central Government.

### **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 helped in continuous improvements in the operations of the company across all spheres. These steps have helped the company to post record performance during the current financial year.

Your company has made penetration in the market for some of 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.

The tail winds that facilitated your Company during 2018-19 may not continue in the next financial year. However, with the help of the ongoing and fresh initiatives proposed by the company, your Board of Directors is optimistic of continuous improvements in the operational performance of the company in the coming years.

### **ALUMINIUM FLUORIDE:**

Though sale of Aluminium Fluoride had increased during the year, 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 while keeping an eye on the overall bottomline.

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

Your company continues to widen the Customer base and has also made significant progress in stringent specialty applications while maintaining the volume during FY'19. The markets remain

## BOARD'S REPORT (Contd.)

oversupplied and your company will embark upon identification of value added downstream products. This will also reduce 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. Though the spurt in realization due to demand – supply gap arisen out of external environment may not continue, the efforts made to improve the productivity and overall operational efficiencies will lead to better performance in the coming years

### **EXPORTS:**

Export turnover had gone up by 7% to ₹20.15 Crores against ₹18.85 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.tanfac.com](http://www.tanfac.com). The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the Related Parties.

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

There are no materially significant transactions with any Related Party as defined under Section 188 of the Companies Act, 2013, read with the Companies (Meeting of Board and its Powers) Rules 2014. Please refer to Annexure 'B' to the board's report and Notes to the Financial Statements for

## BOARD'S REPORT (Contd.)

details of contracts and arrangement with Related Parties as on 31<sup>st</sup> March, 2019.

### AUDITORS & AUDITORS' REPORT:

Khimji Kunverji & Co LLP, Chartered Accountants, Mumbai were appointed as Statutory Auditors of the Company by the Members at their Annual General Meeting held on 28<sup>th</sup> 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.

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 of 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 22<sup>nd</sup> May, 2019, have appointed Shri N. Krishna Kumar, Cost Accountant as cost auditor for the Financial Year 2019-20 and necessary filing has been made with the Central Government.

### SECRETARIAL AUDIT REPORT

The Board has appointed Ms. Kalyani Srinivasan (Practicing Company Secretary, Chennai (C.P. No.3109 & FCS No.5854), to conduct Secretarial Audit for the Financial Year 2018-19, 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 comprising of its senior executives, defined 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

## BOARD'S REPORT (Contd.)

quarter and forwarded to the Board with their recommendation, if any, and the same will be reviewed and discussed by the Board in their meeting.

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

### POLICIES

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

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

## BOARD'S REPORT (Contd.)

### DIRECTOR RETIRING BY ROTATION:

No directors are due to retire by rotation during the ensuing Annual General Meeting.

### 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.

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.tanfacs.com/documents/who\\_appointment\\_independent\\_directors.pdf](http://www.tanfacs.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

## BOARD'S REPORT (Contd.)

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 2018 - 19, 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 COMMITTEES

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

### EXTRACT OF ANNUAL RETURN

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

### INTERNAL FINANCIAL CONTROL (IFC) :

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

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

The Directors Responsibility Statement required under Section 13(3)(c) of The Companies Act,

2013, are available elsewhere in the Directors' Report.

### CORPORATE GOVERNANCE:

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

A Certificate of the 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 31<sup>st</sup> March, 2019 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.



## BOARD'S REPORT (Contd.)

### 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 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 31<sup>st</sup> March, 2019.

### RESEARCH AND DEVELOPMENT:

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

- Out of box thinking approach by the Team improved productivity in Sulphuric acid Plant and enhanced power generation reducing average Unit Power Cost.

- 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
- Working on Product Quality improvement of Specialty Fluorides.
- Working on development of New 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 has upgraded the Systems to ISO 9001-2015 for Quality Management System(QMS) and ISO14001-2015 for Environmental Management System(EMS). Your Company is in the process of upgrading OHSAS18001:2007 to ISO 45001:2018 for Occupational Health and Safety Management Systems.

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

Your Company Periodically Conducts Safety Audit and Risk Assessment to monitor risks and

## BOARD'S REPORT (Contd.)

to have action plan for countering the risks. Your Directors also periodically visit the factory to review the safety Performance.

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

Your company has entered in to an agreement with 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 for spending on CSR activities during the year. Your Company's CSR initiatives are an integral part of Business policy and aligned with business goals.

Since your company will come under the ambit of mandatory CSR spending for the first time during the next financial year, the Board of directors have duly constituted the CSR Committee in their meeting on 9<sup>th</sup> August 2018. The composition of the committee is given under Corporate Governance Report.

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 catering to their basic needs. After the participatory appraisal process and based on consensus and discussion with the Village Panchayats 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, NGO's and other partners
- Implementing activities for upliftment of communities involving Government departments, Village Panchayats so as to benefit the society in the specific areas of Education, Health, Sustainable Livelihood

## BOARD'S REPORT (Contd.)

and 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.

### **PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:**

Your Company has zero tolerance for sexual harassment at workplace. The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) and the Rules framed thereunder. Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the POSH Act. During the year under review your Company did not receive any complaint of sexual harassment.

### **HUMAN RESOURCES DEVELOPMENT:**

Human resources play a significant role in your Company's growth strategy. Your Company believes that its knowledge capital will drive growth and profitability. The ongoing focus is on attracting, retaining and engaging talent with the objective of creating a robust talent pipeline at all levels. Your Company's consistently high Employee Engagement Score reflects high engagement of its employees and their pride in being part of the organization.

The Group's Corporate Human Resources plays a critical role in your Company's talent management process. Initiatives like 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 31<sup>st</sup> March, 2019, your Company's employee strength was 139 employees (previous year 149 employees).

### **AWARDS AND ACCOLADES:**

Your Company received the following awards during the year:

- 'Asia's Most Trusted Company' Award from IBC Info Media, USA
- Best Supplier Award "Vikreta Puraskar" from NALCO.

### **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

Chennai  
5<sup>th</sup> August, 2019.

(R. KARTHIKEYAN)  
Director

## ANNEXURE – A TO BOARD’S REPORT

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

#### 1. CONSERVATION OF ENERGY

##### (a) Steps taken for Conservation of Energy

Your Company has adopted various Energy Conservation measures during the Financial Year 2018-19 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 2018 -19 :

- Steam consumption per ton of Sulphuric acid has significantly reduced due to use of Molten Sulphur and various initiatives like use of Flash Steam to De-Aerator and reduction in number of Sulphur melting pits.
- Utilisation of waste heat from Acid Absorption to pre-heat the Boiler Feed water by Installation of Plate Heat Exchanger.
- Improvements done in Refrigeration section helped to reduce power cost in HF plant
- Various initiatives taken in 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.
- Frequency Optimization of Turbine Generator with HFO genset continues to yield good results.

- Your Company continues to work on various energy conservation measures in Power Plant and all process plants.

The Company has achieved significant cost savings through these initiatives

##### (c) Steps taken by the Company for utilizing 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 –

- Is working very closely with an interested party for collaborative manufacturing of Specialty Organic Fluorides.
- 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.
- Has successfully developed ecofriendly & economical process by using by-product Fluoride of a customer to manufacture a specialty fluoride.
- Has successfully developed the process to make one of the products out of customer’s waste.
- 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.

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

- Continues to recycle the solid waste in Cement Industry through focus on environment conservation.
- Has successfully implemented schemes to consistently achieve increased captive power generation.

### TECHNOLOGY ABSORPTION

- Your Company forms cross functional teams to implement projects for new product development and to improve the process to increase the self-dependency on development of technology
- Continuous implementation of Sustainable Business practices, rewarding of ideas, recognizing the work performance through issue of Spot Awards and Shabbash cards in various categories have motivated young Engineers / Scientists to come up with creative ideas to improve efficiency in areas of Production, Energy Savings, Water Conservation, Waste Minimization, Safety and System Improvements.

### A. FOREIGN EXCHANGE EARNING AND OUTGO :

(₹ in Lakhs)

Details	2018-19	2017-18
Forex Earned	2,020.53	1,842.93
Forex used	6,414.19	4,222.21

### 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 2018 - 19 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, 2019, 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, 2019 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a 'going concern' basis;
- the Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and are operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## ANNEXURE - B TO BOARD'S REPORT

### PARTICULARS OF CONTRACTS/ARRANGEMENTS MADE WITH RELATED PARTIES

FORM NO.AOC-2

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

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

The Company has not entered into any contract(s) or arrangement(s) or transaction(s) during the financial year ended 31st March, 2019, 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					
TANFAC Employees Gratuity Trust Fund	Employees' Gratuity Trust	01-04-2018 to 31-03-2019	Contribution towards TANFAC Employees' Gratuity Trust Fund	09.08.2018 12.11.2018 05.02.2019 22.05.2019	44.95
Cuddalore Sipcot Industries Common Utilities Ltd.	Joint Venture for common Effluent Utilities	01-04-2018 to 31-03-2019	Deposit for commissioning of Effluent discharge system	09.08.2018 12.11.2018 05.02.2019 22.05.2019	1.98
			Charges for Effluent Discharge	09.08.2018 12.11.2018 05.02.2019 22.05.2019	18.42

For and on behalf of the Board of Directors

Place: Chennai  
Date: 5th August, 2019

(R.KARTHIKEYAN)  
DIRECTOR

## ANNEXURE - C TO BOARD'S REPORT

**Form No. MR-3**

### **SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2019**

[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 31<sup>st</sup> March, 2019, 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 31<sup>st</sup> March, 2019, according to the provisions of:

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



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

- (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 into by the Company with BSE Limited.

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. There was no changes in the composition of the Board of Directors during the period under review. Adequate Notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through by the Directors and there were No dissenting views by any Directors/Members of the board during the period under the review.

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

Place: Chennai

FCSNo.5854

Date : 22.5.2019

CP No.6047

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

### ANNEXURE TO SECRETARIAL AUDIT REPORT

To

The Members

TANFAC Industries Limited

Cuddalore

1. Maintenance of secretarial 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**

Place: Chennai

FCSNo.5854

Date : 22.5.2019

CP No.6047

## ANNEXURE- D TO BOARD'S REPORT

### FORM NO.MGT-9

#### EXTRACT OF ANNUAL RETURN

(AS ON THE FINANCIAL YEAR ENDED 31ST MARCH, 2019)

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

#### I. REGISTRATION AND OTHER DETAILS :

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

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

Sl. No.	Name and Description of main products/services	NIC code of the product / service*	% to total turnover of the Company**
1.	Aluminium Fluoride	20119 Manufacture of organic and inorganic chemical compounds n.e.c.	16%
2.	AHF ACID AND SULPHURIC ACID	20112 Manufacture of inorganic acids except nitric acid	59%
3.	SPECIALITY CHEMICALS	20116 Manufacture of basic chemical elements	25%

