



ANNUAL REPORT
2015 - 2016
TANFAC INDUSTRIES LIMITED



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DIRECTORS

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

UNIT HEAD

Shri K. Sendhil Naathan

CHIEF FINANCIAL OFFICER (CFO)

Shri N.R. Ravichandran

COMPANY SECRETARY

Mrs. Punita Aggarwal

AUDITORS

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

REGISTERED OFFICE AND WORKS

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

CORPORATE OFFICE

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

NOTICE OF THE FORTY SECOND ANNUAL GENERAL MEETING

TANFAC INDUSTRIES LIMITED

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

CIN: L24117TN1972PLC006271

Website : www.tanfac.com

NOTICE OF THE FORTY SECOND ANNUAL GENERAL MEETING

NOTICE is hereby given that the 42nd Annual General Meeting of TANFAC INDUSTRIES LIMITED will be held on Wednesday, the 28th September 2016, at 11:30 A.M. at the Registered Office of the Company at 14, SIPCOT Industrial Complex, Kudikadu, Cuddalore – 607005 to transact the following businesses :

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statement of the Company for the year ended 31st March, 2016, including the audited balance sheet as at March 31, 2016, the statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri R. Karthikeyan, (DIN: 00824621) who retires by rotation and being eligible, offers him self for re-appointment.
3. To appoint Statutory Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :-

“RESOLVED THAT pursuant to the provisions of Sections 139, 141 and 142 and other applicable provisions, if any, of the Companies Act, 2013, read with The Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai [Firm Regn. No.105146W], be and are hereby re-appointed as the Statutory Auditors of the Company to hold office for a term of five consecutive financial years commencing from 2016-2017 to 2020-2021, on a such

remuneration as determined by the audit committee which may be agreed between the Auditors and the Board of Directors of the Company for carrying out Audit besides travelling and other out of pocket expenses, service tax and such other taxes as may be applicable from time to time.”

“RESOLVED FURTHER THAT the above appointment of Auditors approved by the Members at this Annual General Meeting be ratified at their every subsequent Annual General Meetings till the tenure appointment of Auditors made.”

SPECIAL BUSINESS :

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

“RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions, if any, of The Companies Act, 2013 read with Rule 14 of The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to the Cost Auditor, viz., Shri N. Krishna Kumar (Membership No.27885 and Firm Registration No.100814), appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017, amounting to 40,000/- (Rupees Forty Thousand only) in connection with the above said audit, be and is hereby ratified and approved.”

NOTICE OF THE FORTY SECOND ANNUAL GENERAL MEETING

"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 report to BIFR on erosion of more than fifty percent of the peak net worth of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT the erosion of more than fifty percent of the peak net worth of the Company during immediately preceding four financial years, by its accumulated losses, as per the duly finalized audited accounts of the company for the financial year ended 31st March, 2016, as also the causes for such erosion, be and are hereby noted, in compliance with the provisions of Section 23(1) (a) (ii) of the Sick Industrial Companies (Special Provisions) Act, 1985 (including any statutory modification(s) or re-enactment thereof, for the time being in force)."

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

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

6. To re-designate the present Manager as Managing Director of the Company and in this regard, to consider and if thought

fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 196 and 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force) and the provision of Articles of Association of the Company, consent of the Members be and is hereby accorded for the re-designation of Shri Lalit Naik, DIN: 02943588, from his present position as Manager to Managing Director of the Company with effect from 9th August, 2016, for his remaining period of office i.e. upto 21st January, 2020.

"RESOLVED FURTHER THAT Shri Lalit Naik, will not draw any remuneration from the Company during his tenure as Managing Director."

"RESOLVED FURTHER THAT the Board of Directors of the Company or any committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable; to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent from the government departments, as may be required in this regard."

By Order of the Board
For TANFAC INDUSTRIES LIMITED

Place : Chennai
Date : 09.8.2016

PUNITA AGGARWAL
COMPANY SECRETARY

NOTICE OF THE FORTY SECOND ANNUAL GENERAL MEETING

NOTES :

1. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday (22.9.2016) to Wednesday (28.9.2016) both days inclusive.
2. A Member entitled to attend and vote at the Annual General Meeting ("the meeting") is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member.
3. The Form of Proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
4. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Shareholder.
5. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The details of e-voting procedure are given under Note No.17.
6. A Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business under item Nos. 4 to 6 to be transacted at the Meeting is set out in the annexure.
7. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified true copy of Board Resolution duly authorizing their representative to our Registered Office to attend and to vote on their behalf at the meeting.
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 2007-2008, to the Investors Education and Protection Fund Account within the due dates, established by the Central Government. Pursuant to the provisions of The Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts for the years up to 2007-2008 on the website of Ministry of Corporate Affairs and also the Company's website www.tanfac.com.
11. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividends for the financial year ended 31st March, 2009, which remain unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government on or before 29.9.2016.
12. Members, who have not encashed their dividend warrants for the financial year ended 31st March, 2009 and for the financial year 31st March, 2011, declared by the Company, may claim the unclaimed dividend(s) directly from the Company's Registered Office at 14, SIPCOT Industrial Complex, Cuddalore - 607005.

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

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

14. As on 31.3.2016, 92.91% of the Company's shares have been dematerialized. Members, who have not yet dematerialized their shares, at their own interest, may please get their shares dematerialized to avail of the benefits of electronic holding/trading.

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

To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with our RTA/Depositories.

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

17. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and of SEBI (LODR) Regulations, 2015, the Company is required to provide members facility to exercise their right to vote on

resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Service (India) Limited (CDSL).

The instructions for shareholders voting electronically are as under:

- i. The voting period begins on **September 25, 2016 (Sunday) 9.00 a.m. and ends on September 27, 2016 (Tuesday) 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 21, 2016** 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.
- iv. Click on Shareholders
Now Enter your User ID
For CDSL: 16 digits beneficiary ID,
For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
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 and voted on an earlier voting of any company, then your existing password is to be used.

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

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"> • 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. • 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.
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"> • 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).

viii After entering these details appropriately, click on "SUBMIT" tab.

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

x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

xi. Click on the Electronic Voting Sequence Number (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. Members can also cast their vote using CDSL's application m-Voting available for android based mobiles.

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

The m-Voting application can be downloaded from Google Play store. Apple and the Windows phone users can be downloaded the Application from Apple 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 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.
 - (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 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.
- 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, under help section or write an email to helpdesk.evoting@cdslindia.com

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.

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.

The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.tanfacs.com and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

By Order of the Board
For TANFAC INDUSTRIES LIMITED

PUNITA AGGARWAL
COMPANY SECRETARY

Place : Chennai
Date : 09.8.2016

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

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

ITEM NO.4

The Board of Directors of the Company at their meeting held on 24th May, 2016, has, on recommendation by the Audit Committee, appointed Mr. N. Krishna Kumar, Cost Accountant (Membership No.27885), as the Cost Auditor of the Company for the financial year 2016-2017 at a remuneration of ₹40,000/- (Rupees Forty Thousand only) besides out of pocket expenses, if any, at actual.

As per Section 148 of The Companies Act, 2013 and applicable rules thereunder, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company at their Annual General Meeting. The Board recommends the Ordinary Resolution as set out in Item No.4 of the Notice for approval by the Members.

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

ITEM NO.5

The audited accounts of your company for the Financial Year ended 31st March, 2016, has approved by the Board at its meeting held on 24th May, 2016 and being placed for consideration and adoption of accounts at the Annual General Meeting (AGM) to be held on 28th September, 2016 at the Registered Office.

In terms of the above referred duly finalized audited accounts of the Company, the net accumulated losses for the relevant financial year as on 31st March, 2016, amounted to ₹928.30 Lacs vis-a-vis the peak net worth of ₹1950.36 Lacs as at 31st March, 2012, being the peak net worth in the preceding four financial years, which has resulted in the erosion of more than 50% of the said peak net worth of ₹1950.36 Lacs.

By virtue of the provisions of Section 23(1)(a) (ii) of the Sick Industrial Companies (Special Provisions) Act, 1985, the Board of Directors of the Company is required to report the fact of such erosion along with their report on the causes for such erosion and the revival measures being taken by the Company to the Shareholders after the said Annual General Meeting, for consideration by the Shareholders.

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

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

The Board recommends the proposed resolution as set out in Item No. 5 of the Notice for your approval as an Ordinary Resolution.

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

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

ITEM NO.6

The Members of the Company at their Extraordinary General Meeting held on 3rd March, 2015, had approved the re-appointment of Shri Lalit Naik, Director (DIN: 02943588) as Manager of the Company (as defined under Section 2(53) of The Companies Act, 2013)

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

pursuant to Sections 196 and 197 read with Schedule V for a period of five years with effect from 22nd January, 2015.

It is proposed to re-designate the appointment of Shri Lalit Naik (DIN: 02943588) as Managing Director of the Company (as defined under Section 2(54) of The Companies Act, 2013) and pursuant to Sections 196 and 197 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force) and the provisions of Articles of Association and within the applicable provision of Schedule V of The Companies Act, 2013, for his remaining period of office as Managing Director i.e. up to 21st January, 2020, as recommended by the Nomination and Remuneration Committee.

During his tenure he will not draw any remuneration from the Company.

The Board recommends the Ordinary Resolution as set out in Item No. 6 of the Notice for approval by the Members.

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

By order of the Board
For TANFAC INDUSTRIES LIMITED

Place : Chennai
Date : 09.8.2016

(PUNITA AGGARWAL)
COMPANY SECRETARY

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

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

To

The Members

TANFAC INDUSTRIES LIMITED

As per the duly finalized audited accounts at the end of the financial year as on 31st March, 2016, the net accumulated losses as on the said date amounted to ₹ 928.30 Lacs, which eroded the peak net worth of ₹ 1950.36 Lacs in the preceding four financial years i.e. as on 31/03/2012, by more than 50%. Under Section 23(1)(a) and 23(1)(b) of the Sick Industrial Companies (Special Provisions) Act (SICA), 1985, the Company is required, within a period of 60 days from the date of finalisation of the duly finalized audited accounts of the company for the relevant financial year, to report the fact of such erosion to The Board for Industrial & Financial Reconstruction (BIFR). The Board of Directors of the company is also required to report to its shareholders the fact of such erosion with causes for such erosion by holding a general meeting of the shareholders of the Company for considering such erosion and hence, this report.

REASONS FOR EROSION OF 50% OF PEAK NET WORTH

The reasons for erosion of over 50% of the peak net worth of ₹ 1950.36 Lacs as at 31st March, 2012 during the last four years were due to:

I. VOLATILITY IN INDIAN RUPEE vs U S DOLLAR

Your Company's most significant exposure relates to US Dollar since key raw materials viz. Fluorspar and Sulphur are imported or linked to international prices and foreign currency movements. China is a major producers of Acid Grade Fluorspar and so it continues to determine the international

prices of Fluorspar. Similarly the demand-supply position of sulphur determines the sulphur price.

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

II. LOWER VOLUME OF HF SALES:

The entire value chain of fluorspar – Hydrofluoric Acid suffers out of higher gaps in the supply and demand. China continues to enjoy the benefits of backward and forward integration in the value chain is becoming aggressive on competition.

Continued downward trend in demand for HF domestic market due to post withdrawal of CDM benefits on R22 and also downward trend in end user segments (auto-mobiles/stainless steel), competition in domestic and overseas competitors, removal of export duty for HF in China are put further pressure on both realisation and margin.

III. OTHER REASONS :

- (a) Higher interest charges due to an increase in interest rates and lower cash generation.
- (b) Impairment provision for IBAP plant and Bio Gas Plant during 2012-13

STEPS TAKEN FOR REVIVAL OF THE COMPANY

Your Company has successfully revived the IBAP project by successfully adding values to the by product generated from the process, thus significantly improving the overall returns from the product. Besides the Company has further improved the IBAP process and achieved targeted input norms of main raw materials and also significantly reduced power norms through modification thereby considerable saving in power rating.

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

The ongoing steps taken by the Company to turn around the operations have started yielding results. After incurring continuous losses during the second and third quarters of the financial year, the Company has registered positive Profit after Tax of 0.99 Crore during the last quarter of the financial year.

Further, the Company has taken several initiatives to improve its overall operational performance which includes –

- Increasing in volume of HF exports to existing and new markets.
- Focus on PV grade DHF and Speciality Fluorides.
- Tight control on working capital to reduce overall debt.
- Taking up with bankers for reduction in interest rate considering improvement in operations.

- Expand the products base and increase the volume of new product introduced during the last financial year.
- Negotiate with its key suppliers for overall reduction in the prices of Fluorspar and Sulphur over and above the current pricing formula.
- Manpower Optimization

The Company is optimistic that these measures will lead to turnaround of the Company and restore the financial health.

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

LALIT NAIK
MANAGER AND DIRECTOR

Place: Chennai
Date : 24th May, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE REVIEW:

	Financial Year 2015-16 (₹ in Crores)	Financial Year 2014 - 15 (₹ in Crores)
Sales :	129.01	117.91
Other Income (including operating income) :	4.67	2.29
Operating Expenditure :	125.13	112.37
Profit before Depreciation, Interest and Taxation (PBDIT) :	8.55	7.83
Finance Cost :	7.13	9.29
Depreciation/Impairment/Amortisation :	4.77	5.63
Profit before Tax (PBT) :	(3.35)	(7.09)
Exceptional items / Excess Income Tax provision :	(3.72)	-
Profit/[Loss] after Exceptional items :	0.38	(7.09)
- Deferred Tax/Reversal :	(0.03)	(1.32)
Profit / [Loss] after Tax :	0.40	(5.77)
Extraordinary Items* / Insurance claim :	-	(0.48)
Profit / Loss for the period :	0.40	(5.29)

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

INDUSTRY STRUCTURE AND DEVELOPMENTS:

Economic Scenario:

Global economy faced further slow down and sluggishness in 2015 due to factors such as weak demand, falling commodity prices and volatility of financial markets in major economies.

However, Indian economy has taken significant strides recently with stability and improvement in macro environment due to various steps taken by the Government such as reforms in key areas, pursuit of fiscal prudence and focus on price stability. This with comfortable level of external current account in the country makes it possible for growth rates of 8% or higher in the next couple of years. The GDP rate has climbed up from 7.2% in 2014-15 to 7.6% in 2015-16 and is estimated to be in the range of 7.6% to 8% in 2016-17 making India one of the fastest growing major economies in the world. With the expected above normal monsoon in 2016, there is considerable optimism across all sections of the economy.

CHEMICAL INDUSTRY

The global sales volume of the chemical industry has more than doubled over the last decade with emerging economies taking lion's share, most notably in China where the CAGR was around 26% during that period Chemical industries in India witnessed growth rate of 13% to 14% during the last five years (source: www.ficci.in).

Despite slowdown in overall global economy, Chemical industries in general and Fluor chemical industry in particular witnessed strong growth and it is expected to continue to out grow the overall global trend with Asia Pacific region at the faster rate.

With the recent shift in focus from Europe to emerging markets, the future growth of chemical industries will be driven by the developing markets where the CAGR is expected to be in the range of 6 % to 10% against 2% to 3% in the developed economies. More than 50% of the top ten chemicals companies are expected to be from Asian / Mideast region.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Driven by robust demand for air-conditioning systems, refrigeration equipment, expanding applications in pharma products and adoption of high performance fluoropolymers in automobile production, global fluorochemicals market demand is expected to grow at a CAGR of 4% to 5% during the next decade with Asia Pacific region growing at even faster rate (source: www.americanchemistry.com).

