



TANFAC

Ready  
for

TOMO  
ROW



ANNUAL REPORT **2021-22**

### Forward-looking statements

This document contains statements about expected future events and the financial and operating results of Tanfac Industries Limited ("Tanfac/ Company"), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications, and risk factors referred to in the Management Discussion and Analysis of Tanfac Industries Limited's Annual Report, FY2022.

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# Ready for TOMORROW

# LETTER TO SHAREHOLDERS



DR. KIRAN C PATEL



ANAND S DESAI

Dear Shareholders,

*We are pleased to address you through this report after completion of our successful acquisition of Tanfac Industries earlier this year and becoming the part of Promoter group of Tanfac. We take this opportunity to assure you that we are fully cognizant of the responsibilities vested in us to create, retain, and enhance value for all of our stakeholders.*



We believe there is strong symbiotic relationship between Tanfac and Anupam as Tanfac has strong presence in key starting materials for fluorination chemistry. This can be leveraged further by addition of Anupam's core strength in chemistry and process optimization in capitalizing huge potential that fluorination chemistry offers.

Tanfac has been one of the leading players in Fluro chemistry for decades. We intend to modernize the facilities and enhance the operational capacities at Tanfac. We also plan to create new capacities and launch new molecules to capitalize the competency of Tanfac in tapping new opportunities. We are pleased to inform you that we have already integrated key functions such as Information Technology, Finance, and Human Resources, while preserving the business's core DNA and maintaining business continuity.

We are pleased to co-lead an organization that will play a pivotal role in our growth, and we are confident that Tanfac's meticulous planning for capitalising on emerging opportunities will lead to continued success. Tanfac can count on Anupam Rasayan's support in achieving its objectives.

Employees are at the core of our progress and we believe in transpiring this philosophy wherever we associate ourselves. We are delighted to welcome Mr K. Sendhil Naathan and his team to Anupam Rasayan family and look forward to leveraging their skills and experience to help Tanfac reach greater heights.

**We wish the Tanfac team the very best in the journey ahead.**

Regards

**Dr. Kiran C Patel & Anand S Desai**

# KEY PERFORMANCE INDICATORS

## REVENUE FROM OPERATIONS

(₹ in Crores)

**320.2** ↑ **18%**  
5 year CAGR

<b>FY22</b>	<b>320.2</b>
FY21	147.9
FY20	164.8
FY19	221.7
FY18	165.4

## EBIDTA

(₹ in Crores)

**78.6** ↑ **40%**  
5 year CAGR

<b>FY22</b>	<b>78.6</b>
FY21	34.1
FY20	27.1
FY19	52.7
FY18	20.7

## EBIDTA MARGIN

(In %)

**24.5**

<b>FY22</b>	<b>24.5</b>
FY21	23.1
FY20	16.4
FY19	23.8
FY18	12.5

## NET PROFIT

(₹ in Crores)

**53.3** ↑ **53%**  
5 year CAGR

<b>FY22</b>	<b>53.3</b>
FY21	17.5
FY20	17.0
FY19	36.0
FY18	9.7

## CASH FROM OPERATIONS\*

(₹ in Crores)

**44.2** ↑ **39%**  
5 year CAGR

<b>FY22</b>	<b>44.2</b>
FY21	36.7
FY20	21.0
FY19	34.9
FY18	12.0

\* Net of Finance Cost

## EPS

(₹ Per Share)

**53.4** ↑ **53%**  
5 year CAGR

<b>FY22</b>	<b>53.4</b>
FY21	17.5
FY20	17.0
FY19	36.1
FY18	9.7

## BOOK VALUE

(₹ Per Share)

**134.0** ↑ **80%**  
5 year CAGR

<b>FY22</b>	<b>134.0</b>
FY21	83.4
FY20	65.4
FY19	48.1
FY18	12.7

## MARKET CAPITALIZATION\*

(₹ in Crores)