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

\*\* On the basis of Gross Turnover

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

## ANNEXURE - D TO BOARD'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 01.04.2018)				No. of shares held at the end of the year (as on 31.3.2019)				% 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/Fl	-	-	-	-	-	-	-	-	-
f) Any other – Mr A.K. Agarwala – Director (person acting in concert)	1,150	-	1,150	0.010	1150	-	1,150	0.010	-
<b>SUB-TOTAL A(1)</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>(1) FOREIGN</b>									
a) Individuals (NRIs/others)	-	-	-	-	-	-	-	-	-
b) Bodies Corporate	-	-	-	-	-	-	-	-	-
c) Banks/Fl	-	-	-	-	-	-	-	-	-
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>1. INSTITUTIONS</b>									
a) Mutual Funds/UTI	-	7,000	7,000	0.070	-	7,000	7,000	0.070	-
b) Banks/Fls	350	450	800	0.010	250	450	700	0.010	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Alternative Investment Fund	-	-	-	-	13,850	-	13,850	0.140	0.140
<b>SUB-TOTAL B(1)</b>	<b>350</b>	<b>7,450</b>	<b>7,800</b>	<b>0.080</b>	<b>14,100</b>	<b>7,450</b>	<b>21,550</b>	<b>0.220</b>	<b>0.140</b>
<b>1. NON INSTITUTIONS</b>									
a) Bodies Corporate	13,68,864	7,975	13,76,839	15.600	14,55,785	7,975	14,63,760	14.670	(0.930)
i) Indian									
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital up to ₹1 Lakh	21,26,221	4,22,980	25,49,201	27.540	21,31,294	3,74,274	25,05,568	25.120	(2.420)
ii) Individual Shareholders holding nominal share capital in excess ₹1 Lakh	6,18,107	-	6,18,107	6.200	5,56,430	-	5,56,430	5.580	(0.620)
c) Others									
i) Directors' relatives	100	350	450	0.005	100	350	450	0.005	-
ii) NRIs	25,220	5,150	30,370	0.280	42,041	5,150	47,191	0.470	0.190
iii) Clearing Member	8,796	-	8,796	0.150	6,614	-	6,614	0.070	(0.080)
iv) Trust	450	-	450	0.010	450	-	450	0.010	-
v) LLP	50,000	-	50,000	0.501	40,000	-	40,000	0.401	(0.100)
vi) Investor Education and Protection Fund	2,48,185	-	2,48,185	2.488	2,48,185	-	2,48,185	2.488	-
<b>SUB-TOTAL B(2)</b>	<b>44,45,943</b>	<b>4,36,455</b>	<b>48,82,398</b>	<b>48.930</b>	<b>44,80,899</b>	<b>3,87,749</b>	<b>48,68,648</b>	<b>48.790</b>	<b>(0.140)</b>
<b>Total Public Share-holding(B) = (1) + b(2)</b>	<b>44,46,293</b>	<b>4,43,905</b>	<b>48,90,198</b>	<b>49.020</b>	<b>44,94,999</b>	<b>3,95,199</b>	<b>48,90,198</b>	<b>49.020</b>	<b>-</b>
<b>C. Shares held by custodian for GDRs/ADRs</b>									
	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>95,31,095</b>	<b>4,43,905</b>	<b>99,75,000</b>	<b>100.00</b>	<b>95,79,801</b>	<b>3,95,199</b>	<b>99,75,000</b>	<b>100.00</b>	<b>-</b>

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

### (ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.4.2018)			Shareholding at the end of the year (as on 31.3.2019)			% 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	0.00	25,95,000	26.015	-	-
2	TGS INVESTMENTS AND TRADE PRIVATE LIMITED	19,90,652	19.956	0.00	19,90,652	19.956	-	-
3	PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED	4,98,000	4.992	0.00	4,98,000	4.992	-	-
	Total	50,83,652	50.963	0.00	50,83,652	50.963	-	-

### (iii) Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year (as on 01.04.2018)		Cumulative Shareholding during the year (as on 31.03.2019)	
		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 01.04.2018)		Cumulative Shareholding during the year (as on 31.03.2019)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
1	ANSHUL SPECIALTY MOLECULES				
	PAN: AABCA4003H				
	Opening Balance as on 01/04/2018	6,16,987	6.185		
	22/02/2019	638	0.006	6,17,625	6.192
	01/03/2019	7,733	0.078	6,25,358	6.269
	08/03/2019	1,748	0.018	6,27,106	6.287
	22/03/2019	7,633	0.077	6,34,739	6.363
	29/03/2019	12,882	0.129	6,47,621	6.492
	Closing Balance as on 31/03/2019			6,47,621	6.492

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

Sl No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2018)		Cumulative Shareholding during the year (as on 31.03.2019)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
2	KAMALJYOT INVESTMENTS LIMITED				
	PAN :AAACK3258K				
	Opening Balance as on 01/04/2018	5,76,941	5.784		
	08/02/2019	5,781	0.058	5,82,722	5.842
	15/02/2019	37,728	0.378	6,20,450	6.220
	22/02/2019	19,510	0.196	6,39,960	6.416
	01/03/2019	7,888	0.079	6,47,848	6.495
	08/03/2019	1,100	0.011	6,48,948	6.506
	15/03/2019	12,804	0.128	6,61,752	6.634
	22/03/2019	9,128	0.092	6,70,880	6.726
	Closing Balance as on 31/03/2019			6,70,880	6.726
3	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY				
	PAN :EXEMPTCATG				
	Opening Balance as on 01/04/2018	2,48,185	2.488		
	Closing Balance as on 31/03/2019			2,48,185	2.488
4	SRINIVAS B S				
	PAN :ABPPS0088L				
	Opening Balance as on 01/04/2018	1,15,533	1.158		
	01/06/2018	12,000	0.120	1,27,533	1.279
	Closing Balance as on 31/03/2019			1,27,533	1.279
5	NAVROZE SHIAMAK MARSHALL				
	PAN :AACPM5508R				
	Opening Balance as on 01/04/2018	64,925	0.651		
	08/06/2018	(12,735)	-0.128	52,190	0.523
	15/06/2018	(9,543)	-0.096	42,647	0.428
	22/06/2018	(119)	-0.001	42,528	0.426
	06/07/2018	(7,772)	-0.078	34,756	0.348
	03/08/2018	(1,788)	-0.018	32,968	0.331
	10/08/2018	(32,968)	-0.331	-	0.000
	Closing Balance as on 31/03/2019			-	0.000
6	SAYURI TRADING				
	PAN :ADBFS6428A				
	Opening Balance as on 01/04/2018	40,000	0.401		
	Closing Balance as on 31/03/2019			40,000	0.401
7	MANGAYYAMMA KAKARALA				
	PAN :AFYPK2721F				
	Opening Balance as on 01/04/2018	34,989	0.351		
	Closing Balance as on 31/03/2019			34,989	0.351
8	MANJITSINGH K BHATTI & OTHERS				
	PAN :AAAAM1377R				
	Opening Balance as on 01/04/2018	32,594	0.327		
	17/08/2018	(14,594)	-0.146	18,000	0.180
	24/08/2018	(1,004)	-0.010	16,996	0.170
	31/08/2018	(5,996)	-0.060	11,000	0.110

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

Sl No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2018)		Cumulative Shareholding during the year (as on 31.03.2019)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
	07/09/2018	(2,500)	-0.025	8,500	0.085
	14/09/2018	(1,500)	-0.015	7,000	0.070
	21/09/2018	(2,250)	-0.023	4,750	0.048
	28/09/2018	(250)	-0.003	4,500	0.045
	05/10/2018	(1,100)	-0.011	3,400	0.034
	12/10/2018	(500)	-0.005	2,900	0.029
	19/10/2018	(250)	-0.003	2,650	0.027
	Closing Balance as on 31/03/2019			2,650	0.027
9	TRISYS ON THE NET PRIVATE LIMITED				
	PAN :AABCT7690M				
	Opening Balance as on 01/04/2018	28,304	0.284		
	18/05/2018	(12,189)	-0.122	16,115	0.162
	Closing Balance as on 31/03/2019			16,115	0.162
10	LINCOLN P COELHO				
	PAN :AEGPC1227D				
	Opening Balance as on 01/04/2018	25,000	0.251		
	31/08/2018	20,000	0.201	45,000	0.451
	02/11/2018	5,000	0.050	50,000	0.501
	Closing Balance as on 31/03/2019			50,000	0.501
11	JAINAM UDAY SHAH				
	PAN :GABPS6682F				
	Opening Balance as on 01/04/2018	24,030	0.241		
	Closing Balance as on 31/03/2019			24,030	0.241
12	TANVI JIGNESH MEHTA				
	PAN :AAFFD1519C				
	Opening Balance as on 01/04/2018	20,812	0.209		
	27/04/2018	2,494	0.025	23,306	0.234
	04/05/2018	2,619	0.026	25,925	0.260
	10/08/2018	3,000	0.030	28,925	0.290
	17/08/2018	5,000	0.050	33,925	0.340
	21/09/2018	(625)	-0.006	33,300	0.334
	07/12/2018	(300)	-0.003	33,000	0.331
	28/12/2018	(900)	-0.009	32,100	0.322
	Closing Balance as on 31/03/2019			32,100	0.322
13	M. M. BAFNA (HUF)				
	PAN :AADHM9768C				
	Opening Balance as on 01/04/2018	20,500	0.206		
	Closing Balance as on 31/03/2019			20,500	0.206
14	MAHAVEER MEGHAWAT				
	PAN :ACGPB2182C				
	Opening Balance as on 01/04/2018	20,000	0.201		
	Closing Balance as on 31/03/2019			20,000	0.201
15	DEEPAK JAIN				
	PAN :AFTPJ8183R				
	Opening Balance as on 01/04/2018	20,000	0.201		
	Closing Balance as on 31/03/2019			20,000	0.201



## 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 01.04.2018)		Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year / at the end of the year (as on 31.3.2019)	
		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	-	-	-	-	-	-

### a. INDEBTEDNESS

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

(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebted-ness
<b>Indebtedness at the beginning of the financial year (01.4.2018) :</b>				
i) Principal Amount	777.85	2,899.29	0	3,677.14
ii) Interest due but not paid*	1.25	0	0	1.25
iii) Interest accrued but not due	0	2.02	0	0
<b>Total (i + ii + iii)</b>	<b>779.10</b>	<b>2,901.31</b>		<b>3,680.41</b>
<b>Change in Indebtedness during the financial year ;</b>				
· Addition	0	0	0	0
· Reduction	156.05	2,901.31	0	3,057.36
<b>Net Change</b>	<b>(156.05)</b>	<b>(2,901.31)</b>	<b>0</b>	<b>(3,057.36)</b>
<b>Indebtedness at the end of the financial year (31.3.2019) :</b>				
i) Principal Amount	620.32	0	0	620.32
ii) Interest due but not paid**	2.73	0	0	2.73
iii) Interest accrued but not due	0	0	0	0
<b>Total (i + ii + iii)</b>	<b>623.05</b>	<b>0</b>	<b>0</b>	<b>623.05</b>

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

\*\* Bank Interest due on March 2019 and debited by bank on 2<sup>nd</sup> April, 2019.