Conscious of these developments, the management will keep identifying, monitoring and evaluating opportunities and threats to the business to maximise value creation. With continuous support of a strong in-house and Aditya Birla Group's R&D team, the Company strives to work closely with the customers and work on strengthening its product portfolio by introducing new products for existing and new markets and applications.

OVERVIEW

The Company's topline had gone up by 9% due to increased sales volume of Aluminium Fluoride and Sulphuric Acid. This is despite adverse factors like, lower sales realization in HF from both domestic and overseas customers, reduction in sales volume of Gypsum etc, post reduction of export duty by Chinese, removal of export duty on Aluminium Fluoride and HF Acid by the Government.

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

- Increase in volume of HF export to existing and new market.
- Negotiate with its key suppliers for over all reduction in the prices of main raw material.
- Revivals of IBAP plant by successfully reducing the cost of production through process optimizations and successfully developing and marketing value added products out of By-products generated from the IBAP process.
- Focus on PV grade DHF and Speciality Fluorides.

- Tight control on working capital to reduce overall debt.
- Optimization of regular and contract manpower.

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 9% at ₹ 129.11 crores, against ₹ 117.91 crores in the previous year.

Export turnover was marginally higher by 3% at ₹ 19.27 Crores, against ₹ 18.63 crores in the previous year.

OTHER INCOME:

Other income including operating income was ₹ 4.67 crores, compared to ₹ 2.29 crores in the previous year registering an increase of 51%.

PROFIT BEFORE DEPRECIATION, INTEREST AND TAXATION:

Profit before depreciation, interest and taxation was ₹ 8.55 Crores during the year, compared to ₹ 7.83 Crores in the corresponding period of the previous year registering an increase by 8%.

DEPRECIATION/IMPAIRMENT/AMORTISATION:

Depreciation during the year was ₹ 4.77 Crores as against ₹ 5.63 Crores in the previous year. There was no impairment/amortisation provision during the current year and the previous year.

FINANCE COST:

Finance cost, including cover charges, on foreign exchange borrowings was reduced to ₹ 7.13 Crores against ₹ 9.29 Crores in the previous year due to strict control on working capital requirements and other cost cutting initiatives.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

INCOME TAX

There is no provision for current income tax. Deferred tax provision was reversed by ₹ 0.03 Crore, against ₹ 1.32 Crores in the previous year.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM:

The Company has Risk Management Policy and internally formed a task force consisting various functional and departmental heads. The role and responsibilities of the task force are defined which includes laying down procedure to identify, access and steps to be taken for minimization of various risks. The updated status is presented to the Audit Committee and the Board, during each quarter for their review.

The details of risk management process, assessment and identification and mitigation action plan prepared in line with The Companies Act, 2013, were presented to the Audit Committee and the Board for their review on a quarterly basis.

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

OPERATIONAL RISK:

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

Mitigation: The Company strengthen relationship with target vendors and continuously source fluorspar from countries other than China. Increase vendor base for China to bring down further Chinese Spar price on par with other areas.

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

Mitigation: Optimize operations at lower ratings for improved consumption norms. Obtain more orders for HF/Aluminium Fluoride to run the plant at higher capacity.

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

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

PRICE REALISATION FOR FINISHED PRODUCTS:

Continued downward trend in demand for HF domestic market due to post withdrawal of CDM benefits on R22 and also downward trend in end user segments (auto-mobiles/stainless steel), competition in domestic and overseas competitors, removal of export duty for HF in China put further pressure on both realisation and margin.

Mitigation: The Company to expand market of HF in Asia Pacific region. Also coordinate with domestic players for healthy competition / retaining regular customers through competitive pricing.

FOREIGN EXCHANGE RISK:

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

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

CREDIT RISK:

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

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

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

WORKING CAPITAL:

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

Mitigation: The Company is evaluating other alternate strategies and means of financing to bring interest costs under control. To appraise the lead bank for further reduction in interest rate considering the over all improved performance.

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

EXPORTS:

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

DOMESTIC MARKET:

The Company has maintained previous demand in the domestic market in 2015-2016. Your Company is optimistic for improvement in domestic market demand in 2016-2017.

NEW PRODUCTS AND DIVERSIFICATION

Your Company has been strenuously striving to diversify in to new products and new markets in order to bring about its turn around which has already started happening. It is sincerely hoped that given the current trends, the company will continue to improve its operations, top and bottom line.

HUMAN CAPITAL

Your Company believes in creating an environment where individuals can achieve their goals, both professional and personal. Developing the competencies of our employees continues to be a strategic focus area for us. Your Company continues to make investments for training and developing its employees, emphasize enhancing the relevance and effectiveness of learning. The Company continues to maintain a cordial and harmonious industrial relationship with its employees. The Company has 162 permanent employees as on 31st March, 2016.

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

TANFAC Industries Limited, a Joint Venture of the Aditya Birla Group with Tamil Nadu Industrial Development Corporation Limited (TIDCO), believes in adopting the “best practices” that are followed in the area of corporate governance across various geographies and is committed to protecting and facilitating the exercise of shareholders’ rights, encouraging cooperation between the Company and the stakeholders, competing more effectively and building long-term value for its Shareholders. Over the years we have strengthened governed practices which define the way business is conducted and value is generated. 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 Nine Non-Executive Directors as on 31st March, 2016, who have varied experience in their respective areas. The Board has six Independent Directors, including a woman Director, who do not have business relationship with the Company. This is in conformity with Regulation 17 of SEBI (LODR) Regulations 2015 read with Section 149 of The Companies Act, 2013.

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

None of the Directors, including Independent Directors are holding Directorship and Chairmanship/ Membership in other Public Limited Companies in excess of limit prescribed under The Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

None of the Directors are related to each other. 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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Composition and Directorship(s) / Committee Membership(s) / Chairmanship(s) as on 31st March, 2016

Name of Director	Category / Representing	Directorship held in other Companies		Membership in other Companies' Board Committees	Chairmanship in other Companies' Board Committees
		Public	Private		
Shri A.K. Agarwala	Non-Executive – Promoter	5*	-	-	-
Shri Lalit Naik @	Non-Executive – Promoter	5#	-	1	-
Shri R. Karthikeyan	Non-Executive – Promoter	7	-	1	-
Shri V.T. Moorthy	Independent – Non Executive	-	-	-	-
Shri M.R. Sivaraman, IAS (Retd.)	Independent – Non Executive	1	1	1	-
Shri Kannan K Unni	Independent – Non Executive	3	-	-	2
Dr. Shankar Narasimhan	Independent – Non Executive	-	1	-	-
Shri T.S. Raghavan	Independent – Non Executive	1	1	-	-
Smt. R. Rajalakshmi	Independent – Non Executive	1	1	-	-

* excluding four foreign companies; # excluding one foreign company @ proposed to redesignate him as Managing Director for the remaining period of his tenure. Please refer Serial No. 6 of Notice to Members

Board / General Meeting attendance details of Directors for the year 2015 – 2016:

Name of Director	Category / Representing	No. Of Board Meeting Held (2015-2016)	Nos. Attended	Whether attended last AGM held on 29.9.2015
Shri A.K. Agarwala	Non-Executive – Promoter	4	3	N
Shri Lalit Naik	Non-Executive – Promoter	4	4	N
Shri R. Karthikeyan	Non-Executive – Promoter	4	4	N
Shri V.T. Moorthy	Independent –Non Executive	4	4	Y
Shri M.R. Sivaraman, IAS (Retd.)	Independent –Non Executive	4	4	Y
Shri Kannan K Unni	Independent –Non Executive	4	4	N
Dr. Shankar Narasimhan	Independent –Non Executive	4	4	Y
Shri T.S. Raghavan	Independent –Non Executive	4	4	N
Smt. R. Rajalakshmi	Independent –Non Executive	4	4	N

Y = YES N = NO

Notes:

During the year 2015-2016, four Board meetings were held and the gap between two meetings did not exceed the maximum days prescribed under 173(1) of The Companies Act, 2013. The date of Board meetings were 15.5.2015, 10.8.2015, 13.11.2015 and 12.02.2016 and necessary quorum was present at all the Board Meetings.

REPORT ON CORPORATE GOVERNANCE (Contd.)

The terms and conditions of appointment of the Independent Directors are disclosed on the Company's website, http://www.tanfac.com/documents/who_appointment_independent_directors.pdf

The details of familiarisation programme of the Independent Directors are available on the Company's website http://www.tanfac.com/documents/who_directors_familiarization_programme.pdf

Shri A.K. Agarwala, Non Executive Director, representing Promoter, held 1,150 Equity Shares as on 31st March, 2016. No other Directors are holding any Equity Shares in the Company.

II. COMMITTEES OF THE BOARD

AUDIT COMMITTEE:

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

The role of the audit committee will be in accordance with the provision contained in Part C Schedule II of SEBI (LODR) Regulations, 2015 read with the listing agreement.

The Members of Audit Committee chart, monitor and provide effective supervision of the Management's handling of finances, stocks, loans and advances and the financial reporting process, with a view to ensuring effective and efficient financial control the Committee reports to the Board. The Audit Committee invites the functional finance head, representatives of Statutory Auditors and Internal Auditors to be present at its meeting. The Company Secretary acts as the Secretary to the Audit Committee.

All the members of the Committee have financially literacy, with relevant experience. The Chairman of the Audit Committee Shri M.R. Sivaraman, IAS (Retd.), Independent Director, has rich experience and expertise in accounting and financial management.

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

Name of Director	Category / Representing	No. Of Board Meeting held during the financial year 2015-2016	
		Held	Attended
Shri Lalit Naik	Non-Executive – Promoter	4	4
Shri R. Karthikeyan	Non-Executive – Promoter	4	4
Shri V.T. Moorthy	Independent – Non Executive	4	4
Shri M.R. Sivaraman, IAS (Retd.)	Independent – Non Executive	4	4
Shri Kannan K Unni	Independent – Non Executive	4	4
Dr. Shankar Narasimhan	Independent – Non Executive	4	4

During the year 2015-2016, four Audit Committee meetings were held and the gap between two meetings did not exceed one hundred and twenty days. The Audit Committee meetings were held on 15.5.2015, 10.8.2015, 13.11.2015 and 12.02.2016 and necessary quorum was present at all the Meetings.

NOMINATION AND REMUNERATION COMMITTEE :

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

The role of the Nomination and Remuneration Committee is in accordance with the provision contained in Part D Schedule II of SEBI (LODR) Regulations, 2015 read with the listing agreement, which also 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 Non-Executive Directors (including two Independent Directors)

1. Shri. V.T.Moorthy, Chairman
2. Shri Lalit Naik
3. Shri M.R. Sivaraman, IAS (Retd.)

REMUNERATION POLICY:

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

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

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

Details of Remuneration to Board of Directors:

(₹ in lacs)

Name of Director	Relationship with other Directors	Business relationship with the Company if any	Remuneration paid during 2015 -2016 (All figures in Rupees)			
			Sitting fees@	Salary and Perks	Commissson	Total
Shri A.K. Agarwala	Non-Executive	NIL	0.60	-	-	0.60
Shri V.T. Moorthy	Non-Executive-Independent	NIL	2.00	-	-	2.00
Shri Lalit Naik	Non-Executive	NIL	-	-	-	-
Shri R. Karthikeyan	Non-Executive	NIL	2.00	-	-	2.00
Shri M.R. Sivaraman, IAS (Retd.)	Non-Executive-Independent	NIL	2.00	-	-	2.00
Shri Kannan K Unni	Non-Executive-Independent	NIL	1.60	-	-	1.60
Dr. Shankar Narasimhan	Non-Executive-Independent	NIL	1.60	-	-	1.60
Shri T.S. Raghavan	Non-Executive-Independent	NIL	0.80	-	-	0.80
Smt. R. Rajalakshmi	Non-Executive-Independent	NIL	0.80	-	-	0.80
			11.40			11.40

@ includes sitting fee paid for Board Committee Meetings.

REPORT ON CORPORATE GOVERNANCE (Contd.)

STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

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

The primary focus of Stakeholders Relationship Committee includes -

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

The Committee comprises of the following directors:

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

During the year, the Stakeholders Relationship Committee met four times on 15.5.2015, 10.8.2015, 13.11.2015 and 12.02.2016 and necessary quorum was present at all the Meetings.

The details of attendance by the Committee Members are as follows:

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

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

During the year, the Company has received a complaint pertaining to Non receipt of Annual Report from a Shareholder and the same was attended to and resolved immediately. As required under regulation 13(3) of SEBI (LODR) Regulations, 2015, read with the listing agreement, the Company has filed status of investor complaints on a quarterly basis commencing from December, 2015, with BSE Limited.

REPORT ON CORPORATE GOVERNANCE (Contd.)**Location and time, where last three Annual General Meetings (AGMs) were held:**

YEAR	TYPE	Location	Date and Time	Details of Special Resolution
2014 - 2015	A.G.M.	Registered Office at- Plot No.14 SIPCOT Industrial Complex, Cuddalore - 607 005	29.9.2015/ 11.00 a.m.	- NIL -
2013 - 2014	A.G.M.		13.8.2014/ 2.45 p.m.	Borrowings power u/s 180(1)(c) of the Act and Powers to mortgage u/s 180(1)(a) of the Act.
2012 - 2013	A.G.M.		12.9.2013/ 11.30 a.m.	Re-appointment of Statutory Auditors u/s 224A of the old Act

The Company had not passed any special resolution applicable through postal ballot during the last financial year 2014 - 2015. No special resolution is proposed to be passed through postal ballot at the ensuing Annual General Meeting.

MEANS OF COMMUNICATION:

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

GENERAL SHAREHOLDER INFORMATION:

A.G.M., Date, Time and Venue	...	28-09-2016 (Wednesday) of the Company at -11:30.a.m. 14 SIPCOT Industrial Complex CUDDALORE – 607 005, TAMIL NADU
Financial Year	...	1 st April to 31 st March
Dividend Payment Date	...	Not Applicable. Payment of dividend has not been recommended by the Board due to inadequacy of profit during the financial year 2015-2016.
Date of Book Closure	...	22-09-2016 (Thursday) to 28-09-2016 (Wednesday)
Name and address Stock Exchange at which the Company's securities are listed	...	BSE Limited Phiroze Jeejeebhoy Towers 25 th 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)	
	BSE SCRIP CODE: 506854	
	HIGH (Rs.Ps.)	LOW (Rs.Ps.)
APRIL 2015	23.95	14.00
MAY 2015	24.15	22.00
JUNE 2015	23.60	21.10
JULY 2015	31.00	22.00
AUGUST 2015	47.20	29.30
SEPTEMBER 2015	40.90	30.70
OCTOBER 2015	59.60	37.30
NOVEMBER 2015	59.00	35.50
DECEMBER 2015	44.05	31.95
JANUARY 2016	41.85	30.00
FEBRUARY 2016	33.80	22.45
MARCH 2016	29.00	25.00

REPORT ON CORPORATE GOVERNANCE (Contd.)