**466.2** ↑ **50%**  
5 year CAGR

<b>FY22</b>	<b>466.2</b>
FY21	184.0
FY20	152.4
FY19	202.8
FY18	92.3

\* Average for the financial year

# CORPORATE INFORMATION

<b>DIRECTORS</b>	Mrs. Mariam Pallavi Baldev (w.e.f. 23 <sup>rd</sup> August, 2022) Mrs. R. Lilly, IAS., Chairperson (till 23 <sup>rd</sup> August, 2022) Mr. R. Karthikeyan Mr. Afzal Harunbhai Malkani (from 11 <sup>th</sup> March 2022) Mr. V.T. Moorthy Mr. M.R. Sivaraman, IAS [Retd.] Dr. Shankar Narasimhan Mrs. R. Rajalakshmi Mr. K.Sendhil Naathan, Managing Director
<b>MANAGING DIRECTOR</b>	Mr. K. Sendhil Naathan
<b>CHIEF FINANCIAL OFFICER (CFO)</b>	Mr. N.R. Ravichandran
<b>COMPANY SECRETARY</b>	Mr. H. Narayana Rao (from 6 <sup>th</sup> May 2022)
<b>AUDITORS</b>	M/s Singhi & Co Chartered Accountants Unit 11D, 11 <sup>th</sup> Floor Ega Trade Centre 809, Poonamalle High Road, Kilpauk Chennai - 600 010 Phone No. +91-44-42918459
<b>REGISTERED OFFICE AND WORKS</b>	Plot No.14 SIPCOT Industrial Complex, Kudikadu, Cuddalore – 607 005 Cuddalore Dist. TAMIL NADU Phone No.+91-4142-239001 TO 239005 Fax No. +91-4142-239008 Email: <a href="mailto:tanfac.invreln@anupamrasayan.com">tanfac.invreln@anupamrasayan.com</a>
<b>CORPORATE OFFICE</b>	Oxford Centre, First Floor No.66 Sir C.P. Ramaswamy Road Alwarpet Chennai – 600 018 Phone No.+91-44-24990451 / 24990464 Fax No. +91-44-24993583 Email: <a href="mailto:tanfac.finance@anupamrasayn.com">tanfac.finance@anupamrasayn.com</a>

# Management Discussion And Analysis

## INDUSTRY STRUCTURE AND DEVELOPMENTS:

### MACRO ECONOMY AND INDUSTRY UPDATES:

The International Monetary Fund (IMF) lowered its global growth forecast by 0.8% to 3.6% as inflation continues to rise and supply chain continues to be in disarray. Ongoing disruptions in Supply Chain and high energy cost continuing in 2022, inflation is expected to remain elevated for an extended period of time till the supply-demand imbalances wane and effects of monetary policy responses in major economies kick in. Towards the end of FY'22, the Ukraine war and subsequent sanctions that disrupted global commodity markets and supply chains further aggravated the situation. Frequent lockdowns in China's key manufacturing hubs had a far-reaching effect on the global supply chain.

After seeing of 7.4% during 2020-21 in the aftermath of nationwide lockdown triggered by the onset of Covid-19 pandemic, Indian Economy witnessed return to growth registering 8.7% GDP growth during 2021-22 fuelled by the synchronised relief and revival measures undertaken by the Central Government and the RBI. Abundant monsoon during 2021 also contributed to the economic rebound.

The Budget 2022-23 lays emphasis on building foundation of country's economic development for next 25 years ('Amrit Kaal' period) up to 2047, centenary year of India's Independence. A boost was provided for India's electric vehicle policy scheme for faster adoption and manufacturing of electric vehicle in India. .

Buoyed by consistent improvement in agriculture, flattening of Covid-19 curve thanks to the efficient roll out of vaccine leading to revival of economic activity, World Bank estimates Indian economy to grow by 8% in 2023. The Government's Production-Linked Incentive (PLI) scheme is expected to generate investment / capex of 1.4 trillion rupees in various sectors like automobiles and pharmaceuticals.

## CHEMICAL INDUSTRY & FLUORO-CHEMICALS

Chemical companies across the world continue to face challenges in a hypercompetitive world. According to Excellence

in Chemical Logistics report, there is significant opportunity to deliver value through supply chain particularly in the aftermath of worldwide lockdown due to pandemic. Recent serious incidents in Petro-chemical and chemical processing industries call for significant investments and spends towards strengthening safety and sustainability. (source: manufacturingchemist.com & PWC Research publication)

Global Fluorochemical market is estimated around US\$ 20 billion and expected to grow at a CAGR of 5.2% and reach USD 26 billion by 2026 with Asia Pacific region expected to account for significant share of the global market. The growing industrialisation in emerging economies like China, India and South East Asian countries will continue to increase demand for refrigerants. The rapidly growing demand of air-conditioning and refrigeration systems in the domestic and industrial sectors, increasing demand from applications like oil and gas, pharmaceuticals, automotive and transport industries are expected to drive the growth for fluorochemicals. (sources: globalnewswire, GM insights and Business Wire, Ken Research)

Due to pandemic, the demand for fluorochemical in health care sectors have increased during the year and with significant spend in R&D, it is expected use of fluorine compound in the manufacture of pharma products will increase in future. However, the industry will face challenges like increased regulatory restrictions from the Governments, environment scrutiny due to growing environment concerns, etc., Auto industry is expected to make a strong comeback worldwide with continued emphasis on launch of electric vehicles which will further strengthen the demand of fluorochemicals in the production of aluminium and electric components (sources: 100ppi.com; Business Wire)