## 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 2018 -19.  
The details are as follows:

Sl. No.	Name of Director	Particulars of remuneration - Sitting fee (₹ in Lakhs)			
		Board Meeting	Audit Committee	Investors/ Stakeholders Relationship Committee	Total fee paid
<b>I.</b>	<b>INDEPENDENT DIRECTORS :</b>				
1.	MR V.T. MOORTHY	0.80	0.80	0.40	2.00
2.	MR M.R. SIVARAMAN, IAS (RETD.)	0.80	0.80	0.40	2.00
3.	MR KANNAN K UNNI	0.60	0.60	-	1.20
4.	DR. SHANKAR NARAISMHAN	0.80	0.80	-	1.60
5.	MR T.S. RAGHAVAN	0.80	-	-	0.8
6.	SMT. R. RAJALAKSHMI	0.80	-	-	0.8
	<b>TOTAL (I)</b>	<b>4.60</b>	<b>3.00</b>	<b>0.80</b>	<b>8.40</b>
<b>II.</b>	<b>OTHER NON EXECUTIVE DIRECTORS :</b>				
1.	MR A.K. AGARWALA	0.60	-	-	0.60
2.	MR R. KARTHIKEYAN	0.60	0.60	0.30	1.50
	<b>TOTAL (II)</b>	<b>1.20</b>	<b>0.60</b>	<b>0.30</b>	<b>2.10</b>
	<b>TOTAL B = (I) + (II)</b>	<b>5.80</b>	<b>3.60</b>	<b>1.10</b>	<b>10.50</b>

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

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: (in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total amount
		CEO (K.Sendhil Naathan)	Company Secretary (Punita Aggarwal)	CFO (N.R. Ravichandran)	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of The Income Tax Act, 1961	95.98	3.00	52.55	151.53
	(b) Value of perquisites under Section 17(2) of The Income Tax Act, 1961	2.65	-	1.20	3.85
	(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				
	TOTAL	98.63	3.00	53.75	155.38

### 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					

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 :

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

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.

- (v) 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 9.55%.

- (vi) The percentage increase in the median remuneration of employees in the financial year;

During the Financial year 2018-19, there was an increase of 22.34% 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.

- (vii) The number of permanent employees on the rolls of company;

There were 139 permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2019.

- (viii) 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 9.55% compared to 21.54% 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 Audit of the Ind AS Financial**  
**Statements Opinion**

1. We have audited the accompanying Ind AS financial statements of Tanfac Industries Limited ('the Company'), which comprise the Balance sheet as at 31 March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of cash flow for the year then ended, notes to the Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

2. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Ind AS financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules

thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

3. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current year. These matters are addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on such matters. Based on our judgement, we have decided that there are no reportable Key Audit Matters.

**Other Information**

4. The Company's Board of Directors is responsible for the other information comprising of the information included in the Company's Management Discussion and Analysis, Board's Report, Corporate Governance and other such disclosures, but does not include the financial statements and auditors' report thereon ('other information'). Based on review of certified draft of such other information provided by the management, we report that the same is not materially inconsistent with the Ind AS financial statement.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information when it becomes available, and in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Other information, if we conclude

that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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, management and Board of Directors are 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS financial statements

5. Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements. Our audit process in accordance with SAs is narrated in Annexure 1 to this report.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditors' Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143 (11) of the Act, we give in the 'Annexure 2' a statement on the matters specified in paragraphs 3 and 4 of the Order.
8. As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- c) The Balance Sheet, the Statement of Profit and Loss, Statement of Other Comprehensive Income, the Statement of Changes in Equity and the 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 Indian Accounting Standards specified under Section 133 of the Act;
- e) On the basis of written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164(2) of the Act; and
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 3'.
- g) In terms of provisions of section 197(16) of the Act, as per the information and explanation given, we report that the managerial remuneration paid by the Company to its Directors is in accordance with the provisions of section 197 of the Act
- h) With respect to the other matters to be included in the Auditors' 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 as at 31 March 2019 on its financial position in its Ind AS financial statements - Refer Note 28.4(e) to the Ind AS financial statements;
- (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 28.4(h) to the Ind AS financial statements;
- (iii) There is delay by the company in transferring amount of ₹3.38 Lakhs, required to be transferred to the Investor Education and Protection Fund.

**For Khimji Kunverji & Co LLP**  
(Formerly Khimji Kunverji & Co – FRN 105146W)  
Chartered Accountants

Hasmukh Dedhia  
Partner  
Camp: Chennai  
Date: May 22, 2019      Membership No: 033494



## ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

### **Annexure 1 to the Independent Auditor's Report to the members of Tanfac Industries Limited (Referred to in Para 6 thereof titled 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statement')**

As part of our audit in accordance with SAs we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

### **Annexure 2 to the Independent Auditor's Report to the members of Tanfac Industries Limited (Referred to in para 7 thereof titled 'Report on Other Legal and Regulatory Requirement')**

- |  |   |
|--|---|
| <p>(i) In respect of its property, Plant &amp; equipment's;</p> <p>(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.</p> <p>(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company</p> | <p>the Order is not applicable to the Company.</p> <p>(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans given, investments made, guarantees given and security provided.</p> <p>(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.</p> <p>(vi) We have broadly reviewed the books of account maintained by the Company as specified under Section 148(1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.</p> <p>(vii) In respect of Statutory Dues</p> |
| <p>(ii) The inventory, except for goods-in-transit, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.</p> <p>(iii) In our opinion and according to the information and explanations given to us, 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) of</p>   | <p>(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Duty of Customs, Cess and other material</p>   |

## ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

statutory dues were in arrears as at 31 March 2019 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 on the basis of our examination of the records of the

Company, details of dues of Income-tax, Sales-tax, Service tax, Duty of Customs, Duty of Excise and Value added tax which have not been deposited as at 31 March 2019 on account of disputes are given below:

Nature of Statute	Nature of Dues	Period to which the Amount Relates (Assessment Year)	Forum where Dispute is Pending	Amount in INR Unpaid/ (refund)
TNGST Act, 1959	Levy of sales tax from sales affected through Pondicherry	1989-90 & 1990-91	Appeal before Tamil Nadu Sales Tax Appellate Tribunal	52.77
Custom Act, 1962	Duty on fluorspar shipment shortage	1998-99	Customs Officer	10.79
Central Excise Act, 1944	Interest Accrued to be added	2001-02	SB, CEGAT, Chennai	0.27
	Excise duty on freight collected on outward freight	January'11-October'11	Asst. Commissioner Cuddalore	3.55
	Excise duty on Job Work to Shasun Chemicals	2012-13 & 2013-14	Joint. Commissioner /Audit-II Commissionerate, Chennai	10.75
	Excise duty on Job Work to Shasun Chemicals	2014-15	Joint. Commissioner /Audit-II Commissionerate, Chennai	8.18
Finance Act, 1994 (Service Tax)	Service Tax on Lease Rent	2001-02 to 2004-05	The Commissioner/The Asst. Commissioner, Pondicherry	12.30
	Reversal of ITC on sales to SEZ in other state	2012-13	O/o. The Asst. Commissioner. (CT) (FAC), Cuddalore Taluk.	1.51
Income Tax Act, 1961	Replacement of equipment claimed as revenue expenditure, reclassified by Dept. as capital expenditure [tax demanded] (Including Interest)	2002-03	Income Tax Appellate Tribunal	85.39
	Disallowance of various expenses (Including Interest)	2007-08	The Commissioner of Income Tax [Appeals], Chennai	75.79

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

- |   |   |
|---|---|
| <p>(viii) According to the information and explanations given to us, and based on the records of the Company, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, government and dues to debenture holders.</p> <p>(ix) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) and loans during the year. Hence, clause (ix) of paragraph 3 of the Order is not applicable.</p> <p>(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.</p> <p>(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.</p> <p>(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.</p> <p>(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in</p> | <p>compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.</p> <p>(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.</p> <p>(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.</p> <p>(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45 - IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.</p> |
|---|---|

**For Khimji Kunverji & Co LLP**  
(Formerly Khimji Kunverji & Co – FRN 105146W)  
Chartered Accountants

Hasmukh Dedhia  
Partner  
Camp: Chennai  
Date: May 22, 2019      Membership No: 033494

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

### **Annexure 3 to the Independent Auditor's Report to the members of Tanfac Industries Limited (Referred to in para 8(f) thereof titled 'Report on Other Legal and Regulatory Requirement')**

#### **Opinion**

1. In conjunction with our audit of the Ind AS financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to Ind AS financial statements of Tanfac Industries Limited ('the Company') as of that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls system with reference to Ind AS financial statements and such internal financial controls were operating effectively, bearing scope for improvement of effectiveness in some areas, as at 31 March, 2019, based on the internal financial controls with reference to Ind AS financial statements 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 (the 'Guidance Note').

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

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's

policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as 'the Act').

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Ind AS financial statements. 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 with reference to Ind AS financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement,

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

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 with reference to Ind AS financial statements.

Meaning of Internal Financial controls with Reference to Ind AS financial statements

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

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

Inherent Limitations of Internal Financial controls with Reference to Ind AS financial statements

5. Because of the inherent limitations of internal financial controls with reference to Ind AS financial statements, 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 with reference to Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For Khimji Kunverji & Co LLP**  
(Formerly Khimji Kunverji & Co – FRN 105146W)  
Chartered Accountants

Hasmukh Dedhia  
Partner  
Camp: Chennai  
Date: May 22, 2019      Membership No: 033494

## BALANCE SHEET AS AT 31ST MARCH 2019

(₹ in Lakhs)			
Particulars	Note	As at 31st Mar 2019	As at 31st Mar 2018
<b>ASSETS</b>			
<b>1) Non-Current Assets</b>			
a) Property, Plant and Equipment	2	3,434.17	4,086.67
b) Capital Work in Progress	2	88.47	19.46
c) Other Intangible Assets	2	-	2.91
d) Financial Assets			
i) Investments	3	85.98	75.41
ii) Other Financial Assets	4	35.83	26.89
e) Other Non-Current Assets	5	95.23	115.40
<b>Total Non-Current Assets (A)</b>		<b>3,739.68</b>	<b>4,326.74</b>
<b>2) Current Assets</b>			
a) Inventories	6	3,028.75	1,690.44
b) Financial Assets			
i) Trade Receivables	7	2,292.35	1,941.39
ii) Cash & Cash Equivalents	8	0.83	0.79
iii) Bank balances other than (ii) above	8	94.46	3.37
iv) Loans & Advances	9	34.45	19.09
c) Other Current Assets	10	2,431.52	569.88
<b>Total Current Assets (B)</b>		<b>7,882.36</b>	<b>4,224.96</b>
<b>Total Assets (A + B)</b>		<b>11,622.04</b>	<b>8,551.70</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
a) Equity Share Capital	11	997.50	997.50
b) Other Equity	12	3,805.08	266.04
<b>Total Equity (C)</b>		<b>4,802.58</b>	<b>1,263.54</b>
<b>Liabilities</b>			
<b>1) Non-Current Liabilities</b>			
a) Financial Liabilities			
i) Borrowings	13	559.47	668.17
b) Provisions	14	48.95	60.35
c) Deferred Tax Liability (net)		568.67	-
<b>Total Non Current Liabilities (D)</b>		<b>1,177.09</b>	<b>728.52</b>
<b>2) Current Liabilities</b>			
a) Financial Liabilities			
i) Borrowings	15	620.32	3,677.14
ii) Trade Payables	16		
- Outstanding Dues of Micro and Small Enterprises		3.92	6.75
- Outstanding Dues of Creditors other than Micro and Small Enterprises		2,555.44	1,649.71
b) Other Current Liabilities	17	504.49	325.75
c) Provisions	18	1,958.20	900.29
<b>Total Current Liabilities (E)</b>		<b>5,642.37</b>	<b>6,559.64</b>
<b>TOTAL EQUITY AND LIABILITIES (C + D + E)</b>		<b>11,622.04</b>	<b>8,551.70</b>
Significant Accounting Policies, Key Accounting Estimates and Judgements.	1		
The accompanying Notes are an integral part of the Financial Statements.			
As per our report of even date attached For Khimji Kunverji & Co LLP (formerly Khimji Kunverji & Co. - FRN 105146W) Chartered Accountants		For and on behalf of the Board of Directors of Tanfac Industries Limited CIN: L24117TN1972PLC006271	
K.Sendhil Naathan Chief Executive Officer		R.Karthikeyan Director DIN: 00824621	
Hasmukh B. Dedhia Partner (F-033494)		V.T.Moorthy Director DIN: 00007648	
N.R.Ravichandran Chief Financial Officer		M.R.Sivaraman Director DIN: 00020075	
Camp : Chennai Date : May 22, 2019		Punita Aggarwal Company Secretary	



# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

(₹ in Lakhs)			
Particulars	Note	As at 31st Mar 2019	As at 31st Mar 2018
<b>INCOME</b>			
Revenue from Operations	19	22,171.26	16,541.77
Other Income	20	94.02	33.28
<b>Total Income (A)</b>		<b>22,265.28</b>	<b>16,575.05</b>
<b>EXPENDITURE</b>			
Cost of Material Consumed	21	11,007.96	8,547.58
Changes in inventories of Finished goods, Stock in Trade and Work in Progress	22	(142.56)	84.68
Excise Duty on sales	23	-	354.05
Employee Benefit Expenses	24	1,158.87	1,136.74
Finance cost	25	304.40	597.76
Depreciation / Amortization and Impairment Expenses	2	802.29	494.02
Power and Fuel	26	2,322.47	1,944.00
Other Expenses	27	2,648.53	2,436.68
<b>Total Expenses (B)</b>		<b>18,101.96</b>	<b>15,595.52</b>
<b>Profit Before Tax (C = A-B)</b>		<b>4,163.32</b>	<b>979.53</b>
<b>Tax Expense</b>			
1) Current Tax		764.22	198.08
2) Deferred Tax		566.54	-
3) MAT Credit Entitlement / Refund		(764.22)	(186.34)
<b>Profit for the Year (D)</b>		<b>3,596.78</b>	<b>967.79</b>
<b>Other Comprehensive Income (OCI)</b>			
(i) Items that will not be reclassified to Profit or Loss	28	12.24	(29.77)
(ii) Income tax relating to items that will not be reclassified to Profit or loss		(2.14)	-
(iii) Items that will be reclassified subsequently to profit or loss		-	-
(iv) Income tax relating to items that will be reclassified to Profit or loss		-	-
<b>Other Comprehensive Income for the Year (E)</b>		<b>10.10</b>	<b>(29.77)</b>
<b>Total Comprehensive Income for the year (D + E)</b>		<b>3,606.88</b>	<b>938.02</b>
Earnings per Share (Face Value of ₹10 each fully paid up)			
- Basic		36.06	9.70
- Diluted		36.06	9.70
Significant Accounting Policies, Key Accounting Estimates and Judgements.	1		
The accompanying Notes are an integral part of the Financial Statements.			
As per our report of even date attached For Khimji Kunverji & Co LLP (formerly Khimji Kunverji & Co. - FRN 105146W) Chartered Accountants		For and on behalf of the Board of Directors of Tanfac Industries Limited CIN: L24117TN1972PLC006271	
K.Sendhil Naathan Chief Executive Officer		R.Karthikeyan Director DIN: 00824621	
Hasmukh B. Dedhia Partner (F-033494)		V.T.Moorthy Director DIN: 00007648	
N.R.Ravichandran Chief Financial Officer		M.R.Sivaraman Director DIN: 00020075	
Camp: Chennai Date : May 22, 2019		Punita Aggarwal Company Secretary	

# STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019

(₹ in Lakhs)

A) EQUITY SHARE CAPITAL	As At 31st Mar 2019	As At 31st Mar 2018
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

B) OTHER EQUITY	General Reserve	Retained Earnings	Securities premium	Capital Reserve	Equity Instruments through OCI	Total
Balance as at 1st April 2018 (I)	3,824.96	(3,591.56)	2.18	30.46	-	266.04
Profit for the year		3,596.78				3,596.78
Dividend Distribution Tax						
Dividend on 11% Cumulative Non convertible Preference Shares including arrears		(67.83)				(67.83)
Other Comprehensive Income for the year (net of Income tax)		1.67*			8.44	10.10
<b>Total Comprehensive income for the year (2018-19) (II)</b>	-	<b>3,530.61</b>	-	-	<b>8.44</b>	<b>3,539.05</b>
<b>Balance as at 31st March 2019 (III) = I + II</b>	<b>3,824.96</b>	<b>(60.95)</b>	<b>2.18</b>	<b>30.46</b>	<b>8.44</b>	<b>3,805.08</b>

C) OTHER EQUITY	General Reserve	Retained Earnings	Securities premium	Capital Reserve	Equity Instruments through OCI	Total
Balance as at 1st April 2017 (I)	3,824.96	(4,529.58)	2.18	30.46	-	(671.98)
Profit for the year		967.79				967.79
Other Comprehensive Income for the year (net of Income tax)		(29.77)*				(29.77)
<b>Total Comprehensive income for the year (2017-18) (II)</b>	-	<b>938.02</b>	-	-	-	<b>266.04</b>
<b>Balance as at 31st March 2018 (III) = I + II</b>	<b>3,824.96</b>	<b>(3,591.56)</b>	<b>2.18</b>	<b>30.46</b>	-	<b>266.04</b>

\* Represent Measurement of Defined Benefit Obligations.

Significant Accounting Policies, Key Accounting Estimates and Judgements. Refer Note. 1

The accompanying Notes are an integral part of the Financial Statements.

As per our report of even date attached For Khimji Kunverji & Co LLP (formerly Khimji Kunverji & Co. - FRN 105146W) Chartered Accountants	K. Sendhil Naathan Chief Executive Officer	R. Karthikeyan Director DIN: 00824621	For and on behalf of the Board of Directors of Tanfac Industries Limited CIN: L24117TN1972PLC006271
Hasmukh B. Dedhia Partner (F-033494)	N.R. Ravichandran Chief Financial Officer	V. T. Moorthy Director DIN: 00007648	M.R. Sivaraman Director DIN: 00020075
Camp: Chennai Date : May 22, 2019	Punita Aggarwal Company Secretary		

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

(₹ in Lakhs)

S.No	Particulars	2018-2019		2017-2018	
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
	Net Profit before Tax Including Other Comprehensive Income	4,175.56		949.76	
	Adjustments for :			-	
	Depreciation & Amortisation of Expenses	802.29		494.02	
	Finance Cost	304.40		597.76	
	Interest on Income tax	-		(11.74)	
	Provision for Liabilities no longer required written back	(44.05)		(20.51)	
	Loss / (Profit) on Sale of Fixed Assets	(5.27)		0.00	
	Interest & Dividend Income	(12.66)		(11.99)	
	Provision for Advances	0.58		5.96	
	Provision for Sales Tax	-		11.39	
	Provision for Inventories	(31.00)		45.01	
	Operating Profit before Working Capital changes		5,189.85		2,059.65
	Adjustments for :				
	Trade and Other Receivables	(2,225.35)		(473.59)	
	Inventories	(1,307.32)		(650.94)	
	Trade Payable and Provisions	1,351.59		606.69	
			(2,181.08)		(517.84)
	Cash Generated From / (Used in) Operations		3,008.77		1,541.81
	Direct Taxes (Payment) / Refund (net)	680.00		196.00	
			680.00		196.00
	<b>Net Cash Generated From / (Used in) Operating Activities</b>		<b>3,688.77</b>		<b>1,737.81</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Purchase of Property Plant & Equipment (Note-II below)	(220.10)		(79.59)	
	Sale of Fixed Assets	6.89		0.01	
	Investment In Bank Fixed Deposits	(91.10)		(3.37)	
	Interest and Dividend Income	10.71		8.14	
	<b>Net Cash flow From / (Used in) Investing Activities</b>		<b>(293.60)</b>		<b>(74.82)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

S.No	Particulars	2018-2019		2017-2018	
C.	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
	Buyer's credit/ICD	(2,899.29)		(995.79)	
	Short term loan availed	(157.53)		(104.83)	
	Amortized Cost on Redeemable NC Preference Shares	(108.70)		(56.17)	
	Finance Cost	(195.70)		(541.59)	
	Dividend Distribution Tax	(33.92)		-	
	<b>Net Cash flow From / (Used in) financing Activities</b>		(3,395.14)		(1,698.38)
	<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		0.03		(35.38)
	Cash & Cash Equivalents at the Beginning of the year (Note 8)	0.79		36.17	
	Cash & Cash Equivalents at the End of the year (Note 8)	0.83		0.79	
	Significant Accounting Policies - Note 1		0.03		(35.38)
	The accompanying notes are an intergral part of the financial statements				
Note I	The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows, as prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015.				
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.				

As per our report of even date attached  
For Khimji Kunverji & Co LLP  
(formerly Khimji Kunverji & Co. - FRN 105146W)  
Chartered Accountants

K.Sendhil Naathan  
Chief Executive Officer

Hasmukh B. Dedhia  
Partner (F-033494)

N.R.Ravichandran  
Chief Financial Officer

Camp: Chennai  
Date : May 22, 2019

Punita Aggarwal  
Company Secretary

For and on behalf of the Board of Directors of  
Tanfac Industries Limited  
CIN: L24117TN1972PLC006271

R.Karthikeyan  
Director  
DIN: 00824621

V.T.Moorthy  
Director  
DIN: 00007648

M.R.Sivaraman  
Director  
DIN: 00020075

## SIGNIFICANT ACCOUNTING POLICIES

### CORPORATE INFORMATION

"Tanfac Industries Limited is a joint venture company promoted by the Aditya Birla Group and the Tamil Nadu Industrial Development Corporation (TIDCO). Incorporated in 1972, it is one of India's largest suppliers of fluorine chemicals. The equity shares of the Company are listed on BSE Ltd (BSE) and National Stock Exchange of India Ltd (NSE). The address of its registered office is Plot No. 14 SIPCOT Industrial Complex Kudikadu, Cuddalore - 607005, Tamilnadu. "

### Note 1(A) Significant Accounting Policy

#### 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 are approved by the Board of Directors of the Company at their meeting held on 22nd May, 2019

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

##### Basis of Preparation:

The financial statements have been prepared on the going concern basis and a historical cost basis, except for the following assets and liabilities:

- (i) Certain financial assets and liabilities measured at fair value
- (ii) Employee's Defined Benefit Plan measured 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, and all values are rounded to the nearest Lakhs, except as stated otherwise.

##### 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 months period has been considered by the Company as its normal operating cycle

## SIGNIFICANT ACCOUNTING POLICIES

### 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 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 de-recognised 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 sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE. Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the reporting date

### 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 is the systematic allocation of the depreciable amount over its useful life. Depreciation on Buildings and Plant & Machinery 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 which has been considered as technically assessed and is less than the period prescribed under Schedule II to the Companies Act, 2013. Depreciation on all other assets other than Buildings and Plant & Machinery has been provided on Written Down Value method.

The Company has used the following useful lives of the property, plant and equipment to provide depreciation.