Registrar and Transfer Agents (For share transfers and other communications relating to share certificates, and change of address etc.)	...	PHYSICAL and DEMAT	Investors Services Department Integrated Enterprises (India) Limited "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	...	<p>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.</p> <p>During the year, the company obtained from a Company Secretary in Practice half-yearly certificates for compliance with the share transfer formalities as required under 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.</p>	

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH

2016					2015			
NO. OF EQUITY SHARES HELD	NO. OF HOLDES	% TO HOLDERS	NO.OF SHARES	% TO SHARES	NO. OF HOLDERS	% TO HOLDERS	NO.OF SHARES	% TO SHARES
Up to 500	15,304	95.01	14,69,652	14.73	15,580	94.64	15,12,291	15.16
501 - 1000	426	2.64	3,51,067	3.52	468	2.84	3,85,279	3.86
1001 - 2000	194	1.20	2,95,258	2.96	222	1.35	3,43,937	3.45
2001 - 3000	61	0.38	1,50,826	1.51	68	0.41	1,71,462	1.72
3001 - 4000	24	0.15	84,961	0.85	27	0.16	94,890	0.95
4001 - 5000	15	0.09	68,383	0.69	18	0.11	82,937	0.83
5001 - 10000	37	0.23	2,71,970	2.73	34	0.21	2,56,241	2.57
Above 100001	47	0.29	72,82,883	73.01	46	0.28	71,27,963	71.46
TOTAL	16,108	100.00	99,75,000	100.00	16,463	100.00	99,75,000	100.00
No. of Share- holders in Physical mode	8,857	54.99	7,06,793	7.09	8,978	54.54	7,20,098	7.22
No. of Share- holders in elec- tronic mode	7,251	45.01	92,68,207	92.91	7,485	45.46	92,54,902	92.78
TOTAL	16,108	100.00	99,75,000	100.00	16,463	100.00	99,75,000	100.00

REPORT ON CORPORATE GOVERNANCE (Contd.)

CATEGORIES OF SHAREHOLDING AS ON 31ST MARCH

CATEGORY	2016		2015	
	NO. OF SHARES HELD	%AGE OF SHARE-HOLDING	NO. OF SHARES HELD	%AGE OF SHARE-HOLDING
PROMOTERS/PROMOTERS GROUP	50,84,802	50.98	50,84,802	50.98
UTI AND MUTUAL FUNDS	8,200	0.08	8,200	0.08
BANKS, FINANCIAL INSTITUTIONS AND INSURANCE COMPANIES	1,000	0.01	1,000	0.01
FOREIGN INSTITUTIONAL INVESTORS	650	0.01	650	0.01
GDRs	NIL	NIL	NIL	NIL
NON RESIDENT INDIANS(NRIs)/OCBs	21,747	0.22	22,308	0.22
CORPORATES	12,05,961	12.09	9,02,256	9.04
CLEARING MEMBER	26.752	0.27	48.736	0.49
RESIDENT INDIVIDUALS	36,25,988	36.35	39,07,048	39.17
TOTAL	99,75,000	100.00	99,75,000	100.00

DEMATERIALISATION OF SHARES AND LIQUIDITY :

As on 31st March, 2016, 92,68,207 Equity Shares, against subscribed fully paid equity shares of 99,75,000, were converted from the physical to electronic form. Over 92.91% of the outstanding equity shares have been dematerialised up to 31st March, 2016.

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

Plant location	14 SIPCOT Industrial Complex CUDDALORE – 607 002, TAMIL NADU
Address for correspondence	Integrated Enterprises (India) 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: corperv@integratedindia.in Regarding non receipt of payment of declared dividend may be addressed to our Secretarial Department at our Registered Office at – 14, SIPCOT Industrial Complex, Cuddalore – 607 005, 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"> • To provide a platform and mechanism for the employees and Directors to voice genuine concerns or grievances about unprofessional conduct without fear of reprisal • To provide an environment that promotes responsible and protected whistle blowing. It reminds employees and directors about their duty to report any suspected violation of any law that applies to the Group and any suspected violation of the Group Values or Aditya Birla Group's Code of Conduct. <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. Whistle Blower Policy is made available on the Company's website, www.tanfac.com.</p>
Details of compliance with mandatory : requirements and adoption of the non-mandatory requirements.	<p>The Company has complied with all the mandatory requirements as per SEBI (LODR) Regulations, 2015 read with listing agreement.</p> <p>The Company has also adopted the following non-mandatory requirements :</p> <p>(a) Auditor's Report does not contain any qualifications.</p> <p>(b) The Internal Auditors report directly to the Audit Committee.</p>
Weblink where policy on determining : "material' subsidiaries is disclosed.	Not Applicable
Weblink where policy on dealing with : related party transactions	<p>Policy on dealing with relaty party transactions is available in Company's website at –</p> <p>http://www.tanfac.com/documents/policy_Materiality_Of_Related_Party_Transactions.pdf</p>

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 the Company's website 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 2015-2016.

SEPARATE POSTS OF CHAIRMAN AND CEO

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

REPORTING OF INTERNAL AUDITOR

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

CODE OF CONDUCT

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

The Board and the senior management have affirmed compliance to the code as on 31st March, 2016.

A declaration to this effect has been given by our Manager and Director, forms part of the Annual Report.

SEBI (Prohibition of Insider Trading) Regulations, 2015:

The Board of Directors of the Company has adopted formulation of "Code of Conduct" and Code of Practices and Procedure as required under The SEBI (Prohibition of Insider Trading) Regulations, 2015. The details are made available in the Company's website, viz., www.tanfac.com.

CEO/CFO Certification:

The Manager and Director and the Chief Financial Officer of the Company duly authorised by the Board have given their annual certification on financial reporting and internal controls to the Board as required under regulation 17(8) of SEBI (LODR) Regulations, 2015 read with listing agreement is available in this annual report.

REPORT ON CORPORATE GOVERNANCE (Contd.)**INTIMATION TO BIFR**

The net worth of the Company for the financial year 2014-2015 had eroded by more than 50% of its peak net worth during the immediately preceding four financial years. As required under the provisions of Section 23(1)(a)(i) of The Sick Industrial Companies (Special Provisions) Act, 1985, the Company has made necessary intimation to The Board for Industrial and Financial Reconstruction (BIFR) and filed Form C prescribed for this purpose after the adoption of accounts by the Members at their 41st Annual General Meeting held on 29th September, 2015.

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 st March, 2016 (₹)	Maximum amount during the year (₹)
1.	Loans and advances in the nature of loans to subsidiaries	Not Applicable	Not Applicable
2.	Loans and advances in the nature of loans to associates	Not Applicable	Not Applicable
3.	Loans and advances in the nature of loans to firms/ companies in which Directors of the Company are interested	Not Applicable	Not Applicable
4.	Investments by the loanee in the shares of parent Company and Subsidiary Company, when the Company has made a loan or advance in the nature of loan.	NIL	NIL

REPORT ON CORPORATE GOVERNANCE (Contd.)

CEO/CFO CERTIFICATION

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

- A. They have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2016 and that to the best of their knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of their knowledge, no transactions entered into by the company during the year which are fraudulent, illegal or a violation of the Company's code of conduct.
- C. They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- D. They have indicated to the auditors and the Audit committee;
- (i) that there no significant changes in internal control during the year;
 - (ii) that there are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
- and
- (iii) that there is no fraud of which they have become aware and the involvement therein, of the management or an employee having a role in the Company's internal control system.

N.R. RAVICHANDAN
CHIEF FINANCIAL OFFICER

LALIT NAIK
MANAGER AND DIRECTOR

Place: Chennai
Date : 24.5.2016

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

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

CERTIFICATE ON CORPORATE GOVERNANCE

The Members of

TANFAC INDUSTRIES LIMITED

We have examined the compliance of the conditions of Corporate Governance by TANFAC Industries Limited ('the Company') for the financial year ended 31st March 2016, as stipulated under Clause 49 of the erstwhile Listing Agreement applicable for a period up to November 30, 2015 and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable with effect from December 1, 2015.

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

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

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

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

Place: Chennai
Date : 09.8.2016

(Hasmukh B Dedhia)
Partner (F-033494)

DECLARATION

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

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

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

Place: Chennai
Date : 24.5.2016

LALIT NAIK
MANAGER AND DIRECTOR

BOARD'S REPORT

To The Members,

Your Directors are pleased to present the report on the Company's business operations together with the audited statement of accounts for the financial year ended 31st March, 2016, for your review.

FINANCIAL RESULTS

Details	Year ended 31 st March 2016 (₹ in Crores)	Year ended 31 st March 2015 (₹ in Crores)
Net sales/Income from Business operations	129.01	117.91
Other Income	4.67	2.29
Total Income	133.68	120.20
Gross Profit / [Loss] after Interest but before, Finance Cost, Depreciation and Taxation	8.55	7.83
Less: Finance Cost	7.13	9.29
Less: Depreciation / Impairment / Amortisation	4.77	5.63
Profit/[Loss] before Taxation	(3.35)	(7.09)
Exceptional items/Excess Income Tax provision	(3.72)	-
Profit/(Loss) after Exceptional items	0.38	(7.09)
Less: Deferred Tax / (Reversal)	(0.03)	(1.32)
Profit/(Loss) after Tax	0.40	(5.77)
Extraordinary items / Insurance claim *	-	(0.48)
Net profit/[Loss] for the period	0.40	(5.29)
Add: Balance brought forward	(48.89)	(43.60)
Profit/(Loss) available for appropriation	(48.49)	(48.89)
Transferred from General Reserves	-	-
Balance Carried forward to Balance Sheet	(48.49)	(48.89)

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

OPERATIONS AND OVERALL PERFORMANCE:

The Company's sales performance had increased by 9% at ₹ 129.01 Crores against ₹ 117.91 Crores in the previous year, due to increase in volume of its main products viz., Hydrofluoric Acid, Aluminium Fluoride and Sulphuric Acid. This was despite lower sales realization on account of stiff competition and pass through due to reduction in main raw materials.

Other operating income during the year had doubled at ₹ 4.31 Crores against ₹ 2.01 Crores during the previous year due to increase in conversion charges of IBAP on job work basis and also toll manufacturing of Poly Aluminium Chloride (PAC). PAC plant had started operation from April 2015.

Profit before depreciation, interest and taxation (EBIDTA) was higher at ₹8.55 Crores during the year, compared to ₹7.83 crores in the previous year despite adverse factors like higher interest rate due to poor credit rating, drop in sales realization in HF from both domestic and overseas customers due to stiff competition from China. These were offset by gains from reduction in input cost of main raw materials, fuel oil and also tight control on working capital. Infusion of ₹5 crores in the form of Redeemable Cumulative Non-Convertible Preference Shares at the fag end of the previous financial year and proceeds from sale of vacant freehold land around ₹4 crores had also helped in reducing the overall debt and the interest burden.

BOARD'S REPORT (Contd.)**DIVIDEND:**

Your Directors have not recommended any dividend for the year 2015-16 on account of accumulated losses and inadequacy of profits during the current year.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 125 of the Companies Act, 2013, unclaimed or unpaid Dividend relating to the financial year 2008-2009 is due for remittance on or before 29.9.2016 to the Investor Education and Protection Fund established by the Central Government.

REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

The ongoing steps taken by the Company to turn around the operations have started yielding results. After incurring continuous losses during the second and third quarters of the financial year, the Company has registered positive Profit after Tax of ₹0.99 crore during the last quarter of the financial year.

Further, the Company has taken several initiatives to improve its overall operational performance which includes-

- Increase in volume of HF exports to existing and new markets.
- Focus on PV grade DHF and Speciality fluorides
- Tight control on working capital to reduce overall debt.
- Increase the volume of new product developed during previous year.
- Negotiate with its key suppliers for overall reduction in the prices of key raw materials.
- Optimization of regular and contract Manpower.

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

ALUMINIUM FLUORIDE:

During the year your company had significantly increased the volume of Aluminium Fluoride as it

had received increased orders from its long term customers compared to previous year.

Your company has strategically reduced its focus on Aluminium Fluoride due to its lower contribution. However, your company will continue to serve its long term customers.

HF ACID:

The higher gap between supply and demand continues on the entire value chain of HF Acid. The segment growth rate for refrigerant gases, PTFE, Aluminum Fluoride, Stainless Steel, Surface Treatment etc. continued to be low due to tepid demand. Chinese manufacturers take advantage of 10% reduction on export duty on HF, impacting the India's export market. However, taking advantage of reduction in main raw materials and the oil prices, the company is continuously working on improving the operational efficiency to improve its competitiveness.

EXPORTS:

Export turnover was marginally higher by 3% at ₹19.27 Crores, as compared to ₹18.63 crores in the previous year, despite lower off take by overseas customers on account of market demand and stiff competition from China.

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

ISOBUTYL ACETOPHENONE (IBAP):

Your Company has successfully revived the IBAP project by adding values to the by-product.

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

MATERIAL CHANGES AND COMMITMENT IF ANY:

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

BOARD'S REPORT (Contd.)

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

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

AUDITORS & AUDITORS' REPORT:

M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai (Firm Registration No.105146W) were appointed as Statutory Auditors of the Company by the Members at their Annual General Meeting held on 29th September, 2015.

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

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

The Audit Committee and the Board of Directors of the Company have recommended M/s.Khimji Kunverji & Co., for their appointment as Statutory Auditors of the Company for a term of five consecutive years subject to approval of Members at this Annual General Meeting and further ratification at every subsequent four Annual General Meetings till completing the tenure of appointment.

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

COST AUDITOR

The Board of Directors of the Company has, on recommendation of the Audit Committee, approved the appointment of Shri N. Krishnakumar, Cost Accountant, Cuddalore (Membership No.27885) for conducting the audit of cost records of the Company pertaining to

BOARD'S REPORT (Contd.)

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 24th May, 2016, have appointed Shri N. Krishnakumar, Cost Accountant as cost auditor for the financial year 2016-2017 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.6047 & FCS No.5854), to conduct Secretarial Audit for the financial year 2015-2016, 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 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.

BOARD'S REPORT (Contd.)

Name of Policy	Brief description	Web URL
Related Party Transaction	The policy to regulate all transactions between the Company and its Related Parties in compliance with various applicable laws, including under The Companies Act, 2013/ SEBI (LODR) Regulations, 2015	http://www.tanfac.com/documents/policy_Materiality_Of_Related_Party_Transactions.pdf
SEBI (prohibition of Insider Trading) Regulations, 2015	The Policy provide for fair disclosure of unpublished price sensitive information in dealing with securities of the Company.	http://www.tanfac.com/documents/policy_sebi.pdf
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	http://www.tanfac.com/documents/policy_Whistle_Blower.PDF
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.	http://www.tanfac.com/documents/who_non_executive_directors.pdf
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.	http://www.tanfac.com/documents/policy_matrl_event.pdf
Policy on Archival of documents	The policy framed for archival of the Company's records as required under SEBI (LODR) Regulations, 2015	http://www.tanfac.com/documents/policy_archival_policy.pdf
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.	http://www.tanfac.com/documents/policy_preservation_Doc.pdf

RELATED PARTY TRANSACTIONS

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

INTIMATION TO BIFR

The net worth of the Company for the financial year 2015 - 2016 has eroded by more than 50% of its peak net worth during the immediately preceding four financial years.

As required under the provisions of Section 23(1)(a)(i) of The Sick Industrial Companies (Special Provisions) Act, 1985, your Company will comply with the above provisions within the stipulated time for the financial year ending 31st March, 2016 after the accounts are adopted by the Members at their ensuing Annual General Meeting to be held on 28th September 2016.