In India the market growth of fluorochemicals is driven by downstream sectors like Automobile, Air Conditioning, Refrigeration, Construction, Cold Storage and Pharma / Life Science segments. Life Science segment has emerged one of the key drivers over the years. India is expected to become 4<sup>th</sup> largest chemical producer in the world by 2030, benefitting from rising export opportunities, stability of prices, faster end user industry growth and low penetration of specialty chemicals. (source: economic times, economist)

## BUSINESS PERFORMANCE

Particulars	(₹ in Crores)	
	Financial Year 2021 - 22	Financial Year 2020 - 21
Sales	320.17	147.90
Other Income (including operating income)	3.40	1.37
Operating Expenditure	245.01	115.22
Earnings before Depreciation, Finance Cost and Taxation (EBIDTA)	78.56	34.05
Finance Cost	1.02	0.52
Depreciation/Impairment/Amortisation	5.60	8.47
Profit before Tax (PBT)	71.94	25.06
Current Tax / Deferred Tax	18.66	7.59
Profit after Tax (PAT)	53.28	17.47
Other Comprehensive Income / (Loss)	0.66	0.57
Total Comprehensive Income	53.94	18.04

During the year under review, your Company undertook various initiatives to support the country in its fight against the pandemic.

Your Company was able to seize the opportunity that emerge and cater to the demand of the various customers and stakeholders. All this has resulted in your Company emerging stronger and register good performance despite disruptions due to second wave of Covid-19 during the first quarter. Your Company had registered its highest ever Turnover, EBIDTA and Net Profit on the back of strong performance of its Value-Added Products (VAP) and other key products Hydrofluoric Acid and Sulphuric Acid and significant improvements in its operation parameters like consumption norms through sustained innovation post commissioning of new kiln at the fag-end of the previous financial year.

Sales and Other Income had more than doubled to ₹ 323.58 Crores from ₹ 149.26 Crores during the previous financial year. Higher realization of Sulphuric Acid, higher volume and realization of HF & Value-Added Products (VAP) and higher sale of AIF3 were the key contributors for the significant increase along with the ongoing initiatives taken by the company as detailed below during the last few years.

- Recalibrated business strategy by diversifying to niche product & segments.
- Continuous focus on downstream Value-Added Products (VAP). Strongly positioned in a niche segment of DHF.
- Continuous focus on in-house process optimization through innovation and cost reduction.
- Man power optimization.
- Expanding vendor & geography base of Fluorspar to avoid dependency on China.
- Long term tie-up with a key refinery for supply of Molten Sulphur with a win-win deal.
- Negotiation with key raw material suppliers for reduction in prices compared to international price.
- Thrust on Working Capital and Cash Management.

Your Company is closely monitoring the impact of the ongoing disruptions in the global supply chain due to the Ukraine war and is taking proactive measures to minimise the risks with its continued focus on operational efficiencies, cash management & cost control.

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

## SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

The Company operates in a single segment i.e., Fluro-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 had more than doubled to ₹ 320.17 Crores from ₹ 147.90 Crores during the previous financial year. Higher realization of Sulphuric Acid, higher volume and realization of HF & Value-Added Products (VAP) and higher sale of AIF3 were the key contributors for the significant increase. Share of VAP to total turnover was at 21% thanks to the continued focus on improving the VAP performance.

Export turnover was higher by 40% at ₹ 15.63 crores against ₹ 11.17 crores in the previous year.

## EARNINGS BEFORE DEPRECIATION, FINANCE COST AND TAXATION (EBIDTA):

Earnings before Depreciation, Finance Cost and Taxation had increased significantly at ₹ 78.56 Crores during the year, compared to ₹ 34.05 Crores in the corresponding period of the previous year. Factors contributing to the significant improvement in the profitability have been explained in the preceding paragraphs.

## DEPRECIATION / AMORTISATION:

Depreciation during the year was ₹ 5.60 Crores as against ₹ 8.47 Crores in the previous year. During the previous year the Company had reassessed the useful life of some of its main assets and made additional depreciation provision of ₹ 3.36 Crores.

## FINANCE COST:

Finance cost, including forex cover charges on foreign exchange hedging had increased to ₹ 1.02 Crores from ₹ 0.52 Crores in the previous year due to increase in level of business. With continued thrust on effective working capital and cash management, the Company's cash surplus for future growth had significantly increased to ₹ 53.83 Crores during the year from ₹ 27.72 Crores during the previous year.

## FIXED DEPOSITS:

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

## CREDIT RATING:

On the back of strong performance by the Company despite pandemic supported by healthy Balance Sheet, ICRA and ACUITE Ratings have upgraded the credit rating to ICRA A- (Stable) and ACUITE A- (Stable) for Long Term from ICRA BBB+ (Stable) and ACUITE BBB+ (Stable) and ICRA A2+ and ACUITE A2+ for Short Term from ICRA A2 and ACUITE A2 respectively.