## SIGNIFICANT ACCOUNTING POLICIES

Major assets class where useful life considered as provided in Schedule II:

Sr. No	Nature	Estimated Useful Life
1	Buildings	30/60 Years
2	Plant & Machinery	8-15 Years
4	Office Equipment	4-7 Years
5	Furniture & Fixture	7-12 Years
6	Company Vehicles (Other Than those provided to Employees)	3 Years
7	Motor Cars given to Employees as per the Company's Scheme Policy	5-12 Years
8	Server & Networks	4-5 Years
9	Stores and Spares in the Nature of PPE	3 Years
10	Assets individually costing less than or equal to ₹5000 each	Fully Depreciated in the year of Purchase

Also,

- 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 and amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively
- vi) Leasehold lands are amortized over the period of the lease.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company

### 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.

## SIGNIFICANT ACCOUNTING POLICIES

Intangible assets are measured at cost. Following initial recognition, intangible asset is carried at acquisition/development cost 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 with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset. Intangible assets are amortised on a straight-line basis over their estimated useful lives.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is recognised.

### **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.

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.



## SIGNIFICANT ACCOUNTING POLICIES

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.

The management must be committed to the sale/ distribution expected within one year from the date of classification.

### **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. The cost is computed on weighted average basis which includes expenditure incurred for acquiring inventories like purchase price, import duties, taxes (net of tax credit) and other costs incurred in bringing the inventories to their present location and condition

#### **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.

Obsolete, defective, slow moving and unserviceable inventories, if any, are duly provided for.

### **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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred

### **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.

## SIGNIFICANT ACCOUNTING POLICIES

### m. Revenue Recognition:

Revenue is recognized on the basis of approved contracts regarding the transfer of goods or services to a customer for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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 the control over the goods have passed to the buyer. Sales are disclosed net of 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:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset, or assets and the arrangement conveys a right to use the asset, or assets even if that right is not explicitly specified in an arrangement.

#### Operating Lease:

Leases, where significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases and lease rentals thereon are charged to the Statement of Profit and Loss on a straight-line basis over the lease term, unless the lease agreement explicitly states that the increase is on account of inflation.

#### Finance Lease:

Leases, where substantially all the risks and benefits incidental to ownership of the leased item are transferred to the Lessee, are classified as finance lease. The assets acquired under finance lease are capitalised at lower of fair value and present value of the minimum lease payments at the inception of the lease and disclosed as leased assets. Such assets are amortised over the period of lease or estimated life of such asset, whichever is less. Lease payments are apportioned between the finance charges and reduction of the lease liability based on implicit rate of return. Lease management fees, lease charges and other initial direct costs are capitalised.

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.

## SIGNIFICANT ACCOUNTING POLICIES

### **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.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income. Re-measurement 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, Employees state Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to Statement of Profit or Loss for the year when the contributions to the respective funds are due.

#### **Other long-term employee benefits:**

The Company has a scheme for leave encashment for employee, 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.

#### **Short Term Employee Benefits:**

Short-term employee benefits are recognised as an expense on accrual basis.

### **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. The tax rates and tax laws used to compute the amount are

## SIGNIFICANT ACCOUNTING POLICIES

those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and established provisions, where appropriate.

### **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

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)**

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. In the year in which the MAT credit becomes eligible to be recognised, it is credited to the Statement of Profit and Loss and is considered as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period. Minimum Alternate Tax (MAT) Credit are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence, it is presented with Deferred Tax Asset.

### **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

## SIGNIFICANT ACCOUNTING POLICIES

differences are regarded as an adjustment to interest cost on those foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs 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 that have changed the number of equity shares outstanding, without a corresponding change in resources.

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:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. 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.

#### **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

## SIGNIFICANT ACCOUNTING POLICIES

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in statement of profit or loss. This category generally applies to trade and other receivables.

### **Fair Value through Other Comprehensive Income ('FVOCI') :**

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 (SPPI) on the principal amount outstanding.

Financial Asset included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is re-classified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### **Fair Value through Profit or Loss ('FVTPL'):**

FVTPL is a residual category for Financial Asset. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVTPL.

Financial Assets included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

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 election on an instrument-by-instrument basis. Where the Company's management has elected 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 Financial Assets, 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 statement of profit or loss if such gain or loss would have otherwise been recognised in statement of 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 statement of profit or loss if such gain or loss would have otherwise been recognised in statement of 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**

#### **Fair Value Measurement:**

The Company measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) and derivatives at fair values at each Balance Sheet date.



## SIGNIFICANT ACCOUNTING POLICIES

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: In the principal market for the asset or liability, or In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities (for which fair value is measured or disclosed in the financial statements) are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable other than quoted prices included in level 1.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for disposal in discontinued operations.

At each reporting date, Management analyses the movements in the values of assets and liabilities, which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

### **Financial Liabilities:**

Financial liabilities are classified, at initial recognition as fair value through profit or loss:

- Loans and borrowings,

## SIGNIFICANT ACCOUNTING POLICIES

- Payables, or
- as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings and payables are recognised net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### **Subsequent Measurement:**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial Liabilities at FVTPL:**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group, that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss. Financial liabilities, designated upon initial recognition at FVTPL, are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

#### **Loans and Borrowings:**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the Statement of Profit and Loss, when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

#### **De-recognition of Financial Liabilities:**

The Group de-recognises financial liabilities when and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

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

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand, including fixed deposit with original maturity period of three months or less and short-term highly liquid investments with an original maturity of three months or less, 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.

## SIGNIFICANT ACCOUNTING POLICIES

### u. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### v. Derivative Financial Instruments and Hedge Accounting:

The Company enters into derivative financial instruments viz. foreign exchange forward contracts to manage its exposure 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 statement of 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

### w. 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. Operating Segments are identified based on monitoring of operating results by the chief operating decision maker (CODM) separately for the purpose of making decision about resource allocation and performance assessment.

## SIGNIFICANT ACCOUNTING POLICIES

Operating Segment is identified based on the nature of products and services, the different risks and returns, and the Internal Business Reporting System.

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.

### **x. Cash Dividend to Equity Holders of the Company:**

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in other equity.

### **Note 1(B) : Significant Accounting Judgements, 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.

## SIGNIFICANT ACCOUNTING POLICIES

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.

**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.

# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

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

Sr. No.	Description of the Block of Assets	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK	
		As at 01/04/2018	Additions	Deductions/ Discarded	As at 31/03/2019	As at 01/04/2018	Depreciation	Deductions	As at 31/03/2019
	<b>Tangible Asset</b>								
1	Freehold Land	12.01	-	-	12.01	-	-	-	12.01
2	Leasehold Land	39.68	-	-	39.68	12.33	0.38	-	26.97
3	Building- Freehold	207.46	-	-	207.46	66.24	3.22	-	138.00
4	Building- Leasehold	524.43	-	-	524.43	339.68	10.94	-	173.81
5	Road, Well, Culvert, Fencing etc	100.17	-	-	100.17	91.28	0.09	-	8.80
6	Plant & Machinery	12,274.60	96.75	-	12,371.35	8,622.37	760.40*	-	2,988.58
7	Plant & Machinery- Data Processing Equipments	172.84	4.74	-	177.58	163.47	1.05	-	13.06
8	Vehicles & Tanks	216.45	30.35	30.08	216.72	180.05	15.39	28.46	49.74
9	Furnitures & Fixtures	72.08	3.13	-	75.21	67.86	4.03	-	3.32
10	Office Equipment	172.37	13.53	-	185.90	162.14	3.88	-	19.88
	<b>Total</b>	<b>13,792.09</b>	<b>148.50</b>	<b>30.08</b>	<b>13,910.51</b>	<b>9,705.42</b>	<b>799.38</b>	<b>28.46</b>	<b>3,434.17</b>
	<b>Intangible Assets</b>								
1	Software Items	6.21	-	-	6.21	5.90	0.31	-	-
2	Specialised Software	52.08	-	-	52.08	49.48	2.60	-	-
	<b>Total</b>	<b>58.29</b>	<b>-</b>	<b>-</b>	<b>58.29</b>	<b>55.38</b>	<b>2.91</b>	<b>-</b>	<b>-</b>
	<b>Capital Work In Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88.47</b>

\* Depreciation on Plant & Machinery includes impairment of IBAP plant of ₹ 323.53

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

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	Deductions	As at 31/03/2018	As at 31/03/2018
	<b>Tangible Asset</b>									
1	Freehold Land	12.01	-	-	12.01	-	-		-	12.01
2	Leasehold Land	39.68	-	-	39.68	11.95	0.38		12.33	27.35
3	Building- Freehold	207.46	-	-	207.46	63.02	3.22		66.24	141.22
4	Building- Leasehold	524.43	-	-	524.43	328.74	10.94		339.68	184.75
5	Road, Well, Culvert, Fencing etc	100.17	-	-	100.17	91.19	0.09		91.28	8.89
6	Plant & Machinery	12,175.97	98.63	-	12,274.60	8,157.40	464.97		8,622.37	3,652.23
7	Plant & Machinery- Data Processing Equipments	172.53	0.31	-	172.84	161.99	1.48		163.47	9.37
8	Vehicles & Tanks	208.65	7.80	-	216.45	169.75	10.30		180.05	36.40
9	Furnitures & Fixtures	70.37	1.71	-	72.08	66.53	1.33		67.86	4.22
10	Office Equipment	171.16	1.39	0.18	172.37	161.00	1.31	0.17	162.14	10.23
	<b>Total</b>	<b>13,682.43</b>	<b>109.84</b>	<b>0.18</b>	<b>13,792.09</b>	<b>9,211.57</b>	<b>494.02</b>	<b>0.17</b>	<b>9,705.43</b>	<b>4,086.67</b>
	<b>Intangible Assets</b>									
1	Software Items	6.21			6.21	5.90			5.90	0.31
2	Specialised Software	52.08			52.08	49.48			49.48	2.60
	<b>Total</b>	<b>58.29</b>	<b>-</b>	<b>-</b>	<b>58.29</b>	<b>55.38</b>	<b>-</b>	<b>-</b>	<b>55.38</b>	<b>2.91</b>
	<b>Capital Work In Progress</b>									<b>19.46</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

### 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. Depn.	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 and 2018-19, impairment provision was made in respect of Plant and machinery as per details given below:

Asset	Acquisition Cost	Acc. Depn. As of 31/03/2019 (Excluding Impairment)	Impairment in 2012-13	Impairment in 2018-19	Carrying Cost As of 31/03/2019
Plant & Machinery - IBAP	1,594.44	833.50	277.96	323.53	159.45
Plant & Machinery - Bio Mass Plant	131.24	64.31	60.37	-	6.56
<b>Total</b>	<b>1,725.68</b>	<b>897.81</b>	<b>338.33</b>	<b>323.53</b>	<b>166.01</b>



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

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

(₹ in Lakhs)

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
16,963 Shares of ₹100/- each fully paid up in Equity shares of Cuddalore Sipcot Industries Common Utilities Limited	85.98	75.41
<b>TOTAL</b>	<b>85.98</b>	<b>75.41</b>

Note:

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

(Long Term Fully Paid up)

(₹ in Lakhs)

Particulars	Face Value ₹	As at 31st Mar 2019		As at 31st Mar 2018	
		No.	Amount	No.	Amount
Investment in Equity Instrument Carried at Fair Value through Other Comprehensive Income (FVTOCI)	100	16,963	85.98	16,963	75.41
<b>Total</b>		<b>16,963</b>	<b>85.98</b>	<b>16,963</b>	<b>75.41</b>

### NOTE - 4 Non Current -Other Financial Assets

(₹ in Lakhs)

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
Security Deposits & Other Deposits	3.50	2.74
Loans & Advances to related parties (Refer Note 29.2)	1.98	1.98
Rent Advance	4.29	4.29
Less: Allowance on Rent Advance	(4.29)	(3.71)
Income Tax Refund Receivables	30.35	21.59
	<b>35.83</b>	<b>26.89</b>

### NOTE - 5 Other Non Current Assets

(₹ in Lakhs)

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
Input Credit, Statutory/Electricity deposits etc	95.23	115.40
<b>TOTAL</b>	<b>95.23</b>	<b>115.40</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

### NOTE - 6 INVENTORIES

(₹ in Lakhs)

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
Raw materials including Packing Materials	2,290.84	1,179.79
Raw materials including Packing Materials Indigenous - In transit	41.18	21.84
Work-in-Progress	2.13	1.58
Finished Goods	472.85	330.84
Stores, Spares & Consumables (Net of Provision for Inventory of ₹(30.99) Lakhs) (PY ₹45.01Lacs)	143.76	94.88
Coal, Fuel Oil & Other utilities	77.99	61.51
<b>TOTAL</b>	<b>3028.75</b>	<b>1690.44</b>

6.1 Valued at lower of cost and net realisable value, unless otherwise stated.

6.2 The Company follows suitable provisioning norms for writing down the value of Inventories towards slow moving/obsolete inventory.