The Ministry of Corporate Affairs vide its Notification S.O.1933(E) dated 1st June, 2016, has constituted The National Company Law Tribunal and The National Company Law Appellate Tribunal both with effect from 1st June, 2016. Though the Company Law Board has been replaced by NCLT, Notification

BOARD'S REPORT (Contd.)

pertaining to NCLT subsuming BIFR is awaited. Therefore the company will continue to comply with the existing provision under BIFR.

DIRECTOR RETIRING BY ROTATION:

In terms of Articles of Association of the Company, Shri R. Karthikeyan, Director, retires by rotation and being eligible, offer himself for re-appointment.

DECLARATION BY INDEPENDENT DIRECTORS:

The Independent Directors of your Company have given the certificate of independence stating that they meet the criteria of independence as mentioned under Section 149 (6) of the Companies Act, 2013.

The details of the training and familiarization programmes and the Annual Board Evaluation process for Directors have been provided in the Corporate Governance Report.

The 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 URL viz. http://www.tanfacs.com/documents/who_appointment_independent_directors.pdf

REVISED LISTING AGREEMENT

The Securities and Exchange Board of India vide its Extraordinary Notification dated 2nd September, 2015, had formulated SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, replacing the existing listing agreement with effect from 1st December, 2015, with a view to aim to consolidate and streamline the provisions of listing agreement for different segments of capital segments of capital market and hence all listed entities to execute a simplified listing agreement within six month from the effective date. Your Company had executed the said simplified listing agreement with BSE Limited on 15th February, 2016, where the securities are listed.

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 Committees.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board shall monitor and review evaluation frame work, which includes, Board dynamics and relationships, information flows, decision making, relationship with Stakeholders, Company performance and strategy, tracking Board and Committees' effectiveness and peer evaluation. Accordingly, the performance of the Board was evaluated after seeking inputs from all the directors on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc. Similar evaluation was carried out by the Committee of the Board of Directors after seeking their inputs.

SEPARATE INDEPENDENT DIRECTORS' MEETINGS:

The Independent Directors met during the year in the absence of Non-Independent Director and discussed inter alia the performance of Non-Independent Directors and the Board as a whole and the quality, quantity and timeliness of the flow of information between the Company management and the Board for effective and reasonable performance of their duties to comply with Schedule IV of The Companies Act, 2013. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

FAMILIRISATION PROGRAMME :

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

BOARD'S REPORT (Contd.)

NUMBER OF MEETINGS OF THE BOARD

During the financial year 2015 - 2016, 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 three Committees, viz., Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, comprising of the required combination of Non Independent and Independent Directors. Committee-wise details are furnished in the Report on Corporate Governance section of the Annual Report.

EXTRACT OF ANNUAL RETURN

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

INTERNAL FINANCIAL CONTROL (IFC):

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

The 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.

The audit observation 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 as required under Section 134(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 is fully complied with the SEBI guidelines and corporate governance as on financial year ended 31st March, 2016 and continue to comply with the same.

INSURANCE

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

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

As required under 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 as forming part of the Annual Report.

PERSONNEL:

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

BOARD'S REPORT (Contd.)

remuneration, including a sitting fee, for attending the Board / Committee meetings.

Further, No employees are covered under section 197(12) of The Companies Act, 2013 read with rule 5(1) of The Companies (Appointment and Remunerations of Managerial Personnel) Rule 2014, as amended regarding drawing remuneration in excess of the limit as prescribed under the aforesaid rule.

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has adopted a vigil mechanism. Details are posted on the website of the Company.

POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORK PLACE:

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at the work place in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made there under and constituted a committee to inquire into complaints of sexual harassment if any and the same will be recommended to the committee for appropriate action. During the year, your company has not received any complaint on sexual harassment.

PUBLIC DEPOSIT

The Company has not accepted any deposits from the public during the year and there was no

outstanding towards unclaimed deposit payable to depositors as on 31st March, 2016.

RESEARCH AND DEVELOPMENT :

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

- Development and commercialization of a new product using by-product. This product finds application in sanitation of industrial Processing Equipment, Microbial Control Disinfection and Sanitizing, bleaching and Food preservative industry.
- Last year your Company had developed a new product finding application in water and waste water industry. This year two more grades of same product have been developed, one of which is commercialized.

Continuous R&D efforts are being carried out towards product stability and product quality improvements.

SAFETY, HEALTH AND ENVIRONMENT PROTECTION (SHE):

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

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

We ensure stringent implementation of Safety and Environment Protection measures and the Board has mandated accordingly.

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

BOARD'S REPORT (Contd.)

Your Company motivates employees, workers and contract workmen through training and retraining on safety aspects and also rewards best performers in Safety and Environmental aspects.

Your Company periodically conducts onsite mock drills and actively coordinates with the local Government and other nearby companies for off site emergency mock drill / Mutual Aid.

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 at large.

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

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

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

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

CSR focused areas includes 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 undeserved 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 include –

- Girl Child education under Kasturba Gandhi Balika Vidhyalay (KGBV) Scheme.
- Education support to nearby schools.
- Downtrodden women empowerment projects
- Health Management including family welfare
- Identification of Needs
- Linking with Government agencies, NGO's and other partners
- Implementing activities for upliftment of communities involving government departments, village panchayats so as to benefit for the society in the specific areas of education, health, sustainable livelihood and health to cater the needs of children, women, old aged and physically challenged to the overall development of communities.

HUMAN RESOURCES DEVELOPMENT:

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

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

As on 31st March, 2016, your Company's employee strength was 162 employees (previous year 161 employees).

BOARD'S REPORT (Contd.)**ACKNOWLEDGEMENT:**

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

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

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

For and on behalf of the Board

CHAIRMAN

Place: Chennai

Date : 9th August, 2016.

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 2015-2016 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 2015-2016

- Optimizing the frequency of HFO Gen set and TG set through centrifugal loads resulting in considerable power savings.
- Reduction of power consumption in the Process Boiler by installing Variable Frequency Drives.
- Improving the motor efficiency, optimizing the air conditioners and lighting systems.
- Installation of De-Super heater in IBAP plant has resulted in power savings.

The Company has achieved significant savings through these initiatives.

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

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

(d) The capital investment on energy conservation equipment

- NIL -

RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION :

Your Company –

- continued its R&D efforts to improve quality and reduce production cost, particularly energy cost of Isobutyl Acetophenone (IBAP).
- has successfully developed the in house technology on improving the quality of by product and captively used for manufacturing forward integrated value added products.
- continues to operate the scheme implemented for reducing water consumption and the effluent discharge by effective recycling in the plant.
- continues to recycle the solid waste in cement industry through focus on environment conservation.
- Successfully implemented schemes to consistently achieve increased captive power generation.

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

TECHNOLOGY ABSORPTION

In house development of Green Chemistry technology for IBAP plant and continuous efforts to perfect the technology is a classical example of Technology Adaptation and Innovation

Your Company forms cross functional teams to implement projects for new product development and to improve the process so as to improve self dependency on development of technology.

Continuous implementation of WCM practices and rewarding of Kaizens has motivated young Engineers / Scientists who come up with creative ideas to improve efficiency in areas of production, energy savings, water conservation, waste minimization, safety and system improvements.

FOREIGN EXCHANGE EARNING AND OUTGO :

(₹in Lakhs)

Details	2015-16	2014-15
Forex Earned	2262.90	1,708.13
Forex used	4432.12	2635.74

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 audited accounts for the financial year 2015 - 2016 are prepared in accordance mandatory accounting standards as prescribed under Section 133 of The Companies Act, 2013 ('the Act'), read with Rule 7 of The Companies (Accounts) Rules, 2014 and are in full conformity with the requirement of the Act.

They believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the company's financial conditions and results of operations.

Your Directors further confirm that –

- (a) in the preparation of the annual accounts for the year ended March 31, 2016, 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;
- (b) Accounting policies have been applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts of your Company have been prepared on a 'going concern' basis;
- (e) your Company has laid down internal financial controls and that such internal financial controls are adequate and are operating effectively; and
- (f) your Company has 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}

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, 2016, which were not under arm's length basis.

Details of material contracts or arrangements or transaction at arm's length basis :

Name of related party	Nature of relationship	Duration of contract	Salient terms	Date of approval	Amount (₹in Lakhs)
Nature of Contract : Inter Corporate Deposit					
Aditya Birla Epoxy (India) Limited	Common Director	18.3.2015 to 16.4.2015 03.6.2015 to 20.12.2015 21.12.2015 to 20.3.2016	Acceptance of Inter Corporate Deposit - DO - Rollover of ICD	15.5.2015 10.8.2015 12.02.2016	550.00 130.00 130.00
Aditya Birla Chemicals (India) Limited	Common Director	07.4.2015 to 05.7.2015 06.7.2015 to 02.10.2015 03.10.2015 to 30.12.2015	- do - Roll over of ICD - do -	10.8.2015 13.11.2015 12.02.2016	500.00 500.00 500.00
GRASIM Industries Limited	Group Company	18.3.2015 to 16.4.2015 17.4.2015 to 15.7.2015	- do- Roll over of ICD	15.5.2015 10.8.2015	3000.00 3000.00
Bhubaneswari Coal Mining Limited	Group Company	16.7.2015 to 13.10.2015 14.10.2015 to 11.01.2016	Acceptance of Inter Corporate Deposit Roll over of ICD	13.11.2015 12.02.2016	3000.00 3000.00

For and on behalf of the Board of Directors
(LALIT NAIK)
DIRECTOR

Place: Chennai
Date : 24th May, 2016

ANNEXURE C TO BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2016

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

To

The Members,
TANFAC INDUSTRIES LIMITED
14 SIPCOT Industrial Complex
CUDDALORE – 607 005

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

Based on my verification of the TANFAC INDUSTRIES LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by TANFAC INDUSTRIES LIMITED ("the Company") for the financial year ended on 31st March, 2016, according to the provisions of:

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

ANNEXURE C TO BOARD'S REPORT (Contd.)

- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable;
 - (g) The Securities and Exchange Board of India (Registrars 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 (Buyback of Securities) Regulations, 1998 - Not Applicable;
- (vi) Other laws applicable to the company as per the representation made by the Management
- (a) The Sick Industrial Companies (Special Provisions) Act (SICA), 1985.
 - (b) The Explosives Act, 1884.
 - (c) 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 Agreements 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.

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.

I further report that during the audit period the company has filed the report with The Board for Industrial & Financial Reconstruction (BIFR) in Form C under Section 23 of SICA, 1985.

Place: Chennai
Date : 23.5.2016

Signature: Sd/-
KALYANI SRINIVASAN
FCS No. 5854
C P No. 6047

ANNEXURE C TO BOARD'S REPORT (Contd.)

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: Sd/-
KALYANI SRINIVASAN
FCS No. 5854
C P No. 6047

Place: Chennai
Date : 23.5.2016

ANNEXURE-D TO BOARD'S REPORT

FORM NO.MGT-9

EXTRACT OF ANNUAL RETURN

(AS ON THE FINANCIAL YEAR ENDED 31ST MARCH, 2016)

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

I. REGISTRATION AND OTHER DETAILS :

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

Sl. No.	Name and Description of main products/ services	NIC code of the product / service*	% to total turnover of the Company**
1.	ALUMINIUM FLUORIDE	20119 Manufacture of organic and inorganic chemical compounds n.e.c.	23%
2.	AHF ACID AND SULPHURIC ACID	20112 Manufacture of inorganic acids except nitric acid	60%
3.	SPECIALITY CHEMICALS	20116 Manufacture of basic chemical elements	17%

* 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 01.04.2015)				No. of shares held at the end of the year (as on 31.3.2016)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. PROMOTER									
(1) INDIAN									
a) Individual/HUF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
b) Central Govt.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
c) State Govt(s)	25,95,000	0	25,95,000	26.020	25,95,000	0	25,95,000	26.020	0.000
d) Bodies Corporate	24,88,652	0	24,88,652	24.950	24,88,652	0	24,88,652	24.950	0.000
e) Banks/Fl	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
f) Any other – Shri A.K. Agarwala – Director (person acting in concert)	1,150	0	1,150	0.010	1150	0	1,150	0.010	0.000
SUB-TOTAL A(1)	50,84,802	0.00	50,84,802	50.980	50,84,802	0	50,84,802	50.980	0.000
(1) FOREIGN									
a) Individuals (NRIs/others)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
b) Bodies Corporate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
c) Banks/Fl	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
d) Any other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
SUB-TOTAL A(2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
TOTAL SHAREHOLDING OF PROMOTER(A) = (A) (1) + A(2)	50,84,802	0.00	50,84,802	50.980	50,84,802	0	50,84,802	50.980	0.000
B. PUBLIC SHAREHOLDING :									
1. INSTITUTIONS									
a) Mutual Funds	0.00	8,200	8,200	0.080	0	8,100	8,100	0.080	0.000
b) Banks/Fls	450	550	1,000	0.010	450	550	1,000	0.010	0.000
c) Central Govt.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
d) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
e) Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
f) Insurance Companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
g) Fls	0	650	650	0.010	0.00	650	650	0.010	0.000
h) Foreign Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
i) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
SUB-TOTAL B(1)	450	9,400	9,850	0.100	450	9,300	9750	0.100	0.000

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

Category of Shareholder	No. of shares held at the beginning of the year (as on 01.04.2015)				No. of shares held at the end of the year (as on 31.3.2016)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2. NON INSTITUTIONS									
a) Bodies Corporate									
i) Indian	8,90,580	11,676	9,02,256	9.050	11,94,285	11,676	12,05,961	12.090	3.040
ii) Overseas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
b) Individuals									
i) Individual Shareholders holding nominal share capital up to ₹1 Lakh	20,14,337	6,88,172	27,02,509	27.090	18,70,503	6,75,017	25,45,520	25.520	-1.570
ii) Individual Shareholders holding nominal share capital in excess of ₹1 Lakh	12,03,689	0	12,03,689	12.070	10,79,518	0	10,79,518	10.820	-1.250
c) Others									
i) Directors' relatives	100	400	500	0.005	100	400	500	0.005	0.000
ii) NRIs	11,858	10,450	22,308	0.220	11,347	10,400	21,747	0.218	-0.002
iii) Clearing Member	48,736	0	48,736	0.490	26,752	0	26,752	0.268	-0.222
iv) Trust	350	0	350	0.003	450	0	450	0.004	0.001
SUB-TOTAL B(2)	41,69,650	7,10,698	48,80,348	48.930	41,82,955	6,97,493	48,80,448	48.93	0.000
Total Public Share-holding (B) = (1) + b(2)	41,70,100	7,20,098	48,90,198	49.030	41,83,405	7,06,793	48,90,198	49.030	0.000
C. Shares held by custodian for GDRs/ ADRs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GRAND TOTAL (A) + (B) + (C)	92,54,902	7,20,098	99,75,000	100.00	92,68,207	7,06,793	99,75,000	100.00	0.000

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 01.4.2015)			Share holding at the end of the year (as on 31.3.2016)			% 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	0.00	0.00
2	TGS INVESTMENTS AND TRADE PRIVATE LIMITED	19,90,652	19.956	0.00	19,90,652	19.956	0.00	0.00
3	PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED	4,98,000	4.992	0.00	4,98,000	4.992	0.00	0.00
	Total	50,83,652	50.963	0.00	50,83,652	50.963	0.00	0.00