## INCOME TAX

In line with substantial increase in profitability, the Company has accounted for tax provision of ₹ 19.42 crores (previous year ₹ 8.66). During the year the Company has reversed Deferred Tax provision of ₹ 0.76 crores (previous year provision of ₹ 1.07 crores).

## OTHER COMPREHENSIVE INCOME / (EXPENSES)

Other Comprehensive Income / (Expenses) was ₹ 0.66 crores during the year against ₹ 0.57 crores during previous year.

Please refer Note No. 27 of the Financial Statement for further details.

## TOTAL COMPREHENSIVE INCOME

Total comprehensive Income for the year was higher at ₹ 53.94 crores during the year against ₹ 18.04 crores during previous year.

## OTHER EQUITY

With the help of good performance during the year, the Company's Other Equity had increased to ₹ 123.72 crores from ₹ 73.26 crores at the end of previous financial year. The Company had paid interim dividend of ₹ 3.49 Crores during the year. Please refer to the Statement of Change in Equity and Note No. 13 of the Financial Statement for further details.

## CASH FROM OPERATIONS

Cash from operations was higher at ₹ 45.17 crores compared to ₹ 37.21 crores during previous year due to improved profitability.

## BORROWINGS AND NET DEBT:

The Company had achieved debt free status during the financial year 2019-20 and remained cash surplus during the financial year. Cash surplus had increased to ₹ 53.83 crores from ₹ 27.72 crores during the previous year.

## KEY FINANCIAL RATIOS

- (i) Net Debt to EBITDA: The Company achieved debt free status since financial year 2019-20. Hence this ratio is not applicable for both the years.
- (ii) Debtors Turnover (Days): The Debtors Turnover Days at the end of 31<sup>st</sup> March, 2022 was 23 days compared to 42 days at the end of 31<sup>st</sup> March, 2021. This shows the Company's ability to effectively manage its credit with customers. The Debtor Turnover (days) is calculated as Average Debtors/Sales Turnover multiplied by 365 days.
- (iii) Inventory Turnover (Days): The Inventory Turnover Days at the end of 31<sup>st</sup> March, 2022 was at 69 days versus 108 days at the end of 31<sup>st</sup> March, 2021. This shows how the Company managed its inventory levels during the year. The Inventory (days) is calculated as Average Inventory / Cost of Goods Sold multiplied by 365 days.
- (iv) Interest Coverage Ratio: This ratio is not applicable for both the years as the Company achieved debt free status for the past 3 years. This ratio reflects the Company's ability and strength to meet its interest obligations.
- (v) Current Ratio: The Current/Liquidity Ratio as on 31<sup>st</sup> March, 2022 stands at 2.85x versus 2.35x at the end of 31<sup>st</sup> March, 2021 reflecting the Company's strengthening of liquidity or solvency position compared to the last year.
- (vi) Debt to Equity Ratio: This ratio is not applicable for both the years as the Company achieved debt free status for the past 3 years. This reflects the Company's ability to meet its current short-term obligations.
- (vii) Return on Net Worth (RONW): The Return on Net Worth as on 31<sup>st</sup> March, 2022 stands at 49.13% compared to 23.54% on

31<sup>st</sup> March, 2021. This was significantly higher compared to the previous year due to higher profitability during FY 2021-22. This is Calculated based on PAT/Average Net Worth.

(viii) Operating Margins: The Operating margins in FY2021-22 stands at 22.49% versus 16.96% in FY2020-21 reflecting higher operating profit in FY2021-22 compared to the previous year. (Operating Margin = Operating Profit / Net Sales).

(ix) Net Profit Margins: The Net profit margins in FY2021-22 stands at 16.64% versus 11.82% in FY2020-21. This was higher on account of higher profits recorded in FY2021-22. (Net Profit Margin = Net Profit/Net Sales).

## CHANGE IN MANAGEMENT CONTROL AND INTEGRATION OF FUNCTIONS WITH M/S ANUPAM RASAYAN

As disclosed in the Board's Report and Note No.28.2 of the Financial Statements, on 11<sup>th</sup> March 2022, M/s Anupam Rasayan India Limited (ARIL) acquired 24,89,802 shares held by Aditya Birla Group (ABG) and obtained joint control over the company along with Tamil Nadu Industrial Development Corporation Limited (TIDCO). As per the provisions of the original Joint Venture Agreement (JV) signed by ABG and TIDCO, ARIL obtained the Management Control of the Company. The Company's integration with ARIL is progressing smooth and as per schedule with successful integration of key functions like Finance, IT & HR. The acquisition provides synergy to ARIL and ARIL is committed to grow the Company's business further in the coming years.

## RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM:

Risk is an integral & unavoidable component of business. Given the challenging and dynamic environment in which the Company operates, your Company is committed to proactively manage risk in accomplishing its vision and goals. Though risk cannot be eliminated, an effective risk management program ensures that risks are reduced, avoided, mitigated or shared. In line with this, your Company has constituted a Risk Management Committee consisting of its senior employees. The company defined the roles and responsibilities of the committee and laid down the procedure to assess the risk and minimization procedures. The risk management includes identifying types of risks and its assessment, risk handling and monitoring and reporting. Needless to mention, with the challenges presented by the recent outbreak of Ukraine War leading to disruptions in the global Supply Chain the Company has identified business risk associated with the supply chain imbalances and devised mitigation plan to manage the risk.

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

The Internal control systems of the Company comprising of policies and procedures adopted to ensure the orderly and efficient conduct of its business, including adherence to the Company's Policies, the safeguarding of its assets, the accuracy

and completeness of the accounting records and the timely preparation of reliable financial information.

### OPERATIONAL RISK:

(a) Your Company's most significant exposure relates to the US Dollar, since the prices of key raw materials – Fluorspar, Sulphur and Potassium Carbonate are impacted by the movement of US Dollar. Fluorspar and Potassium Carbonate are imported. High dependence on China for Fluorspar which is promoting export of more value-added products puts pressure on the availability and margins

**Mitigation:** The Company has expanded vendor base of Chinese origin and developed sources from other geographies, cemented relationship with these sources and successfully avoided dependency on Chinese origin. The company is continuously exploring other options to sustain this.

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

**Mitigation:** Focus on specialty grade HF and Value-Added Products (VAPs). Retain existing customers through competitive pricing. Expand market of HF in Asia Pacific markets and increase export volumes. Continue thrust on expanding VAP share.

(c) Drop in Sulphuric Acid price and volatility in Sulphur price

**Mitigation:** Work on alternate downstream products. Reduce cost of production through process improvement and innovation.

### STATUTORY COMPLIANCE RISK:

This comprises the risk if your Company is found to have inadvertently violated laws covering business conduct. The country's regulatory framework is ever-evolving and the risk of non-compliance and penalties may increase for the Company leading to financial and reputational risks.

**Mitigation:** A comprehensive risk-based compliance programme including training and adherence to the Code of Conduct is institutionalized. Your Company encourages its employees to rely & seek professional guidance & opinion to discuss the impact of any changes in laws to ensure total compliance. Periodic reporting to the internal committees on any legal aspects and quarterly reporting to the Board on Statutory compliance ensures effectiveness of the programme.

### ENVIRONMENT:

This comprises risks associated with environmental pollution through the discharge of waste and emissions which may cause damage to the local environment.

**Mitigation:** As enumerated in Board's Report your Company has undertaken various initiatives towards de-risk and environment protection. Your Company ensures stringent implementation of Safety and Environment Protection measures and the Board has mandated accordingly. Your Company has also adopted measures such as rainwater harvesting and water recharge that

help it overcome challenges related to water availability. Your company continue to maintain green belt within and outside the factory premises.

### CLIMATE & SUSTAINABILITY:

This comprises sustainability related climate change risks.

**Mitigation:** Opportunities are assessed in line with Company's risk management policy and have been integrated in its multi-disciplinary Risk Management Framework classified as energy, emissions and water besides other issues. Prioritized climate risks are managed through internal committees and with the help of Sustainability Cell of Aditya Birla Group.

### ECONOMIC RISK:

Economic slowdown particularly due to COVID – 19 pandemic and disruption in global supply chain due to prolonged Ukraine War may affect the performance of the company resulting in downward trend in sales volume, profitability and growth.

**Mitigation:** The Company is continuously focussing on expanding and increasing share of its VAPs in line with market demand. Company also has made a comprehensive Business Continuity Plan (BCP) for the next financial year which focuses on cost and cash optimization. The BCP is being monitored continuously as the situation evolves.

### ATTRITION RISK:

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

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

### FOREIGN EXCHANGE RISK:

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

**Mitigation:** The Company has a well-defined Hedging Policy and hedges its net foreign exchange risk adequately as per the policy.

### CREDIT RISK:

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

**Mitigation:** By reviewing the credit policy and credit limits of customers, the credit limit facility is being continuously managed prudently. Inventory and advances are continuously monitored and maintained at the desired level balancing the dynamics of price movements and supply chain situation. Collections from customers are being monitored everyday by the senior management.