6.3 Working Capital Borrowings are secured by hypothecation of inventories of the Company.

### NOTE - 7 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
Trade Receivables		
Secured, considered good		
Unsecured, considered good	2,328.14	1,959.28
Less : Provision for doubtful debt	(35.79)	(17.89)
<b>TOTAL</b>	<b>2,292.35</b>	<b>1,941.39</b>

### NOTE - 8 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
<b>A. Cash &amp; Cash Equivalent</b>		
Balances with Bank		
Current Accounts	0.08	0.08
EEFC Account	0.75	0.71
<b>TOTAL (A)</b>	<b>0.83</b>	<b>0.79</b>
<b>B. Other Bank Balance</b>		
Unclaimed Dividend	3.36	3.37
Deposit Accounts	91.10	-
<b>TOTAL (B)</b>	<b>94.46</b>	<b>3.37</b>
<b>TOTAL (A + B)</b>	<b>95.29</b>	<b>4.16</b>

Note : There are no restriction with regard to Cash and Cash Equivalents as at the end of reporting period and prior period.

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

### NOTE 9 CURRENT LOANS AND ADVANCES (Unsecured, Considered Good except otherwise stated)

(₹ in Lakhs)

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
Security Deposits & Other Deposits	2.29	3.41
Claims Recoverable	32.16	15.68
<b>TOTAL</b>	<b>34.45</b>	<b>19.09</b>

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

(₹ in Lakhs)

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
Export Incentives Receivable	80.19	70.04
MAT Credit Entitlement / Refund A/c	764.22	186.34
Income Tax Refund Receivables	186.34	-
Advance Tax Paid	876.00	196.00
Advance for Expenses & Purchases of Material	236.75	48.12
Claims Recoverable, VAT Input Credit etc	16.83	13.55
Prepaid Expenses	54.30	40.40
State Electricity deposits	32.76	-
Mark to Market on Currency Forward contracts	25.77	4.75
Advances for Fixed Assets	131.43	-
Others	26.92	10.68
<b>TOTAL</b>	<b>2,431.52</b>	<b>569.88</b>

### NOTE - 11 EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
<b>Authorised</b>		
2,50,00,000 Equity Shares of ₹10/- each	2,500.00	2,500.00
10,00,000 11% Redeemable Cumulative Preference Shares of ₹100 each	1,000.00	1,000.00
	<b>3,500.00</b>	<b>3,500.00</b>
<b>Issued, Subscribed and Paid up</b>		
99,75,000 Equity shares of ₹10/- each fully paid up	997.50	997.50
	<b>997.50</b>	<b>997.50</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

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

11.2 Reconciliation of the No. of Shares outstanding is set out below: (₹ in Lakhs)

SN	Particulars	As at 31st Mar 2019		As at 31st Mar 2018	
		No.	Amount	No.	Amount
I	Equity Shares at the beginning of the year	99,75,000	997.50	99,75,000	997.50
	Add: Shares issued if any during the year	-	-	-	-
	Equity Shares at the end of the year	99,75,000	997.50	99,75,000	997.50

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

Equity: (₹ in Lakhs)

Name of the Shareholder	As at 31st March 2019		As at 31st March 2018	
	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%
TGS Investment & Trade Pvt. Ltd.	19,90,652	19.96%	19,90,652	19.96%
Kamaljyot Investments Limited	6,55,880	6.58%	5,76,941	5.78%
Anshul Specialty Molecules	6,47,621	6.49%	6,16,907	6.18%
Pilani Investment & Industries Corporation Limited	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 31st Mar 2019	As at 31st Mar 2018
<b>Capital Reserve (A)</b>		
i) State Capital Subsidy from SIPCOT	30.00	30.00
ii) Profit on sale of Forfeited Shares	0.46	0.46
<b>TOTAL</b>	<b>30.46</b>	<b>30.46</b>
<b>Securities Premium Reserve (B)</b>	<b>2.18</b>	<b>2.18</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
<b>General Reserve (C)</b>		
Opening balance	3,824.96	3,824.96
<b>TOTAL</b>	3,824.96	3,824.96
<b>Retained Earnings (D)</b>		
Opening balance	(3,591.56)	(4,529.58)
Add: Net profit after tax transferred to P&L A/c	3,606.88	938.02
Dividend Distribution Tax (including on Arreas)	(67.83)	-
<b>TOTAL</b>	(52.52)	(3,591.56)
<b>Total (A + B + C + D)</b>	3,805.08	266.04

The Description of the nature and purpose of each reserve within equity is as follows:

- Securities Premium: Securities Premium is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares, write-off equity related expenses like underwriting costs, etc
- General Reserve: It is a free reserve, which is created by appropriation from undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard.
- Capital Reserve: Capital Reserve includes transfer of subsidy received from SIPCOT initially as an incentive for investing & setting up the industry in a notified area classified as backward / remote and transfer of profit on sale of forfeited shares.

### NOTE - 13 NON-CURRENT BORROWINGS (At Amortized cost)

(₹ in Lakhs)

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
5,00,000 11% Redeemable Cumulative Non-Convertible Preference Shares of ₹100 each fully paid up issued to Aditya Birla Chemicals India Limited	559.47	668.17
<b>TOTAL</b>	559.47	668.17

Note 1 : Aditya Birla Chemicals India Ltd since merged with Grasim Industries Ltd effective 05th January 2016.

Note 2: "Pursuant to the meeting held on May 22, 2019, the Board of Directors have passed a resolution approving redemption of 5,00,000 11% Redeemable Cumulative Non-Convertible Preference Shares of ₹100 each out of internal accruals."

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

### NOTE - 14 NON-CURRENT PROVISIONS

(₹ in Lakhs)

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
Employee Benefits		
Leave Encashment	48.95	60.35
<b>TOTAL</b>	<b>48.95</b>	<b>60.35</b>

### NOTE - 15 CURRENT BORROWINGS

(₹ in Lakhs)

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
<b><u>SECURED LOANS</u></b>		
Working Capital Borrowing		
Bank	620.32	777.85
Other	-	-
<b>TOTAL - I</b>	<b>620.32</b>	<b>777.85</b>
<b><u>UNSECURED LOANS</u></b>		
Loan Repayable on Demand from		
Banks	-	399.29
Others - Intercompany deposit	-	2,500.00
<b>TOTAL - II</b>	<b>-</b>	<b>2,899.29</b>
<b>TOTAL (I + II)</b>	<b>620.32</b>	<b>3,677.14</b>

#### 15.1 Nature of Security for Working Capital Borrowings from Bank

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.

#### 15.2 Working Capital Demand Loan

Working Capital demand Loan of ₹500 lakhs is obtained from Bank bearing an interest rate of 9.95% per annum

### NOTE - 16 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
Trade Payables		
Outstanding Dues of Micro and Small Enterprises	3.92	6.75
Outstanding Dues of Creditors other than Micro and Small Enterprises	2,555.44	1,649.71
<b>TOTAL</b>	<b>2,559.36</b>	<b>1,656.46</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

### "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: (₹ in Lakhs)

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
The Principal amount (Interest - Nil) remaining unpaid to any supplier as at the end of the each accounting year	3.92	6.75
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	-	-
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	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year : and	-	-
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	-	-

### NOTE - 17 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
Interest accrued but not due on Borrowings	-	2.02
Interest accrued & due on Borrowings	2.73	1.25
Advance from Customers	71.97	82.49
Unclaimed Dividend	3.37	3.38
<u>Other Payables</u>		
Statutory Dues	417.89	217.48
Security Deposits	5.95	7.95
Payables pertaining to employees	2.58	8.59
Creditors for Fixed Assets	-	2.59
<b>TOTAL</b>	<b>504.49</b>	<b>325.75</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

### NOTE - 18 CURRENT PROVISIONS

(₹ in Lakhs)

Particulars	As at 31st Mar 2019	As at 31st Mar 2018
Employee Benefits - Leave Encashment	69.71	54.87
Income Tax [(Net of Advance tax - ₹1092.68 lakhs) (Previous Year ₹272.37 lakhs)]	1,075.11	320.70
Disputed Liabilities	52.77	52.77
Provision for expenses	760.61	470.39
Provision for Gratuity	-	1.56
<b>TOTAL</b>	<b>1,958.20</b>	<b>900.29</b>

### 18.1 Movement of provisions during the year as required by Ind AS - 37 "Provisions, Contingent Liabilities and Contingent Asset"

#### a.) Provision for expenses

(₹ in Lakhs)

Particulars	As At 31st Mar 2019	As At 31st Mar 2018
Opening Balance	470.39	397.25
Add : Provision during the year	1,934.80	2,274.57
Less ; Utilised during the year	(1,644.57)	(2,201.43)
Less ; Unused Amount reversed during the year		
<b>Closing Balance</b>	<b>760.61</b>	<b>470.39</b>

### NOTE -19 Revenue from Operations

(₹ in Lakhs)

Particulars	Year Ended 31st Mar 2019	Year Ended 31st Mar 2018
<b>Sale of Products</b>		
Manufactured	21,629.69	15,707.25
<b>Total (A)</b>	<b>21,629.69</b>	<b>15,707.25</b>
<b>Other Operating Income</b>		
Export Incentives	36.82	23.41
Conversion charges	319.54	563.22
Scrap sales	7.38	28.95
Freight, Packing & forwarding	177.83	218.94
<b>Total (B)</b>	<b>541.57</b>	<b>834.52</b>
<b>Total Revenue from Operation (A + B)</b>	<b>22,171.26</b>	<b>16,541.77</b>
<b>Details of Sale Value of Goods manufactured under broad heads</b>		
Fluorine Chemicals	14,433.31	11,610.56
Sulphuric Acid and Oleum	6,399.50	3,639.28
Others (Gypsum and Specialty Chemicals)	796.88	457.41
	<b>21,629.69</b>	<b>15,707.25</b>



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

### NOTE - 20 Other Income

(₹ in Lakhs)

Particulars	Year Ended 31st Mar 2019	Year Ended 31st Mar 2018
Interest on Income Tax Refunds	-	0.78
Interest on deposits	12.66	11.99
Profit on sale of Fixed Assets	5.27	-
Other Miscellaneous receipt	1.04	-
Excess provisions & Liabilities no longer required written back	75.05	20.51
<b>Total</b>	<b>94.02</b>	<b>33.28</b>