(iii) Change in Promoters' Shareholding

Sl. No.		Shareholding at the beginning of the year (as on 01.4.2015)		Cumulative Shareholding during the year (as on 31.3.2016)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	50,83,652	50.963	0.00	0.00
	Date wise Increase / Decrease in Promoters Share holding during the year	0.00	0.00	0.00	0.00
	At the End of the year	50,83,652	50.963	0.00	0.00
HENCE THERE IS NO CHANGE IN PROMOTERS' SHAREHOLDING					

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

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

Sl. No.	Name	Shareholding at the beginning of the year (as on 01.04.2015)		Cumulative Shareholding during the year (as on 31.3.2016)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
1.	AJIT SINGH JAGJIT SINGH CHAWLA – AABPC0858R				
	At the beginning of the year	3,47,766	3.486		
	13/11/2015	-8571	-0.086		
	At the end of the year			339195	3.400
2.	ARONI COMMERCIALS LIMITED – AAACA8974A				
	At the beginning of the year	2,44,000	2.446		
	14/08/2015	-28,974	-0.290	2,15,026	2.156
	30/10/2015	-54,551	-0.547	1,60,475	1.609
	06/11/2015	-9,375	-0.094	1,51,100	1.515
	13/11/2015	-22,513	-0.226	1,28,587	1.289
	At the end of the year			1,28,587	1.289
3.	KAMAL MAVJI VISARIA – AAPV6233C				
	At the beginning of the year	2,13,869	2.144		
	23/10/2015	-1,500	-0.015		
	At the end of the year			2,12,369	2.129
4.	KAMALJYOT INVESTMENTS LIMITED – AAACK3258K				
	At the beginning of the year	1,82,308	1.828		
	10/04/2015	1,475	0.015	1,83,783	1.842
	17/04/2015	1,700	0.017	1,85,483	1.859
	24/04/2015	8,999	0.090	1,94,482	1.950
	01/05/2015	9,944	0.100	2,04,426	2.049
	10/07/2015	87	0.001	2,04,513	2.050
	17/07/2015	13,417	0.135	2,17,930	2.185
	30/10/2015	25,981	0.260	2,43,911	2.445
	06/11/2015	24,019	0.241	2,67,930	2.686
	13/11/2015	5,000	0.050	2,72,930	2.736
	20/11/2015	15,890	0.159	2,88,820	2.895
	04/12/2015	4,336	0.043	2,93,156	2.939
	11/12/2015	3,100	0.031	2,96,256	2.970
	18/12/2015	6,083	0.061	3,02,339	3.031
	31/12/2015	484	0.005	3,02,823	3.036
	08/01/2016	167	0.002	3,02,990	3.037
	15/01/2016	4,836	0.048	3,07,826	3.086
	22/01/2016	2,000	0.020	3,09,826	3.106
	At the end of the year			3,09,826	3.106

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

Sl. No.	Name	Shareholding at the beginning of the year (as on 01.04.2015)		Cumulative Shareholding during the year (as on 31.3.2016)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
5.	MOTILAL OSWAL FINANCIAL SERVICES LIMITED – AAECM2876P				
	At the beginning of the year	1,62,133	1.625		
	03/04/2015	-950	-0.010	1,61,183	1.616
	24/04/2015	-1,245	-0.012	1,59,938	1.603
	01/05/2015	-1	-0.000	1,59,937	1.603
	22/05/2015	-1,197	-0.012	1,58,740	1.591
	29/05/2015	-18	-0.000	1,58,722	1.591
	19/06/2015	-1,518	-0.015	1,57,204	1.576
	24/07/2015	-60	-0.001	1,57,144	1.575
	21/08/2015	-1,413	-0.014	1,55,731	1.561
	At the end of the year			1,55,731	1.561
6.	KANTA BAGADIA – AALPB9577C				
	At the beginning of the year	80,835	0.810		
	14/08/2015	-20,835	-0.209	60,000	0.602
	At the end of the year			60,000	0.602
7.	FOUR DIMENSIONS SECURITIES (INDIA) LIMITED – AAACF1764F				
	At the beginning of the year	80,000	0.802		
	14/08/2015	22,637	0.227	1,02,637	1.029
	21/08/2015	-22,637	-0.227	80,000	0.802
	30/10/2015	43,485	0.436	1,23,485	1.238
	06/11/2015	-42,428	-0.425	81,057	0.813
	13/11/2015	20,356	0.204	1,01,413	1.017
	20/11/2015	-21,413	-0.215	80,000	0.802
	At the end of the year			80,000	0.802
8.	MANOJ J BAGADIA – AEZPB6289F				
	At the beginning of the year	68,000	0.682		
	24/04/2015	-3,000	-0.030	65,000	0.652
	01/05/2015	-9,000	-0.090	56,000	0.561
	08/05/2015	-2,350	-0.024	53,650	0.538
	19/06/2015	-386	-0.004	53,264	0.534
	17/07/2015	-350	-0.004	52,914	0.530
	24/07/2015	-3,364	-0.034	49,550	0.497
	07/08/2015	-1,550	-0.016	48,000	0.481
	14/08/2015	-4,000	-0.040	44,000	0.441

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

Sl. No.	Name	Shareholding at the beginning of the year (as on 01.04.2015)		Cumulative Shareholding during the year (as on 31.3.2016)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
	21/08/2015	-4,000	-0.040	40,000	0.401
	04/09/2015	-405	-0.004	39,595	0.397
	23/09/2015	-595	-0.006	39,000	0.391
	09/10/2015	-3,250	-0.033	35,750	0.358
	16/10/2015	-1,750	-0.018	34,000	0.341
	23/10/2015	-3,050	-0.031	30,950	0.310
	30/10/2015	-3,450	-0.035	27,500	0.276
	06/11/2015	-1,750	-0.018	25,750	0.258
	13/11/2015	-868	-0.009	24,882	0.249
	At the end of the year			24,882	0.249
9.	UTKARSH GLOHAL HOLDINGS PRIVATE LIMITED – AAACU44658D				
	At the beginning of the year	44,328	0.444		
	10/04/2015	775	0.008	45,103	0.452
	17/04/2015	60	0.001	45,163	0.453
	24/04/2015	260	0.003	45,423	0.455
	01/05/2015	9,159	0.092	54,582	0.547
	08/05/2015	1,21,964	1.223	1,76,546	1.770
	15/05/2015	16,036	0.161	1,92,582	1.931
	22/05/2015	14,395	0.144	2,06,977	2.075
	29/05/2015	35,358	0.354	2,42,335	2.429
	05/06/2015	8,182	0.082	2,50,517	2.511
	12/06/2015	4,999	0.050	2,55,516	2.562
	19/06/2015	2,800	0.028	2,58,316	2.590
	26/06/2015	6,195	0.062	2,64,511	2.652
	30/06/2015	1,800	0.018	2,66,311	2.670
	03/07/2015	1,301	0.013	2,67,612	2.683
	10/07/2015	4,675	0.047	2,72,287	2.730
	24/07/2015	5,174	0.052	2,77,461	2.762
	14/08/2015	30,000	0.301	3,07,461	3.082
	21/08/2015	26,258	0.263	3,33,719	3.346
	At the end of the year			3,33,719	3.346
10.	SAYURI TRADING PVT LTD – AAICS2104A				
	At the beginning of the year	40,000	0.401		
	At the end of the year			40,000	0.401

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 01.04.2015)		Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year / at the end of the year (as on 31.3.2016)	
		No. of Shares	% of total shares			No. of Shares	% of total shares
1.	Shri A.K. Agarwala	1150	0.011	-	-	1150	0.011
2.	Shri Lalit Naik – Manager and Director – KMP	-	-	-	-	-	-
3.	Shri V.T. Moorthy	-	-	-	-	-	-
4.	Shri M.R. Sivaraman, IAS (Retd.)	-	-	-	-	-	-
5.	Shri R. Karthikeyan	-	-	-	-	-	-
6.	Shri Kannan K Unni	-	-	-	-	-	-
7.	Dr. Shankar Narasimhan	-	-	-	-	-	-
8.	Shri T.S. Raghavan	-	-	-	-	-	-
9.	Smt. R. Rajalakshmi	-	-	-	-	-	-

V. INDEBTEDNESS

(₹ in Lakhs)

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.4.2015) :				
(i) Principal Amount	2,408.76	0	0	2,408.76
(ii) Interest due but not paid*	6.26	0	0	6.26
(iii) Interest accrued but not due	0	0	0	0
Total (i + ii + iii)	2,415.02	0	0	2,415.02
Change in Indebtedness during the financial year ;				
- Addition	-	0	0	-
- Reduction	727.56	0	0	727.56
Net Change	-727.56	0	0	727.56
Indebtedness at the end of the financial year (31.3.2016) :				
(i) Principal Amount	1,684.50	0	0	1,684.50
(ii) Interest due but not paid**	2.96	0	0	2.96
(iii) Interest accrued but not due	0	0	0	0
Total (i + ii + iii)	1,687.46			1,687.46

* Bank Interest due on March 2015 and debited by bank on 1st April, 2015.** Bank Interest due on March 2016 and debited by bank on 1st April, 2016.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Remuneration to Manager :

Sl. No.	Particulars of remuneration	(₹ in Lakhs)
1.	Shri Lalit Naik, Manager and Director, did not draw any remuneration (including sitting fee) in the Company.	

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

Remuneration to other Directors :

Except sitting fee no other remuneration was paid to Directors during the financial year 2015-2016. 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
I.	INDEPENDENT DIRECTORS :				
1.	SHRI V.T. MOORTHY	0.80	0.80	0.40	2.00
2.	SHRI M.R. SIVARAMAN, IAS (RETD.)	0.80	0.80	0.40	2.00
3.	SHRI KANNAN K UNNI	0.80	0.80	-	1.60
4.	DR. SHANKAR NARAISMHAN	0.80	0.80	-	1.60
5.	SHRI T.S. RAGHAVAN	0.80	-	-	0.80
6.	SMT. R. RAJALAKSHMI	0.80	-	-	0.80
	TOTAL (I)	4.80	3.20	0.80	8.80
II.	OTHER NON EXECUTIVE DIRECTORS :				
1.	SHRI A.K. AGARWALA	0.60	-	-	0.60
2.	SHRI R. KARTHIKEYAN	0.80	0.80	0.40	2.00
	TOTAL (II)	1.40	0.80	0.40	2.60
	TOTAL B = (I) + (II)	6.20	4.00	1.20	11.40

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total amount (₹ in Lakhs)
		CEO	CFO (N.R. Ravichandran)	
1.	Gross Salary	NOT APPLICABLE		
	(a) Salary as per provisions contained in Section 17(1) of The Income Tax Act, 1961		2.40	43.58
	(b) Value of perquisites under Section 17(2) of The Income Tax Act, 1961		-	-
	(c) Profit in lieu of salary under Section 17(3) of The Income Tax Act, 1961		-	-
2.	Stock Option		NOT APPLICABLE	
3.	Sweat Equity			
4.	Commission - as % of profit			
5.	Others		2.40	2.40
	Medical			
	Cars			
	Interest Concession on loan			
	TOTAL		4.80	45.98

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

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 :

- 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.
- 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 Chief Financial Officer during the year was at 7%.
- The percentage increase in the median remuneration of employees in the financial year;
During the Financial year 2015-16, there was an increase of 9% over the previous financial year, in the Median remuneration of the employees. The calculation of percentage increase in the Median remuneration is based on comparable employees.
- The number of permanent employees on the rolls of company;
There were 162 permanent employees on the rolls of the Company as on 31st March, 2016.
- 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 CFO and Company secretary was at 7% compared to around 9% increase considered for other Non Managerial Personnel
- 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 AUDITORS' REPORT

To

THE MEMBERS

TANFAC INDUSTRIES LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of Tanfac Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the

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

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statement, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2016, its Profit and its cash flows for the year ended on that date

INDEPENDENT AUDITORS' REPORT (Contd.)

Emphasis of Matter Paragraph

7. In forming our opinion, which is not qualified, we have considered note no 26.12 of the financial statements stating that, despite losses and reducing net worth, the financial statements of the company have been prepared under 'Going concern' assumption basis having regard to the business plans of the company and continued financial support from a promoter.
8. Attention is invited to note no 26.1.(e) of the financial statements, describing company's contention in the matter of Renewable Power Obligation (RPO), which is contested and the company is anticipating a favorable verdict, based on legal advice received by it. Our report is not qualified on the matter.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order
10. As required by section 143(3) of the Act, we further report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with

Rule 7 of the Companies (Accounts) Rules 2014.

- e. on the basis of written representations received from the directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"
- g. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - (i) The impact of pending litigations has been duly disclosed in the financial statements in note no. 26.1(a),(d),(e) and 26.3 to the financial statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts as at Balance sheet date for which there existed any foreseeable losses.
 - (iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the company.

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

Camp: Chennai
Date: May 24, 2016

Hasmukh B Dedhia
Partner (F - 33494)

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Annexure A referred to in paragraph 9 Our Report of even date to the members of TANFAC INDUSTRIES Limited on the Financial Statements of the Company for the year ended 31st March, 2016

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) According to the information and explanations given to us and based on the records of the company examined by us, fixed assets have been physically verified by the management at regular intervals; and no material discrepancies were noticed on such verification;
- (c) According to the information and explanations given to us and based on the records of the company examined by us, title deed of an immovable property is held in the name of the company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year;
- (b) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification;
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.

Hence the requirement of clause 3 (iii) of the order is not applicable.

- (iv) According to the records of the company examined by us and as per the information and explanations given to us, the Company has not granted any loans covered under Section 185 and 186 of the Act.
- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act, in respect of company's products to which said rules are made applicable and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Value added tax, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India.

ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd.)

Referred to in paragraph 9 of our report of even date

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

Name of Statute	Nature of the Dues	Disputed amount (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
TNGST Act, 1959	Levy of sales tax from sales affected through Pondicherry	52.77	2004-05	Writ petition before Hon'ble High Court of Madras
Custom Act, 1962	Duty on fluorspar shipment shortage	10.79	1998-99	Customs Officer
Central Excise Act, 1944	Interest Accrued to be added	0.27	2001-02	SB, CEGAT, Chennai
	Cenvat credit disallowed on steels/pipes	31.02	April '03 - August '05	Additional / Joint Commissioner, Pondicherry
	Cenvat credit disallowed on steels/pipes	4.74	September '05 - March '06	
	Cenvat credit disallowed on steels/pipes	4.84	April '06 - March '07	
	Cenvat credit disallowed on steels/pipes	0.47	April '07 - September '07	
	Cenvat credit disallowed on steels/pipes	1.93	October '07 - March '08	
	Cenvat credit disallowed on steels/pipes	10.49	April '08 - September '08	
	Cenvat credit disallowed on steels/pipes	21.55	September '08 - March '09	
	Cenvat credit disallowed on steels/pipes	0.85	April '09 - March '10	
	Excise duty on freight collected on outward freight	9.85	April '04 - December '08	Joint Commissioner Cuddalore
	Excise duty on freight collected on outward freight	0.41	October '09 - March '10	Deputy Commissioner Cuddalore
	Excise duty on freight collected on outward freight	0.58	April '10 - December '10	Asst. Commissioner Cuddalore
	Excise duty on freight collected on outward freight	3.55	January '11 - October '11	
	Excise duty on freight collected on outward freight	0.74	January '14 - November '14	
	Excise duty on freight collected on outward freight	0.46	December '14 - June '15	
	Excise duty on Job Work to Shasun Chemicals	10.75	2012-13 & 2013-14	Joint. Commissioner/Audit-II Commissionerate, Chennai
Total		102.50		

ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd.)