### INFORMATION TECHNOLOGY RISKS:

This comprises risks related to Information Technology (IT) systems, data integrity and physical assets. Your Company

deploys IT systems including ERP to support its business processes, communications and operations. Risks could primarily arise from downtime, manipulation of information, data integrity and security.

**Mitigation:** Your Company uses backup procedures and stores information at different locations. Periodical upgradation of systems with the latest security standards are ensured. For critical applications, security policies and procedures are updated periodically and users are educated on adherence to the policies to eliminate data leakages.

## PANDEMIC LINKED DISRUPTION IN GLOBAL MARKETS:

COVID-19 pandemic has caused huge impact on people's lives, families and communities. The pandemic presents a serious threat, impacting organisations in numerous ways, potentially limiting options around recovery particularly when other companies are also affected or challenged by logistical constraints. There are several associated risks like operations risks, supply chain risks, health & safety, etc.,

**Mitigation:** Your Company has assessed this risk as part of risk identification and mitigation process and is considering the impact thereof in all its business decisions. Your Company is also continuously updating and expanding its Crisis Management and Business Continuity Plan (BCP) with strong emphasis focussed on employees, customers, supply chain contacts, other stakeholders and business assets.

## GEOPOLITICAL TENSION

The rising fuel prices in the wake of geopolitical tensions have had an adverse impact on the cost of manufacturing due to increased raw material, fuel and energy costs. For your Company's business, raw material, fuel and logistics form significant share of the total cost.

**Mitigation:** Your Company continuously make efforts to reduce the impact caused by disruptions due to geopolitical tension by passing through the increase in main raw materials to the customers, improving the operation parameter and sustained energy saving schemes.

## HUMAN CAPITAL

Amidst the raging pandemic, your Company's human resources has been the backbone for carrying on business through the period of disruption and also in ensuring the safety of the workforce & the community around its locations. Given the unprecedented situation, the entire Organization was in a state of readiness to operate remotely from home and all operations were carried out from stop to restart rapidly and safely. The use of virtual medium was maximized through close online networking of teams and connect with trade partners, customers and suppliers. The Company continued to lay emphasis on development of talent within and strengthening the core areas of expertise by enabling continuous learning, leveraging the digital platform. Formal digital platforms were launched to enable sharing of ideas and best practices across work levels which had helped to drive continuous improvement and innovation. Employees are proud to be part of your Company and are engaged to deliver high performance. Employees have also played voluntary role in community & social works. Your Company's Employee Engagement Score reflects high engagement and pride in being part of the organization. Your Company's employees take pride in actively participating in all the competitions organized by the Company to improve employee productivity and morale.

The Company continues to maintain a cordial and harmonious industrial relationship with its employees. The Company has 136 permanent employees as on 31<sup>st</sup> March, 2022.

# Notice of the 48<sup>th</sup> Annual General Meeting

NOTICE is hereby given that the 48<sup>th</sup> Annual General Meeting (AGM) of TANFAC INDUSTRIES LIMITED will be held on Monday, the 26<sup>th</sup> September 2022, at 12:00 PM through Video Conference (VC) / Other Audio-Visual means (OAVM), to transact the following businesses:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement of the Company for the year ended 31<sup>st</sup> March, 2022, including the Audited Balance Sheet as at March 31, 2022, the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare final dividend of 55% i.e. ₹ 5.50/- per equity share of face value of ₹ 10/- each for the financial year ended 31 March 2022
3. To appoint a director in place of Mr.R.Karthikeyan, (DIN:00824621) who retires by rotation and being eligible, offers himself for re-appointment.

## SPECIAL BUSINESS:

### 4. Ratification of Remuneration to Cost Auditor

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to the Cost Auditor, viz., Mr N. Krishna Kumar (Membership No.27885 and Firm Registration No.100814), appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2023, amounting to 60,000/- (Rupees Sixty Thousand only) in connection with the above said audit, be and is hereby ratified and approved."

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

### 5. Approving the appointment of Mrs. Mariam Pallavi Baldev (DIN : 09281201) as a Director of the Company.

To consider and, if thought fit, to pass the following resolution as **Ordinary Resolution**

RESOLVED THAT subject to the provisions of Sections 152, 160, 161 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended from time to time) and as recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company, consent of the Company be and is hereby accorded for the appointment of Mrs. Mariam Pallavi Baldev (DIN: 09281201) as Non-Executive and Non-Independent Director of the Company, liable to retire by rotation, effective 23<sup>rd</sup> August 2022.

RESOLVED FURTHER THAT any of the Directors or the Key Managerial Personnel of the Company, be and are hereby authorised to do all acts, deeds, matters and thinks as may be necessary, proper or expedient to give effect to this resolution.

### 6. To adopt revised Articles of Association of the Company in line with companies Act, 2013

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 5 and 14 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members of the Company be and is hereby accorded to adopt the revised Articles of Association of the Company."