### NOTE - 21

(₹ in Lakhs)

Particulars	Year Ended 31st Mar 2019	Year Ended 31st Mar 2018
<b>Cost of Raw Materials including Packing Material Consumed</b>		
Cost of Raw materials consumed	10,506.93	8,106.64
Cost of Packing materials consumed	501.03	440.94
<b>Total</b>	<b>11,007.96</b>	<b>8,547.58</b>
<b>Details of Materials Consumed under broad heads as follows</b>		
Fluorspar	5,768.23	4,060.22
Sulphur	2,877.22	2,504.80
Alumimum Hydroxide	109.73	480.06
Pottassium Carbonate	491.72	434.97
Others (includes Boric Acid / Ether and other materials used in speciality products)	1,761.06	1,067.53
<b>Total</b>	<b>11,007.96</b>	<b>8,547.58</b>

### NOTE - 22

(₹ in Lakhs)

Particulars	Year Ended 31st Mar 2019	Year Ended 31st Mar 2018
<b>Changes in Inventories of Finished goods and Work in Progress</b>		
<b>Opening 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>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

Particulars	Year Ended 31st Mar 2019	Year Ended 31st Mar 2018
<b>Less:</b>		
<b>Closing Stock</b>		
Finished Goods	(472.83)	(330.84)
Work-in-Progress	(2.13)	(1.58)
<b>Total</b>	<b>(474.96)</b>	<b>(332.42)</b>
Excise duty on Opening Stock	-	(31.25)
Excise duty on Closing Stock	-	-
<b>Increase / Decrease in Excise duty on Finished Goods</b>	<b>-</b>	<b>(31.25)</b>
<b>Increase / (Decrease) in Inventories of Finished Goods and WIP</b>	<b>(142.56)</b>	<b>84.68</b>
<b>Manufactured Goods</b>		
Fluorine Chemicals	418.03	308.38
Sulphuric Acid and Oleum	50.44	12.40
Others	4.36	10.06
<b>Total</b>	<b>472.83</b>	<b>330.84</b>
<b>Work-in-progress</b>		
Fluorine Chemicals	2.07	1.52
Others	0.06	0.06
<b>Total</b>	<b>2.13</b>	<b>1.58</b>

### NOTE - 23 Excise Duty On Sales

(₹ in Lakhs)

Particulars	Year Ended 31st Mar 2019	Year Ended 31st Mar 2018
Excise duty on Sales	-	354.05
<b>Total</b>	<b>-</b>	<b>354.05</b>

### NOTE - 24

(₹ in Lakhs)

Particulars	Year Ended 31st Mar 2019	Year Ended 31st Mar 2018
<b>Employee Benefit Expenses ( Refer Note 29.1)</b>		
Salaries, Wages and Bonus	952.98	895.99
Contribution to Provident & Other Funds	97.32	131.31
Staff Welfare Expenses	108.57	109.44
<b>Total</b>	<b>1,158.87</b>	<b>1,136.74</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

### NOTE - 25

(₹ in Lakhs)

Particulars	Year Ended 31st Mar 2019	Year Ended 31st Mar 2018
<b>Finance Cost</b>		
Interest Expenses		
Banks		
Borrowings - Working Capital	80.66	62.99
Others		
Interest on Inter Corporate Deposit	101.50	393.68
Amortised Cost of Preference shares	56.30	56.17
Others	0.97	0.41
Other Borrowing cost		
Processing Fees	22.25	51.11
Forward Cover Charges	42.72	33.40
<b>Total</b>	<b>304.40</b>	<b>597.76</b>

### NOTE - 26

(₹ in Lakhs)

Particulars	Year Ended 31st Mar 2019	Year Ended 31st Mar 2018
<b>Power and Fuel</b>		
Power	337.68	357.71
Furnace oil	1,192.31	931.43
Light Diesel oil	207.10	-
High Speed oil	98.42	94.28
Steam coal	486.96	560.58
<b>Total</b>	<b>2,322.47</b>	<b>1,944.00</b>

### NOTE - 27

(₹ in Lakhs)

Particulars	Year Ended 31st Mar 2019	Year Ended 31st Mar 2018
<b>Other Expenses</b>		
Consumption of stores and Spares	620.39	549.44
Effluent Treatment Expenses	79.47	87.21
Water charges	96.67	93.39
Other Manufacturing Expenses -Consumables and Operation Expenses	80.47	70.99
Repairs & Maintenance	-	-
- Building	53.37	56.56

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

Particulars	Year Ended 31st Mar 2019	Year Ended 31st Mar 2018
- Plant & machinery	248.74	236.54
- Others	306.14	249.66
Rent	6.60	6.03
Insurance (Net)	34.25	33.83
Rates & Taxes	33.24	26.18
Travelling & Conveyance	74.70	67.37
Vehicle Running Expenses	10.24	8.34
Communication Expenses	27.04	23.57
Auditors Remuneration		
Audit Fee	4.00	4.00
- Tax Audit Fee	1.00	1.00
- Limited Review	4.50	2.55
- Other Certification work	0.55	0.55
Travel and Stay Expenses	0.97	1.46
Printing & Stationery	11.40	11.62
Legal & Professional Charges	29.47	25.07
Consultancy Charges	0.75	3.13
Miscellaneous Expenses	53.94	50.51
R&D Expenses	-	0.28
Bank Charges ( other than borrowings)	79.31	61.84
Fluctuation in Exchange Rates (excluding forward cover charges)	25.73	26.77
Loss on sale of Fixed assets	-	0.00
Area maintenance charges	10.63	6.42
Security Service charges	41.87	36.10
Lease Charges	17.81	16.27
Freight Packing & forwarding	667.96	594.27
Directors sitting fees	10.50	11.20
Contribution To CSR Activities	3.52	-
Commission on sales	12.72	12.17
Provision for Inventory	-	45.01
Provision for Advances	0.58	5.96
Provision for Sales Tax	-	11.39
<b>Total</b>	<b>2,648.53</b>	<b>2,436.68</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

### NOTE - 28

(₹ in Lakhs)

Particulars	Year Ended 31st Mar 2019	Year Ended 31st Mar 2018
<b>Other Comprehensive Income</b>		
Net Actuarial Gain/(loss) on employees defined benefit obligation	1.67	(29.77)
Gain on Fair Value of Investments	10.57	-
<b>Total</b>	<b>12.24</b>	<b>(29.77)</b>

### 29. Notes to Financial Statements

#### 29.1. Employee Benefits:

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

(₹ in Lakhs)

Reconciliation of Defined Benefit Obligation (DBO):	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Present value of DBO at start of the year</b>	<b>270.16</b>	<b>254.28</b>
Interest Cost	19.86	17.46
Current Service Cost	29.46	27.79
Past Service Cost		-
Benefit Paid		
<u>Re-measurements:</u>	<b>(28.23)</b>	<b>(59.94)</b>
a. Actuarial Loss/(Gain) from changes in demographic assumptions	5.08	0.03
b. Actuarial Loss/(Gain) from changes in financial assumptions	(0.77)	24.93
c. Actuarial Loss/(Gain) from experience over the past period	(5.69)	0.61
<b>Present value of DBO at end of the year</b>	<b>289.86</b>	<b>270.16</b>

Reconciliation of Fair Value of Plan Assets :	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Fair Value of Plan Assets at the beginning of the year</b>	<b>268.58</b>	<b>248.23</b>
Interest Income on Plan Assets	21.55	19.32
Contributions by Employer	46.54	60.18
Benefit Paid	(28.23)	(54.94)
<u>Re-measurements:</u>		
Actuarial (Loss)/Gain	0.28	(4.21)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>308.71</b>	<b>268.58</b>
Actual Return on Plan Assets	21.82	15.11

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

Amount recognized in the Balance Sheet:	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Present value of DBO at the end of the year	289.86	270.16
Fair Value of Plan Assets at the end of the year	308.71	268.58
<b>Net Asset / (Liability) in the Balance Sheet</b>	<b>18.85</b>	<b>(1.58)</b>

Gratuity recognized in the Statement of Profit and Loss	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
Current Service Cost	29.46	27.79
Past Service Cost	-	-
Net Interest on net defined benefit liability/ (asset)	(1.68)	(1.85)
<b>Expense Recognized in Statement of Profit and Loss</b>	<b>27.78</b>	<b>25.94</b>

Remeasurement effects recognized in Other Comprehensive Income (OCI)	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Re-measurements on DBO		
a. Actuarial (Loss)/Gain from changes in demographic assumptions	(5.08)	(0.03)
b. Actuarial (Loss)/Gain from changes in financial assumptions	0.78	(24.92)
c. Actuarial (Loss)/Gain from experience over the past period	5.69	(0.61)
Re-measurements on Plan Assets		
Actuarial (Loss) / Gain	0.28	(4.21)
<b>Remeasurement effect recognized in OCI</b>	<b>1.67</b>	<b>(29.77)</b>

Principal Assumption used in determining Gratuity liability	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
Discount Rate	7.76%	7.70%
Interest rate for net interest on net DBO		
Attrition Rate	6.00%	6.00%
Salary Escalation	9.00%	9.00%
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

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

Sensitivity Analysis	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Increases 1%	Decreases 1%	Increases 1%	Decreases 1%
	Change in DBO (Amount)		Change in DBO (Amount)	
Salary Growth Rate	303.44	277.54	287.97	260.16
Discount Rate	277.65	303.54	260.10	281.25
Attrition Rate	288.02	291.90	268.84	271.59

### 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.

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 contributed ₹44.95 lakhs (P.Y. ₹10.00 lakhs) to gratuity trust for contribution to Aditya Birla Sunlife Insurance 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 ₹18.12 lakhs (P.Y. ₹16.43 lakhs) is recognized in Statement of Profit and Loss.

### d) The Company contributes towards Employees Provident Fund, Employees State Insurance Scheme, National Pension Scheme and Labour Welfare Fund. The aggregate amount contributed and charged to Statement of Profit and Loss is ₹69.54 lakhs (P.Y. ₹73.55 lakhs).