Referred to in paragraph 9 of our report of even date

Name of Statute	Nature of the Dues	Disputed amount (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994 (Service Tax)	Service Tax on Lease Rent	12.30	2001-02 to 2004-05	The Commissioner / The Asst. Commissioner, Pondicherry
	Service Tax Credit disallowed on Maintenance/Repairs	13.16	2011-12	The Dy. Commissioner, Pondicherry
	Service Tax Credit - Disallowed on Export Commission paid under the head Business Auxillary Service	4.13	January '14 – January '15	The Assistant Commissioner, Cuddalore
	Service Tax on Consulting Engineers – Penalty	0.23	2002-03 to 2003-04	CESTAT, Chennai
	Service Tax on Freight Outward	20.39	April'06 - March'08	The Commissioner, Pondicherry
	Service Tax on Car Rent, Outdoor Caterer	7.12	December'05 - March'10	
	Service Tax on Courier, Credit Rating, Banking	91.82	April'08- December'10	
	Service Tax on Subscription	0.04	September'14 - June'15	Superintendent-Tech, Cuddalore
	Service Tax on Consultancy, Inspection	0.84	November'14- August'15	
	Service tax on MRS/GTA	4.34	December'14- July'15	Asst.Commissioner, Cuddalore
	Service tax on Insurance	3.86	December'14- September'15	
	Total	158.24		
Income Tax Act, 1961	Replacement of equipment claimed as revenue expenditure, reclassified by Dept. as capital expenditure [tax demanded](Including Interest)	85.39	2002 – 03	Income Tax Appellate Tribunal
	Disallowance of various expenses (Including Interest)	75.79	2007-08	The Commissioner of Income Tax [Appeals], Chennai
	Total	161.18		

ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd.)

Referred to in paragraph 9 of our report of even date

- | | |
|--|---|
| <p>(viii) According to the information and explanations given to us and based on the records of the company examined by us, the Company has not defaulted in repayment of loans or borrowings to any financial institution, bank and Government.</p> <p>(ix) The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence the provision of clause 3(ix) of the Order is not applicable to it.</p> <p>(x) During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.</p> <p>(xi) According to the information and explanations given to us and based on the records of the company examined by us the company has not paid or provided managerial remuneration.</p> <p>(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company.</p> | <p>Hence, clause 3(xii) of the Order is not applicable.</p> <p>(xiii) According to the information and explanations given to us and based on the records of the company examined by us, the Company has complied with the provisions of Section 177 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014. The transactions with related parties entered into by the Company, disclosures whereof are made as per applicable Accounting Standards, do not attract the provisions of Section 188 of the Act.</p> <p>(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, clause 3(xiv) of the Order is not applicable.</p> <p>(xv) According to the records of the Company examined in course of our audit and as per the information and explanations given to us, the Company has not entered in any non-cash transactions with directors or persons connected with them. Hence, provisions of Section 192 are not applicable to the Company</p> <p>(xvi) The Company is not required to registered under Section 45-IA of the Reserve Bank of India Act 1934.</p> |
|--|---|

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

Camp: Chennai
Date: May 24, 2016

Hasmukh B Dedhia
Partner (F - 33494)

ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd.)

Referred to in paragraph 10(f) of our report of even date

Annexure B referred to in paragraph 10(f) of Our Report of even date to the members of TANFAC INDUSTRIES LIMITED on the Financial Statements of the company for the year ended 31st March, 2016

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

We have audited the internal financial controls over financial reporting of TANFAC INDUSTRIES LIMITED ("the Company") as at 31 March 2016 in conjunction with our audit of standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

adequate internal financial controls over financial reporting are established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd.)

Referred to in paragraph 10(f) of our report of even date

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 financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Further, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate

owing to changes in conditions or that the degree of compliance with the policies or procedures may deteriorate or for other reasons.

Opinion

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

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

Hasmukh B Dedhia
Partner (F - 33494)

Camp: Chennai
Date: May 24, 2016

BALANCE SHEET AS AT 31ST MARCH 2016

Particulars	Note	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
I EQUITY AND LIABILITIES			
(A) Shareholders' fund			
a) Share Capital	2	1,497.50	1,497.50
b) Reserves and Surplus	3	(991.94)	(1,032.07)
Total (A)		<u>505.56</u>	<u>465.43</u>
(B) Non Current Liabilities			
a) Deferred Tax Liabilities (Net)	4	-	2.59
b) Long Term Provisions	5	52.87	54.64
Total (B)		<u>52.87</u>	<u>57.23</u>
(C) Current Liabilities			
a) Short Term Borrowings	6	5,599.93	6,250.22
b) Trade Payables	7	2,117.63	1,784.55
c) Other Current Liabilities	8	267.37	525.63
d) Short-term Provisions	9	559.07	373.18
Total (C)		<u>8,544.00</u>	<u>8,933.58</u>
Total (A + B + C)		<u>9,102.43</u>	<u>9,456.24</u>
II ASSETS			
(D) Non Current Assets			
a) Fixed Assets	10		
i) Tangible Assets		4,910.90	5,286.72
ii) Intangible Assets		2.91	2.91
iii) Capital Work-in-progress		-	-
iv) Intangible Assets under development		-	-
		<u>4,913.82</u>	<u>5,289.63</u>
b) Non Current Investments	11	16.96	16.96
c) Long Term Loans and Advances	12	135.53	102.55
Total (D)		<u>5,066.31</u>	<u>5,409.15</u>
(E) Current Assets			
a) Inventories	13	1,789.27	2,115.99
b) Trade Receivables	14	1,989.63	1,697.53
c) Cash and Bank Balances	15	9.52	42.14
d) Short Term Loan and Advances	16	199.63	131.98
e) Other Current Assets	17	48.07	59.45
Total (E)		<u>4,036.12</u>	<u>4,047.09</u>
Total (D + E)		<u>9,102.43</u>	<u>9,456.24</u>
Significant Accounting Policies The Accompanying notes are an integral part of the Financial Statements	1		
As per our report of even date For KHIMJI KUNVERJI & CO. Chartered Accountants Firm Registration No: 105146W Hasmukh B. Dedhia Partner Membership No. F33494 Place : Chennai		For and on behalf of the Board of Directors K. Sendhil Naathan Unit Head N.R. Ravichandran CFO - Vice President (F&C) Punita Aggarwal Company Secretary	
		Lalit Naik Manager and Director V.T. Moorthy Director Dated : 24 th May 2016	
		R. Karthikeyan Director M.R. Sivaraman Director	

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	Note	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
Revenue from Operations (Gross)	18	14,679.97	13,201.52
Less: Excise Duty		1,347.53	1,209.53
Net Revenue from Operations		13,332.45	11,991.98
Other Income	19	35.74	28.24
Total Revenue (I + II)		13,368.19	12,020.22
Expenses			
Cost of Raw Materials consumed	20	8,093.80	7,106.04
Changes in inventories of Finished Goods and WIP	21	(90.68)	187.81
Employee Benefits Expenses	22	1,117.47	920.10
Finance Cost	23	713.13	929.31
Depreciation and Amortisation Expenses		476.98	563.34
Other Expenses	24	3,392.42	3,022.89
Total Expenses		13,703.13	12,729.48
Profit / (Loss) Before Exceptional Item, Extraordinary Item and Tax		(334.94)	(709.26)
Exceptional Item	25A	(372.48)	-
Profit / (Loss) Before Extraordinary Item and Tax Extraordinary Item		37.54	(709.26)
Insurance claim received on account of damages due to Natural Calamity (Cyclone)	25	-	(48.23)
Profit / (Loss) Before Tax		37.54	(661.03)
Tax Expense			
1) Current Tax		-	-
2) Deferred Tax		(2.59)	(132.04)
Profit / (Loss) for the period continuing operations		40.13	(528.99)
Earnings per share of face value of ₹ 10/- each After Extra-ordinary Item			
Basic (₹)		0.40	(5.30)
Diluted(₹)		0.40	(5.30)
Before Extra-Ordinary Item			
Basic (₹)		0.40	(5.79)
Diluted (₹)		0.40	(5.79)
Significant Accounting Policies	1		
The Accompanying notes are an intergral part of the Financial Statements			

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

Hasmukh B. Dedhia
Partner
Membership No. F33494

Place : Chennai

K. Sendhil Naathan
Unit Head
N.R. Ravichandran
CFO - Vice President (F&C)

Punita Aggarwal
Company Secretary

For and on behalf of the Board of Directors

Lalit Naik
Manager and Director

V.T. Moorthy
Director

R. Karthikeyan
Director

M.R. Sivaraman
Director

Dated : 24th May 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	37.54	(661.03)
Adjustments for :		
Depreciation & Amortisation of Expenses	476.98	563.34
Finance Cost	713.13	929.31
Provision for Liabilities no longer required written back	(13.46)	-
Damages due to Natural Calamity (Cyclone) - Refer Note No. 25	-	(48.23)
Loss / (Profit) on Sale of Fixed Assets	(2.70)	0.02
Interest & Dividend Income	(4.81)	(3.40)
Operating Profit before Working Capital changes	1206.68	780.00
Adjustments for :		
Trade and Other Receivables	(376.77)	112.32
Inventories	326.73	348.84
Trade Payable and Provisions	444.51	(403.54)
Cash Generated From / (Used in) Operations	1601.15	837.62
Insurance claim - Damages Due to Natural Calamity (Cyclone) - Refer Note No. 25	-	48.23
Direct Taxes (Payment) / Refund (net)	3.41	34.98
Net Cash Generated From / (Used in) Operations	3.41	83.21
CASH FLOW FROM INVESTING ACTIVITIES	1604.56	920.83
Purchase of Fixed Assets	(128.00)	(1.40)
Sale of Fixed Assets	29.54	0.34
Creditors for Capital Asset	0.95	0.29
Interest and Dividend Income	0.22	0.39
Net Cash flow From / (Used in) Investing Activities	(97.29)	(0.38)
CASH FLOW FROM FINANCING ACTIVITIES		
Buyer's credit/ICD	(22.13)	(353.93)
Long term loan availed (Net)	(176.47)	(352.94)
Short term loan availed	(628.15)	174.02
Issue of Preference Shares	-	500.00
Finance Cost	(713.13)	(929.31)
Net Cash flow From / (Used in) financing Activities	(1539.88)	(962.16)
Net Increase / (Decrease) in Cash and Cash Equivalents	(32.62)	(41.71)
Cash & Cash Equivalents (Opening Balance)	42.14	83.85
Cash & Cash Equivalents (Closing Balance)	9.52	42.14
Significant Accounting Policies - Note 1	(32.62)	(41.71)
The Accompanying notes are an intergral part of the Financial Statements		

As per our report of even date
For KHIMJI KUNVERJI & CO.
Chartered Accountants
Firm Registration No: 105146W
Hasmukh B. Dedhia
Partner
Membership No. F33494

K. Sendhil Naathan
Unit Head
N.R. Ravichandran
CFO - Vice President (F&C)
Punita Aggarwal
Company Secretary

For and on behalf of the Board of Directors

Lalit Naik
Manager and Director
R. Karthikeyan
Director
V.T. Moorthy
Director
M.R. Sivaraman
Director

Place : Chennai

Dated : 24th May 2016

SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES

a. Basis for Preparation of Financial Statements:

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

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

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

b. Use of Estimates:

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

c. Fixed Assets (Tangible and Intangible) :

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

d. Capital Work-in-Progress :

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

e. Impairment of Fixed Assets :

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

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

f. Depreciation:

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

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

SIGNIFICANT ACCOUNTING POLICIES

g. Investments:

Current Investments are carried at lower of cost and quoted / fair value. Investment that are intended to be held for more than a year, from the date of acquisition, are classified as Noncurrent investments and are carried at cost. However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of investments.

h. Inventories :

Inventories are valued on the following basis:

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

i. Cash Flow Statement :

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

j. Foreign Currency Transactions:

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

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

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

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

k. Borrowing Costs :

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

l. Employee Benefits :

1. Defined Contribution Plan :

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

SIGNIFICANT ACCOUNTING POLICIES

2. Defined Benefit Plan :

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

3. Other Long Term Benefits :

The Company has a scheme for leave encashment for employee, the liability for which is determined on the basis of an actuarial valuation carried out at the end of the year using Projected Unit Credit method.

m. Revenue recognition:

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

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

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

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

n. Research and Development Expenses :

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

o. Taxes on Income :

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

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

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

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

p. Provisions, Contingent Liabilities and Contingent Assets :

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

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE - 2 SHARE CAPITAL

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
Authorised		
2,50,00,000 - Equity Shares of ₹10/- each	2,500.00	2,500.00
10,00,000 - 11% Redeemable Cumulative Preference Shares of ₹100/- each	1,000.00	1,000.00
	<u>3,500.00</u>	<u>3,500.00</u>
Issued, Subscribed and Paid up		
99,75,000 - Equity shares of ₹10/- each fully paid up	997.50	997.50
5,00,000 - 11% Redeemable Cumulative Non convertible Preference Shares of ₹100/- each fully paid up	500.00	500.00
	<u>1,497.50</u>	<u>1,497.50</u>

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

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

S.No	Particulars	As at 31st Mar 2016	As at 31st Mar 2015
I	Equity Shares at the beginning of the year	9,975,000	9,975,000
	Add: Shares issued if any during the year	-	-
	Equity Shares at the end of the year	<u>9,975,000</u>	<u>9,975,000</u>
II	11% - Redeemable Cumulative Non convertible Preference Shares at the beginning of the year	500,000	-
	Add: Shares issued if any during the year	-	500,000
	11% - Redeemable Cumulative Non convertible Preference Shares at the end of the year	<u>500,000</u>	<u>500,000</u>

2.3 Details of the shareholder holding more than 5% shares of the total No. of shares issued by the Company
Equity shares:

Name of the Shareholder	As at 31st Mar 2016		As at 31st Mar 2015	
	No. of Shares	%age of holding	No. of Shares	%age of holding
Tamilnadu Industrial Development Corporation Limited.	2,595,000	26.02%	2,595,000	26.02%
TGS Investment & Trade Private. Limited.	1,990,652	19.96%	1,990,652	19.96%
Pilani Investment & Industries Corporation Limited	498,000	4.99%	498,000	4.99%

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

Preference Shares:

Name of the Shareholder	As at 31st Mar 2016		As at 31st Mar 2015	
	No. of Shares	%age of holding	No. of Shares	%age of holding
Aditya Birla Chemicals (India) Limited **	500,000	100.00%	500,000	100.00%

Note:

** Aditya Birla Chemicals (India) Limited since merged with Grasim Industries Limited effective from 05th January 2016.

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

NOTE - 3 RESERVES AND SURPLUS

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
a) Capital Reserve		
i) State Capital Subsidy from SIPCOT	30.00	30.00
ii) Profit on sale of Forfeited Shares	0.46	0.46
TOTAL	30.46	30.46
b) Securities Premium Account	2.18	2.18
c) General Reserve		
Opening balance	3,824.96	3,873.10
Less: Transferred to P&L A/c	-	-
Less: Depreciation on transition to Schedule II of the Companies Act 2013 on Tangible Assets with 'Nil' remaining useful life (Net of Deferred Tax). (Refer Note No.10)	-	(48.14)
TOTAL	3,824.96	3,824.96
d) Profit and Loss account		
Opening balance	(4,889.66)	(4,360.67)
Add: Net profit after tax transferred to P&L A/c	40.13	(528.99)
TOTAL	(4,849.54)	(4,889.66)
Total (a + b + c + d)	(991.94)	(1,032.07)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE - 4 DEFERRED TAX LIABILITIES (NET)

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

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
(A) Deferred tax Assets		
Unabsorbed Depreciation	870.91	907.03
TOTAL (A)	870.91	907.03
Less: (B) Deferred Tax Liability		
Depreciation	870.91	909.62
TOTAL (B)	870.91	909.62
Net Deferred Tax Liability (B) - (A)	-	2.59

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

NOTE - 5 LONG TERM PROVISIONS

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
Employee Benefits		
Leave Encashment (Refer Notes 9 & 26.7)	52.87	54.64
TOTAL	52.87	54.64

NOTE - 6 SHORT TERM BORROWINGS

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
SECURED LOANS		
Loan Repayable on Demand from Bank (Refer Note 6.1 below)	1,684.51	2,312.66
TOTAL - I	1,684.51	2,312.66
UNSECURED LOANS		
Loan Repayable on Demand from Banks (Refer Note 6.2 below)	285.43	937.56
Others - Intercompany deposit (Refer Note 26.8)	3,630.00	3,000.00
TOTAL - II	3,915.43	3,937.56
TOTAL (I + II)	5,599.93	6,250.22

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

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

Paripassu first charge in favour of consortium banks on entire Immovable and Movable goods and other assets present and future and further secured by deposit of Title 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.