RESOLVED FURTHER THAT Mr. H.Narayanarao, Company Secretary, be and is hereby authorized to make any filings, disclosures and submissions as may be required under applicable laws and do all such acts, things and deeds as may be necessary, proper or desirable for the purpose of giving effect to the aforesaid resolution."

By Order of the Board  
for **TANFAC Industries Limited**

**Place:** Cuddalore  
**Date:** 23.08.2022

**H.Narayanarao**  
Company Secretary

## Notes:

1. In view of the continuing COVID-19 global pandemic, the Ministry of Corporate Affairs vide its Circular No.20/2020 dated May 05, 2020 read with Circular No.14/2020 dated April 08, 2020 read with Circular No.17/2020 dated April 13, 2020 read with Circular No.02/2021 dated January 13, 2021 read with Circular No. 21/2021 dated December 14, 2021 and Circular No. 02/2022 dated May 05, 2022 allows conducting of Annual General Meeting of the Company through Video Conferencing (VC) or Other Audio Visual Means (OAVM) without the physical presence of the members for the meeting at a common venue. In terms of the said Circulars and in compliance with the provisions of the Companies Act, 2013 and SEBI Circulars, the AGM of the Company is being held through VC / OAVM. Hence, Members can attend and participate in the AGM through VC / OAVM only. The deemed venue for the AGM shall be the Registered Office of the Company. The detailed procedure for participating in the meeting through VC / OAVM is appended herewith and also available at the Company's website [www.tanfac.com](http://www.tanfac.com).
  2. In accordance with the Secretarial Standard - 2 on General Meetings issued by the ICSI read with Clarification / Guidance on applicability of Secretarial Standards - 1 and 2 dated 15<sup>th</sup> April, 2020 issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company i.e. 14, SIPCOT Industrial Complex, Kudikadu, Cuddalore 607 005 which shall be the venue of the AGM. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
  3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 20<sup>th</sup> September 2022 to Monday, 26<sup>th</sup> September 2022 (both days inclusive) for the purpose of AGM and determining the entitlement of the shareholders to the final dividend for the financial year 2021-22.
  4. Disclosure pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 and Secretarial Standard - 2 (SS-2) with respect to the Directors seeking appointment / re-appointment at the forth coming Annual General Meeting is appended to this Notice.
  5. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
- DIVIDEND RELATED INFORMATION:**
6. Subject to the provisions of the Companies Act, 2013, final dividend as recommended by the Board of Directors in their meeting held on 6<sup>th</sup> May 2022, if declared at the Meeting, will be paid within the time prescribed under law, to those Members whose name appear on the Register of Members as on 19<sup>th</sup> September 2022. The dividend for the shares held in dematerialized form, will be paid to the Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date. The Board of Directors had declared interim Dividend of 35% (₹ 3.50 per share) for the financial year 2021-22 in their meeting held on 13<sup>th</sup> August 2021 and the amount was paid to the eligible shareholders.
  7. In view of the circular issued by SEBI, the Electronic Clearing Services (ECS/NECS) facility should mandatorily be used by the companies for the distribution of dividend to its members. In order to avail the facility of ECS/NECS, Members holding shares in physical form are requested to provide/update bank account details to the Registrar and Share Transfer Agent or Company.
  8. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
  9. The Company has transferred all unpaid/unclaimed payment of dividend for the financial years upto 2010-11, to the Investors Education and Protection Fund Account, established by the Central Government. Pursuant to the provisions of The Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts for the years up to 2010-11 on the website of Ministry of Corporate Affairs and also the Company's website [www.tanfac.com](http://www.tanfac.com).
  10. Pursuant to the provisions of the Investor Education and Protection Fund (Uploading of information regarding Unpaid and Unclaimed Amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts in respect of dividends for the financial years upto 2010-11 lying with the Company as on September 25, 2018 (date of Annual General Meeting of Financial Year 2017-18) on the website of the Company ([www.tanfac.com](http://www.tanfac.com)), and also on the website of the Ministry of Corporate Affairs. For the Financial year 2021-22, the Board of Directors has declared the interim dividend to the shareholders of the Company.
  11. Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 ("the Act") and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by the Ministry of Corporate Affairs on September 7, 2016 and subsequently amended vide notification dated February 28, 2017 ("the Rules"), all the Equity Shares of the Company in respect of which dividend amounts have not been paid or claimed by the shareholders for seven consecutive years or more are required to be transferred to demat account of Investor Education and Protection Fund Authority (IEPF Account).