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

### 29.2. 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 KMP's	Designation
Mr. A. K. Agarwala	Non-Executive Director
Mr. R. Karthikeyan	Non-Executive Director
Mr. V. T. Moorthy	Independent – Non-Executive Director
Mr. M. R. Sivaraman , IAS(Retd.)	Independent – Non-Executive Director
Mr. Kannan K Unni	Independent – Non-Executive Director
Dr. Shankar Narasimhan	Independent – Non-Executive Director
Mr. T. S. Raghvan	Independent – Non-Executive Director
Mrs. R. Rajalakshmi	Independent – Non-Executive Director
K. Sendhil Naathan	Chief-Executive Officer
N.R. Ravichandran	Chief Financial Officer
Punita Aggarwal	Company Secretary

#### c) Post-Employment benefits plan:

**TANFAC Employees Gratuity Trust Fund**

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

#### e) Entities for Common Effluent utility: Cuddalore SIPCOT Industries Common Utilities Ltd.

#### f) Disclosure in respect of material transactions with related parties during the year: Nil

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
Contribution towards TANFAC Employees Gratuity Trust Fund	<b>44.95</b>	10.00
Transaction with Cuddalore SIPCOT Industries Common Utilities Ltd.	<b>18.43</b>	17.65

#### g) Outstanding Balances

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
Cuddalore SIPCOT Industries Common Utilities Ltd.	<b>1.98</b>	1.98



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

### h) Compensation to KMP

(₹ in Lakhs)

Nature of Benefits#	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
Short-term employee benefits (including Sitting Fees)	165.88	152.29
Post-employment gratuity and medical	-	-
Other long-term benefits	-	-
Share-based payment transactions	-	-
Termination Benefits	-	-
<b>Total</b>	<b>165.88</b>	<b>152.29</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

### 29.3. 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 lakhs)	Indian Rupee equivalent (₹in lakhs)
Forward contract to buy USD- As on 31.3.2019	6	20.85	1441.40
Forward contract to buy USD- As on 31.3.2018	6	10.36	67.56

#### Exposure in Foreign Currency- Unhedged

The Foreign currency exposure not hedged as at 31st March 2019:

Currency	Payable (in Foreign currency)		Receivables (in foreign currency)	
	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
USD in Lakhs	2.78	9.03	4.53	3.84
INR in Lakhs	192.22	588.75	312.98	250.32

### 29.4. 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 2019	As at 31 <sup>st</sup> March 2018
Custom Duty	10.79	10.79
Excise Duty	22.76	22.76
Service tax	13.81	12.30

#### b) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) - ₹767.16 lakhs (Previous Year ₹35.97 lakhs)

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

- c) SIPCOT has raised a demand of ₹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 ₹6.00 lakhs in 1995 and additional amount of ₹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) Renewable Power Obligation (RPO): The company had initially filed a petition with Hon'ble Tamil Nadu Electricity Regulatory Commission (TNERC) to declare its 2.3 MW cogeneration plant exempt from RPO obligation. 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 believed the facts of the case has no applicability to the factors of its petition and also based on erroneous premise that its plant is a fossil-fuel based cogeneration plant. Aggrieved by the order the company filed an appeal with Hon'ble APTEL which was favorably considered by APTEL vide its order dated 2nd January 2019, setting aside TNERC's original order mentioned above.
- 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 ₹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 ₹52.77 lakhs.
- The Honourable High Court had passed Order vide SR No.49922 dated 1st September, 2016, disposing the all writ petitions filed earlier on various occasions and giving liberty to the Company (Petitioner) to file an appeal before the Tamil Nadu Sales Tax Appellate Tribunal within Sixty days from the receipt of the order, who shall entertain the appeal without reference to the limitation. Accordingly, the Company has filed an appeal before The 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.
- f) The Company had implemented Isobutyl Acetophenone (IBAP) project during 2010-11 with a capital outlay of ₹1,477.27 lakhs and has made some modifications during 2011-12, 2012-13 and 2015-16 with additional capex amounting to ₹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 initially had recognized impairment provision of ₹277.96 lakhs in 2012-13. Based on the current estimate of recovery from the project, the management has recognized further impairment of ₹323.53 Lakhs for the current financial year.
- 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.
- i) "The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & other v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purpose of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

### 29.5. 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-

#### A. Quantitative disclosures fair value measurement hierarchy for financial assets as at 31st March, 2019 and 31st March, 2018 (₹ in Lakhs)

Particulars	Fair value measurement using			Total (Amount)
	(Level 1) Amount	(Level 2) Amount	(Level 3) Amount	
<b>As at March 31, 2019:-</b>				
<b>Financial Assets at amortised cost:</b>				
Trade receivables	-	-	2292.35	2292.35
Cash and cash equivalents	-	-	0.83	0.83
Bank Balances other than cash and cash equivalent	-	-	94.46	94.46
Loans & Advances	-	-	34.45	34.45
<b>Assets measured at fair value</b>				
<b>Fair value through Other Comprehensive Income</b>				
Investment in Equity shares	-	85.98	-	85.98
<b>As at March 31, 2018:-</b>				
<b>Financial Assets at amortised cost:</b>				
Trade receivables	-	-	1941.40	1941.40
Cash and cash equivalents	-	-	0.79	0.79
Bank Balances other than cash and cash Equivalent	-	-	3.37	3.37
Loans & Advances	-	-	19.09	19.09
<b>Assets measured at fair value</b>				
<b>Fair value through Other Comprehensive Income</b>				
Investment in Equity shares	-	75.41	-	75.41

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

- B. Quantitative disclosures fair value measurement hierarchy for financial liabilities as at 31st March, 2019, 31st March, 2018 and 1st April, 2016

Particulars	Fair value measurement using			Total (Amount)
	(Level 1) Amount	(Level 2) Amount	(Level 3) Amount	
<b><u>As at March 31, 2019:-</u></b>				
<b>Financial Liabilities at amortised cost:</b>				
Borrowings- Preference Share capital	-	-	559.46	559.46
Other Borrowings			620.32	620.32
Trade payables	-	-	2559.36	2559.36
<b><u>As at March 31, 2018:-</u></b>				
<b>Financial Liabilities at amortised cost:</b>				
Borrowings- Preference Share capital	-	-	668.17	668.17
Other Borrowings			3677.14	3677.14
Trade payables	-	-	1656.46	1656.46

### 29.6. 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 31st March, 2019 and 31st March, 2018.

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 31st March, 2019 and 31st March, 2018.

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

### (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, 2019		As at 31 <sup>st</sup> March, 2018	
	2% increase	2% decrease	2% increase	2% decrease
Effect on profit before tax (Amount)	2.42	(2.42)	(6.77)	6.77

### 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 2019

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

Ageing	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
1 to 60 days	2216.64	1846.78
61 to 91 days	43.95	58.23
92 to 181 days	49.42	14.61
182 to 321 days	0.01	22.20
322 days and above	18.12	17.46
<b>Total</b>	<b>2328.14</b>	<b>1959.28</b>

The following table summarizes the changes in loss allowances measured using life time expected credit loss model  
(₹ in Lakhs)

Provisions	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Opening Provision	17.89	-
Add:- Additional provision made	25.81	17.89
Less:- Provision utilised against bad debts	(7.91)	-
Closing provisions	35.79	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 forecasts 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-  
(₹ in Lakhs)

As at 31 <sup>st</sup> March, 2019	Less than 1 year (Amount)	1 to 5 years (Amount)	More than 5 Years (Amount)	Total (Amount)
Borrowings	1,179.79	-	-	1,179.79
Trade payables	2,559.36	-	-	2,559.36
<b>Total</b>	<b>3,739.15</b>	<b>-</b>	<b>-</b>	<b>3,739.15</b>

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	3,677.14	668.17	-	4,345.31
Trade payables	1,656.46	-	-	1,656.46
<b>Total</b>	<b>5,333.60</b>	<b>668.17</b>	<b>-</b>	<b>6,001.77</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

### 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 equity holders. 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 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 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 31st March, 2019	As at 31st March, 2018
Net Debt	1,179.78	4,345.31
Total Equity	4,802.59	1,263.54
Total Capital and Net debt	5,982.37	5,608.06
Gearing Ratio	19.72%	77.48%

### 29.7. 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 31st March 2019	As at 31st March 2018
Not Later than 1 year	17.80	16.27
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Total	17.80	16.27

Lease payments recognized in the Statement of Profit & Loss for the year is ₹17.80 lakhs (Previous year: ₹16.27 lakhs)

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

### 29.8. Earnings per Share

(₹ in Lakhs)

Particulars	For year ended 31 <sup>st</sup> March 2019	For year ended 31 <sup>st</sup> March 2018
Profit / (loss) after taxation	3,596.77	967.79
Weighted average number of shares outstanding during the year (Nos)	99.75	99.75
Earnings per share of ₹10 each	36.06	9.70
Basic (in ₹)	36.06	9.70
Diluted (in ₹)	36.06	9.70

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

29.10. 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.

29.11. The Company has adopted Ind AS 115 "Revenue from Contracts with customers" effective from 1st April, 2018, adhering to the full retrospective approach. The application of Ind AS 115 did not have significant impact in these financial statements. All sales are made at a point in time and revenue recognised upon satisfaction of the performance obligations which is typically upon dispatch/delivery.

### 29.12. Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") has notified following amendments to Ind AS on 30th March 2019 which is effective for the annual period beginning on or after 1st April 2019.

#### a). Ind AS 116 "Leases":

On 30th March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 "Leases", which replaces Ind AS 17 "Leases". The new standard (Ind AS 116) introduces a single on-balance sheet lease accounting model for lessee. This will result in the company recognising right of use assets & lease liability in the books.

The Company is in the process of analysing the impact of Ind AS 116 on its financials.

#### b) Ind AS 12 - Appendix C, Uncertainty over Income Tax Adjustments

The amendment requires an entity to determine probability of the relevant tax authority accepting the uncertain tax treatment that the Company has used in tax computation or plan to use in their income tax filings.

#### c) Amendment to Ind AS 12 – Income taxes

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

### d) Ind AS 19 - Plan amendment, curtailment or settlement

The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Based on preliminary assessment, the Company does not expect any significant impact on its financial statements on account of above (a), (b), (c) and (d) amendments.

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

As per our report of even date attached For Khimji Kunverji & Co LLP (formerly Khimji Kunverji & Co. - FRN 105146W) Chartered Accountants		For and on behalf of the Board of Directors of Tanfac Industries Limited CIN: L24117TN1972PLC006271	
	K.Sendhil Naathan Chief Executive Officer	R.Karthikeyan Director DIN: 00824621	
Hasmukh B. Dedhia Partner (F-033494)	N.R.Ravichandran Chief Financial Officer	V.T.Moorthy Director DIN: 00007648	M.R.Sivaraman Director DIN: 00020075
Camp : Chennai Date : May 22, 2019	Punita Aggarwal Company Secretary		

[illegible]

**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 FIFTY ANNUAL GENERAL MEETING****Saturday, September 21, 2019**

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 Fifth Meeting of the Company, to be held on Saturday, September 21, 2019 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, 2019, the Reports of the Board of Directors and Auditors' thereon.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
2.	To declare Dividend on 11% Cummulative Redeemable Non-Convertible Preference Shares of Rs.100 each	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
Special Business				
3.	Appointment of Mr.Kalyan Ram Madabhushi as Non-Executive Non-Independent Director	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
4.	Appointment and ratification of the remuneration to Cost Auditors for the financial year ending 31 <sup>st</sup> March, 2020.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
5.	Reappointment of Mr.M.R.Sivaraman as Non-Executive and Independent Director.	Special	<input type="checkbox"/>	<input type="checkbox"/>
6.	Reappointment of Mr.V.T.Moorthy as Non-Executive and Independent Director.	Special	<input type="checkbox"/>	<input type="checkbox"/>
7.	Reappointment of Mr.Shankar Narasimhan as Non-Executive and Independent Director.	Special	<input type="checkbox"/>	<input type="checkbox"/>
8.	Reappointment of Mrs.R.Rajalakshmi as Non-Executive and Independent Director.	Special	<input type="checkbox"/>	<input type="checkbox"/>

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature(s).....

Affix  
Re.1/-  
Revenue  
Stamp

**Notes:**

- 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.
- 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.
- 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.
- 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 FIFTH 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 Fifth Annual General Meeting of TANFAC Industries Limited on Saturday, 21st September, 2019 at 11.30 A.M. at the Registered Office at Plot No.14, SIPCOT Industrial Complex, Kudikadu, Cuddalore – 607 005.

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

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

\*Member's / Proxy's  
Signature

\*Strike out 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.19 of Notes to Notice of 45<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)