6.2 Short Term Borrowings - Unsecured Loan

Unsecured working capital loan including Import Finance Loan taken in Foreign Currency (US \$) for payment of imported Raw Materials. The currency risk is partly hedged. Interest is charged at LIBOR Plus spread. Applicable interest amount is payable along with principal amount. Due date for repayment of these loans is between 90 to 180 days from the date of availment. Details of loan are given below:

Nature of Unsecured Loan	Due Date of Repayment	Interest % P.A.	Amount (₹ in lakhs)
Buyers Credit for Raw Material Imports in USD #	07.04.2016	1.52	61.61
	04.05.2016	1.52	61.61
	15.06.2016	1.87	37.83
	20.06.2016	1.08	96.95
	05.07.2016	1.56	27.41
TOTAL			285.43

Hedged by forward contract of USD 1,86,000 out of total USD 4,30,816.49

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

Nature of Contract	Foreign Currency	Amount in Foreign Currency As at	
		31st Mar 2016	31st Mar 2015
Forward Contracts	USD (Lakhs)	6.04	10.37

NOTE - 7 TRADE PAYABLES

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
Trade Payables	2,117.63	1,784.55
TOTAL	2,117.63	1,784.55

Disclosure under Sec. 22 of MSMED Act, 2006

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

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
The Principal amount (Interest - Nil) remaining unpaid to any supplier as at the end of the each accounting year	10.90	12.47
The amount of interest paid by the buyer in terms of section 16. of the Micro Small and Medium Enterprises Development Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	NIL	NIL
The amount of interest due and payable for the period of delay in making payments (which have been paid but beyond the appointed day during the year) but without adding the interest specified Under Micro Small and Medium Enterprise Development Act, 2006	NIL	NIL
The amount of interest accrued and remaining unpaid at the end of each accounting year : and	NIL	NIL
The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act 2006	NIL	NIL

NOTE - 8 OTHER CURRENT LIABILITIES

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
Current Maturities of Long term Borrowings	-	176.47
Interest accrued but not due on borrowings	15.98	14.22
Interest accrued & due on borrowings (Paid on 1st Apr, 2016)	2.96	6.26
Advance from Customers	61.59	43.99
Unclaimed Dividend	8.61	16.25
Other Payables		
Statutory dues	160.30	123.32
Security Deposits	5.95	130.95
Payables pertaining to employees	9.88	12.99
Creditors for Fixed Assets	2.11	1.17
TOTAL	267.37	525.63

NOTE - 9 SHORT TERM PROVISIONS

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
Employee Benefits - Leave Encashment (Refer Note No.5)	17.73	7.15
Income Tax (Net of Advance tax - ₹ 67.19 lacs ; Previous Year ₹ 61.21 lakhs)	43.40	49.38
Disputed Liabilities (Refer Note 26.3)	52.77	52.77
Provision for expenses	405.90	248.68
Provision for Gratuity (Refer Note 26.7)	37.70	15.20
Mark to Market on Currency Forward contracts	1.58	-
TOTAL	559.07	373.18

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE - 10 FIXED ASSETS

(₹ in lakhs)

Particulars		Tangible								Intangible				
	Freehold Land	Leasehold Land	Building- Freehold	Building- Leasehold	Road, Well, Culvert, Fencing etc	Plant & Machinery	Plant & Machinery- Data Processing Equipments	Vehicles & Tanks	Furnitures & Fixtures	Office Equipment	TOTAL	Software Items	Specialised Software	TOTAL
Gross Block As at 1 April 2014	31.27	39.68	207.46	522.52	100.17	12,054.37	168.31	221.79	70.02	167.59	13,583.18	6.21	52.08	58.29
	-	-	-	-	-	-	0.63	-	0.18	0.58	1.40	-	-	-
	-	-	-	-	-	-	-	7.15	-	-	7.15	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(A) As at 31 March 2015/ 1 April, 2015	31.27	39.68	207.46	522.52	100.17	12,054.37	168.94	214.64	70.20	168.18	13,577.43	6.21	52.08	58.29
	6.25	-	-	-	-	119.86	0.59	-	0.18	1.13	128.00	-	-	-
	25.50	-	-	-	-	-	-	12.00	-	-	37.50	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(B) As at 31 March 2016	12.01	39.68	207.46	522.52	100.17	12,174.22	169.53	202.64	70.37	169.31	13,667.93	6.21	52.08	58.29
	-	10.80	53.38	260.35	39.21	6,768.84	156.40	182.45	60.61	133.38	7,665.41	5.90	48.57	54.48
	-	0.38	3.22	42.52	8.56	483.25	3.38	11.25	2.57	7.30	562.43	-	0.91	0.91
	-	-	-	-	-	-	-	6.80	-	-	6.80	-	-	-
(C) As at 31 March 2015/ 1 April, 2015	-	11.18	56.59	306.91	76.90	7,270.67	160.25	186.93	63.86	157.40	8,290.70	5.90	49.48	55.38
	-	11.18	56.59	306.91	76.90	7,270.67	160.25	186.93	63.86	157.40	8,290.70	5.90	49.48	55.38
	-	0.38	3.22	10.91	8.56	442.44	0.37	7.11	1.70	2.29	476.98	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(D) As at 31 March 2016	-	11.57	59.81	317.82	85.46	7,713.11	160.63	183.38	65.56	159.69	8,757.02	5.90	49.48	55.38
	31.27	28.49	150.87	215.61	23.27	4,783.69	8.69	27.71	6.34	10.77	5,286.72	0.31	2.60	2.91
	12.01	28.11	147.66	204.70	14.71	4,461.11	8.91	19.26	4.81	9.61	4,910.90	0.31	2.60	2.91
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Work in Progress as at 31st March 2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes :

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

Asset		Cost	Acc. Deprn. As of 31/03/2013	Impairment	Carrying Cost As of 31/03/2013
Plant & Machinery - IBAP (Refer Note 26.4)		1,543.84	190.78	277.96	1,075.10
Plant & Machinery - Bio Mass Plant		131.24	64.31	60.37	6.56
TOTAL		1,675.08	255.09	338.33	1,081.66

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

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

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
16,963 Shares of ₹ 100/- each fully paid up in Equity shares of Cuddalore Sipcot Industries Common Utilities Limited (Jointly controlled Company for disposing of common effluents)	16.96	16.96
TOTAL	16.96	16.96

NOTE - 12 LONG TERM LOANS AND ADVANCES

(Unsecured, Considered Good except otherwise stated)

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
Security Deposits & Other Deposits	5.03	3.95
Loans & Advances to related parties	1.98	1.98
Rent Advance	4.29	4.29
Other Loans & Advances		
VAT Input Credit, Statutory/Electricity deposits etc	124.23	92.34
TOTAL	135.53	102.55

NOTE - 13 INVENTORIES

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
Raw materials including Packing Materials	720.39	1,121.49
Raw materials including Packing Materials - In transit	88.35	-
Work-in-progress	1.28	1.45
Finished goods	631.41	532.50
Stores, Spares & Consumables	310.58	406.37
Coal, Fuel Oil & Other utilities	37.25	54.19
TOTAL	1,789.27	2,115.99

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE - 14 TRADE RECEIVABLES

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
Due for period exceeding six months		
Secured, considered good	-	-
Unsecured, considered good	30.23	3.71
Unsecured, considered doubtful	-	-
Less : Provision for doubtful debt	-	-
TOTAL (I)	30.23	3.71
Others		
Secured, considered good		
Unsecured, considered good	1,959.40	1,693.83
Unsecured, considered doubtful	-	-
Less : Provision for doubtful debt	-	-
TOTAL (II)	1,959.40	1,693.83
TOTAL (I + II)	1,989.63	1,697.53

NOTE - 15 CASH AND BANK BALANCES

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
A. Cash & Cash Equivalent		
Balances with Bank		
Current Accounts	0.20	0.21
EEFC Account	0.72	0.68
Deposit Accounts (with maturity less than 3 months)	-	25.00
Cash on Hand	-	-
TOTAL (A)	0.92	25.88
B. Other Bank Balance		
Unclaimed Dividend	8.61	16.25
TOTAL (B)	8.61	16.25
TOTAL (A + B)	9.52	42.14

NOTE 16 SHORT TERM LOANS AND ADVANCES

(Unsecured, Considered Good except otherwise stated)

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
Security Deposits & Other Deposits	1.21	1.08
Advance for Expenses & Purchases of Material	37.50	39.99
Advances to Employees	7.32	7.67
Others Loans & Advances:		
Claims Recoverable, VAT Input Credit etc	101.57	55.80
Prepaid Expenses	52.03	27.44
TOTAL	199.63	131.98

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE - 17 OTHER CURRENT ASSETS

(Unsecured, Considered Good except otherwise stated)

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
Interest accrued on Loans and Advances	4.58	2.89
Interest accrued on Fixed Deposit	-	0.12
Export Incentives	43.49	53.49
Mark to Market	-	2.95
TOTAL	48.07	59.45

NOTE -18 Revenue from Operations

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
A. Sale of Products		
Manufactured	14,248.80	13,000.59
TOTAL (A)	14,248.80	13,000.59
B. Other Operating Income		
Insurance claims	-	23.37
Export Incentives	72.92	23.48
Conversion charges	337.83	136.39
Scrap sales	20.42	17.70
TOTAL (B)	431.17	200.93
TOTAL (A + B)	14,679.97	13,201.52
C. Less: Excise duty on Sales	1,347.53	1,209.53
Total Revenue from Operation (A + B - C)	13,332.45	11,991.98
Details of Sale Value of Goods manufactured under broad heads		
Fluorine Chemicals	10,467.98	9,520.63
Sulphuric Acid and Oleum	3,231.87	2,925.32
Others (Gypsum and Specialty Chemicals)	548.96	554.63
	14,248.80	13,000.59

NOTE - 19

Other Income

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
Interest on Income tax refunds	-	4.78
Interest on deposits	4.81	3.40
Profit on sale of Fixed assets	2.70	-
Other Miscellaneous receipt	0.01	0.02
Fluctuation in Exchange Rates (excluding forward cover charges)	14.77	20.04
Excess provisions & Liabilities no longer required written back	13.46	-
TOTAL	35.74	28.24

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE - 20**Cost of Raw Materials including Packing Material Consumed [Refer Note 26.10 (3)]**

Particulars	Year Ended 31st Mar 2016 (₹ in lakhs)	Year Ended 31st Mar 2015 (₹ in lakhs)
Cost of Raw materials consumed	7,667.49	6,710.80
Cost of Packing materials consumed	426.32	395.24
TOTAL	8,093.80	7,106.04
Details of Materials Consumed under broad heads as follows		
Flurospar	3,726.43	2,887.45
Sulphur	2,108.41	2,590.45
Alumimum Hydroxide	661.06	320.92
Pottassium Carbonate	391.14	482.88
Others (includes Boric Acid / Ether and other materials used in speciality products)	1,206.76	824.33
TOTAL	8,093.80	7,106.04

NOTE - 21**Changes in Inventories of Finished goods and Work in Progress**

Particulars	Year Ended 31st Mar 2016 (₹ in lakhs)	Year Ended 31st Mar 2015 (₹ in lakhs)
Closing stock		
Finished Goods	631.41	532.50
Work in Progress	1.28	1.45
TOTAL	632.69	533.95
Less:		
Opening Stock		
Finished Goods	532.50	734.70
Work in Progress	1.45	1.44
TOTAL	533.95	736.13
Excise duty on Closing Stock	51.10	43.04
Excise duty on Opening Stock	43.04	57.41
Increase / (Decrease) in Excise duty on Finished Goods	8.06	(14.38)
Increase / (Decrease) in Inventories of Finished Goods and WIP	90.68	(187.81)
Manufactured Goods		
Fluorine Chemicals	510.72	444.29
Sulphuric Acid and Oleum	13.22	67.06
Others	107.46	21.14
TOTAL	631.41	532.50
Work in progress		
Fluorine Chemicals	1.22	1.39
Sulphuric Acid and Oleum	-	-
Others	0.06	0.06
TOTAL	1.28	1.45

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE - 22

Employee Benefit Expenses (Refer Note 26.7)

Particulars	Year Ended 31st Mar 2016 (₹ in lakhs)	Year Ended 31st Mar 2015 (₹ in lakhs)
Salaries, Wages and Bonus	919.57	748.81
Contribution to Provident & Other Funds	105.76	82.95
Staff Welfare Expenses	92.13	88.34
TOTAL	1,117.47	920.10

NOTE - 23

Finance Cost

Particulars	Year Ended 31st Mar 2016 (₹ in lakhs)	Year Ended 31st Mar 2015 (₹ in lakhs)
Interest Expenses		
Banks		
Borrowings - Term Loan	8.70	53.83
Borrowings - Working Capital	249.18	339.97
Others		
Interest on Inter Corporate Deposit	414.45	407.04
Others	-	0.03
Other Borrowing cost		
Processing Fees	16.62	68.34
Forward Cover Charges	24.17	60.10
TOTAL	713.13	929.31

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE - 24

Other Expenses

Particulars	Year Ended 31st Mar 2016 (₹ in lakhs)	Year Ended 31st Mar 2015 (₹ in lakhs)
Consumption of stores and Spares (Refer Note 26.10 (3))	530.85	426.93
Power & Fuel	1,719.46	1,571.63
Effluent Treatment Expenses	89.93	51.61
Water charges	91.81	71.55
Other Manufacturing Expenses -Consumables and Operation Expenses (Job Work Charges)	53.01	33.85
Rent	5.80	4.63
Repairs & Maintenance		
Building	24.35	18.74
Plant & machinery	205.41	217.75
Others	213.18	172.13
Insurance (Net)	42.79	42.96
Rates & Taxes	25.85	21.50
Travelling & Conveyance	58.31	59.44
Vehicle Running Expenses	16.72	20.00
Communication Expenses	23.93	20.97
Auditors Remuneration		
Audit Fee	4.00	3.00
Tax Audit Fee	1.00	0.80
Limited Review	2.55	2.60
Other Certification work	0.45	1.56
Travel and Stay Expenses	0.88	1.22
Cost Audit Fee	0.50	0.30
Printing & Stationery	11.13	11.90
Legal & Professional Charges	10.43	14.29
Consultancy Charges	8.66	6.28
Miscellaneous Expenses	25.61	38.41
R&D Expenses	1.35	2.44
Bank Charges (other than borrowings)	56.20	40.26
Directors sitting fees	11.40	10.50
Loss on sale of Fixed assets	-	0.02
Area maintainance charges	13.20	13.62
Security Service charges	30.83	33.26
Lease Charges	16.67	15.47
Freight Packing & forwarding	82.12	90.79
Commission on sales	14.02	2.49
TOTAL	3,392.42	3,022.89

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE - 25

Extraordinary items

Particulars	Year Ended 31st Mar 2016 (₹ in lakhs)	Year Ended 31st Mar 2015 (₹ in lakhs)
Restoration of Damages - Due to Cyclone Insurance claim against Loss of Profit due to cyclone (On the early hours of 30th December 2011, Cyclone "Thane" crossed Cuddalore. Due to this, there were damages to the properties and materials of the company. These resulted in operation of the plant being stalled for more than 30 days in January 2012. Necessary repair works were carried out. Financial loss pertaining to repairs costs, loss of material etc., was shown as extra-ordinary items in the Statement of Profit & Loss of financial year 2011-12. Insurance claim received against Business Interruption / Loss of Profit as full and final settlement of the claim has been accounted for as income during the previous year.)	-	(48.23)
TOTAL	-	(48.23)

NOTE - 25 A

Exceptional Items

Particulars	Year Ended 31st Mar 2016 (₹ in lakhs)	Year Ended 31st Mar 2015 (₹ in lakhs)
Profit on sale of freehold residential vacant land at Cuddalore	(372.48)	-
	(372.48)	-

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE - 26 Other Notes on Financial Statements

26.1 a) Contingent Liabilities not provided for:

Particulars	As at 31st Mar 2016 (₹ in lakhs)	As at 31st Mar 2015 (₹ in lakhs)
Claims against the Company not acknowledged as debts		
i) Custom Duty	10.79	10.79
ii) Excise Duty	102.51	76.05
iii) Service Tax	158.24	56.82

- b) The company has process of evaluating financial impact of pending litigation on Financial Statement and making necessary provision in terms of prevailing accounting practices.
- c) The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts has been made in the books of account. The Company did not have any derivative contracts as at balance sheet date.
- d) SIPCOT has raised a demand of ₹ 12.00 lacs for payment of additional cost for the land at Cuddalore taken on long-term lease together with interest @ 16.5%p.a. The Company has paid an initial amount of ₹ 6.00 lacs in 1995 and additional amount of ₹ 6.00 lacs in 2001, as per the directions of the Honourable High Court of Madras. However, SIPCOT has preferred an appeal against the order of the High Court challenging the waiver of interest. Matter is pending at High court of Madras.
- e) Renewable Power Obligation (RPO): The company had filed a petition with Hon'ble Tamil Nadu Electricity Regulatory Commission (TNERC) to declare its 2.3 MW cogeneration plant exempt from 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 believes the facts of the case has no applicability to the factors of its petition and also based on erroneous premise that the company's plant is a fossil-fuel based cogeneration plant. Aggrieved by the order the company filed an appeal with Hon'ble APTEL which has been admitted. The company believes, based on the legal advice, that its appeal would be favourably considered by APTEL and accordingly has not made any provision towards RPO from Financial year 2012-13 to 2015-16 currently estimated at ₹ 159.91 lakhs.

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

26.3 During the Financial Year 1991 - 92 the Company has received a notice from the Tamilnadu Sales Tax authorities towards levy of tax etc. on sales effected from Pondicherry Depot during 1989-90 and 1990-91. Based on the directions of the Honourable High Court of Madras, the Appellate Assistant Commissioner, Commercial Taxes, Chennai passed the order in favour of the

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

company thereby reducing the demand to ₹ 52.77 lacs. The amount has since been paid under protest. The company has also filed a writ petition before Honourable High Court of Madras, for granting refund of tax paid earlier to Pondicherry Government. As a matter of abundant caution, provision has been made in these accounts for the disputed amount of ₹ 52.77 lacs.

26.4 The Company had implemented Isobutyl Acetophenone (IBAP) project during 2010-11 with a capital outlay of ₹1477.27 lacs and has made some modifications during 2011-12, 2012-13 and 2015-16 with additional capex amounting to ₹ 85.66 lacs to resolve technical issues faced. The company had signed a Memorandum of Understanding (MOU) with an interested party for transfer of machinery and technology at an agreed value subject to certain conditions in 2012-13 and had recognized impairment provision of ₹ 277.96 lacs during that year based on the said MOU. In the opinion of the management there would be no further impairment in the said project

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

Particulars	Year Ended 31st Mar 2016 (₹ in lakhs)	Year Ended 31st Mar 2015 (₹ in lakhs)
Profit / (loss) after taxation	40.13	(528.99)
Extra-Ordinary Items (Refer Note 25)	0.00	48.23
Profit / (loss) after taxation before Extra-Ordinary Items	40.13	(577.22)
Weighted average number of shares outstanding during the year (Numbers)	9,975,000	9,975,000
Earnings per share of ₹ 10 /-each		
After Extra-ordinary Items		
Basic (₹)	0.40	(5.30)
Diluted(₹)	0.40	(5.30)
Before Extra-Ordinary Items		
Basic (₹)	0.40	(5.79)
Diluted (₹)	0.40	(5.79)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

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

Particulars	(₹ in lakhs)
Balance as at 1st Apr 2015	52.77
Additional Provision created during the year	-
Provision used during the year	-
Provision reversed during the year	-
Balance as at 31st Mar 2016 (Refer Note 9)	52.77

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

RETIREMENT BENEFITS**i Defined Contribution Plans–**

The Company has recognised the following amount as an expense and included in Note No. 22 - Contribution to Provident & Other Funds:

Particulars	Year Ended 31st Mar 2016 (₹ in lakhs)	Year Ended 31st Mar 2015 (₹ in lakhs)
i) Contribution to Employees Provident/Pension Fund	42.29	39.38
ii) Contribution to Superannuation Fund	18.09	16.40
iii) Contribution to ESIC	2.42	2.13
iv) Contribution to EDLI	1.76	1.84
TOTAL	64.56	59.75

ii Defined Benefit Plan**A. Gratuity**

Particulars	Year Ended 31st Mar 2016 (₹ in lakhs)	Year Ended 31st Mar 2015 (₹ in lakhs)
Net Employee Expenses / (Benefit)		
Current Service Cost	14.30	25.70
Interest cost on benefit obligation	14.70	13.80
Expected return on plan assets	(14.84)	(14.62)
Net Actual (gain) / loss recognized in the year	24.93	1.98
Net charge to P & L Account	39.09	26.86
Actual return on plan assets	8.00%	8.00%
Benefit Asset / (Liability)		
Defined benefit obligation	239.15	203.88
Fair value of Plan Assets	198.07	182.68
Benefit Assets / (liability)	(41.08)	(21.20)
Movement in benefit liability		
Opening defined benefit obligation	203.88	184.79
Interest cost	14.70	13.80
Current Service cost	14.30	25.70
Benefit paid	(13.77)	(24.59)
Actual (gain) / (losses) on obligation	20.04	4.18
Closing benefit obligation	239.15	203.88
Current Liability (within 12 months)	18.30	15.35
Non Current Liability	220.85	188.53

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	Year Ended 31st Mar 2016 (₹ in lakhs)	Year Ended 31st Mar 2015 (₹ in lakhs)
Movement in fair value of plan assets		
Opening fair value of plan assets	182.68	186.12
Expected Return on plan assets	14.84	14.62
Actuarial gains/(losses) on assets	(4.88)	2.19
Contribution by employer plus premium received	19.20	4.98
Benefits paid plus premium plus expenses	(13.77)	(25.23)
Closing fair value of plan assets	198.07	182.68
The principal actuarial assumptions are as follows		
Discount rate	7.46%	8.00%
Estimated rate of return on plan assets	8.00%	8.00%
Salary increase	6.00%	6.00%
Withdrawal rates	5.00%	5.00%
Amount incurred as expenses for defined contribution plans		
Contribution to Provident / Pension fund	42.29	39.38
Contribution to Superannuation fund	18.09	16.41
The major categories of plan assets as a percentage of the fair value of total plan asset are as follows:		
Investment in Bonds	0.52%	0.54%
Investment in Mutual Fund	98.68%	98.25%
Bank balances in Current Account	0.80%	1.21%

B. Leave Encashment

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

26.8 RELATED PARTY DISCLOSURES

A. Relationships

Promoters of the Company

26.02% Equity shares of the Company are held by Tamil Nadu Industrial Development Corporation Limited

19.96% Equity shares of the Company are held by T.G.S Investment & Trade Private Limited since 03.02.2006

4.99% Equity shares of the Company are held by Pilani Investment & Industries Corporation Limited

JOINT VENTURE

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

KEY MANAGERIAL PERSONNEL

Shri Lalit Naik - Manager and Director

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

B RELATED PARTY DISCLOSURES

Name of the related party	Nature of relationship	Nature of Transaction	Year Ended 31st Mar 2016 (₹ in lakhs)	Year Ended 31st Mar 2015 (₹ in lakhs)
Cuddalore Sipcot Industries Common Utilities Limited				
	Joint Venture for common Effluent Utilities	Deposit for commissioning of Effluent Discharge System	1.98	1.98
		Charges for Effluent Discharge	18.60	18.40
		Trade Payable	1.70	1.52
Aditya Birla Chemicals (India) Limited (since merged with Grasim Industries Limited effective from 05th January 2016)	Key Managerial Personnel	Investment in Redeemable Cumulative Preference shares	-	500.00
		Conversion charges billed	60.36	-
		Trade Receivable	35.43	-
		Interest Payment on Inter corporate deposit	56.24	-
Aditya Birla Chemicals (Thailand) Limited	Key Managerial Personnel	Purchase of Raw Material	-	379.95
Aditya Birla Epoxy (India) Limited	Key Managerial Personnel	Interest Payment	11.14	393.80
Grasim Industries Limited	Companies under same Group	Conversion charges billed	16.43	-
		Trade Receivable	15.95	-
		Investment in Redeemable Cumulative Preference shares	500.00	-
Aditya Birla Finance Limited	Companies under same Group	Inter Corporate Deposit	3,630.00	-
		Interest Payment	17.16	-
		Trade Payable	15.44	-

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

26.9 Foreign currency exposure which are not hedged as at March 31, 2016

Particulars	Currency	Foreign currency Amount	Closing Rate	Amount (₹ in lakhs)
Trade Receivables	USD	181,451	66.24	120.20
Trade Payables	USD	1,453,382	66.25	962.90

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

Particulars	Year Ended 31st Mar 2016 (₹ in lakhs)	Year Ended 31st Mar 2015 (₹ in lakhs)
Raw Materials	3,869.91	3,242.55
Component and Spare Parts	9.47	5.46
TOTAL	3,879.38	3,248.01

2 Expenditure in Foreign Currency (On remittance basis)

Expenditure in Foreign Currency (On remittance basis)

Particulars	Year Ended 31st Mar 2016 (₹ in lakhs)	Year Ended 31st Mar 2015 (₹ in lakhs)
Travelling Expenses	1.17	4.17
Lease Rent	12.27	42.01
Commission on Sales	7.78	-
Interest	5.33	2.03
Freight & Forwarding expenses	21.94	25.71
Others	1.54	5.69
TOTAL	50.03	79.61

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

Particulars	Year Ended 31st Mar 2016		Year Ended 31st Mar 2015	
	% age	(₹ in lakhs)	% age	(₹ in lakhs)
I) Raw Materials				
Imported	52.93	4,284.37	48.43	3,441.24
Indigenous	47.07	3,809.43	51.57	3,664.80
TOTAL	100.00	8,093.80	100.00	7,106.04
II) Spare Parts:				
Imported	2.33	12.37	5.62	23.98
Indigenous	97.67	518.48	94.38	402.95
TOTAL	100.00	530.85	100.00	426.93

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

4 Earnings in Foreign Currency

Particulars	Year Ended 31st Mar 2016 (₹ in lakhs)	Year Ended 31st Mar 2015 (₹ in lakhs)
l) On export of goods (F.O.B. Basis) :	2,262.90	1,708.13
TOTAL	2,262.90	1,708.13

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

For and on behalf of the Board of Directors

K.Senthil Naathan
Unit Head

Lalit Naik
Manager and Director

R.Karthikeyan
Director

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

V.T.Moorthy
Director

M.R.Sivaraman
Director

Place : Chennai

Punita Aggarwal
Company secretary

Dated 24th May, 2016

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

[Pursuant to Section 105(6) of The Companies Act, 2013 and rule 19(3) of
The Companies (Management and Administration) Rules, 2014]

FORTY SECOND ANNUAL GENERAL MEETING

Wednesday, September 28, 2016



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 Second Meeting of the Company, to be held on Wednesday, September 28, 2016 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 st March, 2016, the Reports of the Board of Directors and Auditors' thereon .	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
2.	Re-appointment of Shri R. Karthikeyan, Director retiring by rotation.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
3.	Re-appointment of M/s. Khimji Kunverji & Co., Chartered Accountants as Statutory Auditors of the Company	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
Special Business				
4.	Ratification of the remuneration to Cost Auditors for the financial year ending 31 st March, 2017.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
5.	Report to BIFR on erosion of more than fifty percent of the peak net worth of the Company for the financial year ended 31.3.2016 during immediately preceding four financial years.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
6.	Re-designation of Shri Lalit Naik as Managing Director of the Company.	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>

Signed this _____ day of _____ 2016

Signature(s).....

Affix
Re.1/-
Revenue
Stamp

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

TANFAC INDUSTRIES LIMITED
CIN: L24117TN1972PLC006271
REGD. OFFICE: PLOT NO.14 SIPCOT INDUSTRIAL COMPLEX
CUDDALORE – 607 005 TAMIL NADU
Website: www.tanfac.com Phone: 04142-239005 to 5 Fax: 04142-239008
Email: invreln.tanfac@adityabirla.com



ATTENDANCE SLIP
(To be presented at the entrance)

FORTY SECOND ANNUAL GENERAL MEETING

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

I hereby record my presence at the Forty Second Annual General Meeting of TANFAC Industries Limited on Wednesday, 28th September, 2016 at 11.30 A.M. at the Registered Office at 14, SIPCOT Industrial Complex, Cuddalore – 607 005.

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

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

*Member's / Proxy's
Signature

* Strikeout whichever is not applicable

ELECTRONIC VOTING INFORMATION

EVSN (Electronic Voting Sequence Number)	USER ID	PASSWORD

- Note:
1. Please complete this attendance slip and hand it over at the entrance of the meeting hall.
 2. Members are requested to bring this slip along with them as duplicate slips will not be issued at the venue of the Meeting.
 3. Please read the instructions for e-voting information mentioned under Sl.No.17 of Notes to Notice of 42nd Annual General Meeting.

Notes:

[illegible]

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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