12. The Company had already sent individual communication to the concerned shareholders by Registered Post, in this regard. The details are also available on the company's website [www.tanfac.com](http://www.tanfac.com). No claim shall lie against the Company in respect of these shares post their transfer to IEPF. The shareholders will be able to claim these shares only from the IEPF Authority by making an online application, the details of which are available at [www.iepf.gov.in](http://www.iepf.gov.in). The Company had so far transferred 3,48,130 shares (4,512 shareholders) as per above Rules.
13. Register of Directors and Key Managerial Personnel of the Company and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts and Arrangements in which the Directors are interested maintained under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection by the members in electronic mode. Members can send an e-mail to [tanfac.cosecy@anupamrasayan.com](mailto:tanfac.cosecy@anupamrasayan.com) requesting for inspection of the Registers.
14. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
15. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
16. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. Monday, 19<sup>th</sup> September, 2022 only shall be entitled to avail the remote e-voting facility as well as voting in the AGM
17. The business set out in the Notice will be transacted through an 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.27.
18. 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.
19. The shareholders can also access the Annual Report 2021-22 of the Company circulated to the Members and other information about the Company on the Company's website, i.e., on [www.tanfac.com](http://www.tanfac.com) and on websites of BSE Limited on which the Company's shares are listed viz., [www.bseindia.com](http://www.bseindia.com)
20. 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.
21. 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.
22. Members holding shares in physical form are requested to consider converting their holding to dematerialized form as pursuant to SEBI norms, with effect from 1<sup>st</sup> April 2019, share transfers cannot be effected in physical form.
23. Members holding shares in physical form can avail of the nomination facility by filing Form SH-13 (in duplicate) with the Company's Registrar and Share Transfer Agents which will be made available on request and in the case of shares held in dematerialized form, the nomination has to be lodged with their Depository Participant.
24. As on 31.03.2022, 97.06% of the Company's shares have been dematerialized. Members, who have not yet dematerialized their shares, at their own interest, may please get their shares dematerialized to avail the benefits of electronic holding/trading.
25. 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.
26. In compliance with the MCA circulars mentioned above and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice along with the Annual Report will also be made available on the Company's website at [www.tanfac.com](http://www.tanfac.com) and website of the stock exchange [www.bseindia.com](http://www.bseindia.com) where the Company's shares are listed. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
27. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) Circular No.14/2020 dated April 08, 2020 read with Circular No.17/2020 dated April 13, 2020 read with Circular No.20/2020 dated May 05, 2020 the forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

Mrs. Kalyani Srinivasan, Practicing Company Secretary (FCS No 5854 & C.P.No. 3109) has been appointed as the Scrutinizer to scrutinise the e-voting (Insta Poll) during the AGM and remote e-voting process in a fair and transparent manner.

1. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended) and MCA Circulars dated April 08, 2020, April 13, 2020, May 05, 2020, January 13, 2021, December 14, 2021 and May 05, 2022 the Company shall provide the facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
2. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
4. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
5. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.tanfac.com](http://www.tanfac.com). The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
6. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
7. In continuation of this Ministry's General Circular No. 20/2020, dated 05<sup>th</sup> May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2021, or become due in the year 2022, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January, 13, 2021. Further MCA by Circular No. 2/2022 dated 5<sup>th</sup> May 2022 and SEBI vide its Circular No. SEBI/HO/CFD/CMD2/ CIR/P/2022/62 dated 13<sup>th</sup> May 2022 have extended the above exemptions till 31<sup>st</sup> December 2022.

**THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:**

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/ KARVY/LINKINTIME so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> </ol>

	4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> . The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with <b>NSDL</b>	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</p>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
(i) The voting period begins on September 23, 2022 (Friday) 9.00 a.m. and ends on September 25, 2022 (Sunday) 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 19 <sup>th</sup> September 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.	In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.
(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.	
(iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.	(iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.
Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.	Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/ NSDL is given below:
	Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43 or toll free number 1800225533
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

- (v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.
- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - 2) Click on "Shareholders" module.
  - 3) Now enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
  - 4) Next enter the Image Verification as displayed and Click on Login.
  - 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	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. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for TANFAC INDUSTRIES LIMITED to vote.
- (x) 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.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) 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.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) 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.

(xvi) There is also an optional provision to upload Board Resolution / POA, if any uploaded, which will be made available for scrutiniser for verification.

(xvii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- 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.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- 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 for the scrutinizer to verify the same with a copy to email address [cskalyanisrinivasan@gmail.com](mailto:cskalyanisrinivasan@gmail.com).
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at the email address [cskalyanisrinivasan@gmail.com](mailto:cskalyanisrinivasan@gmail.com) and to the Company at the email address [tanfac.invreln@anupamrasayan.com](mailto:tanfac.invreln@anupamrasayan.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

#### **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.

4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.

5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

#### **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.

2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)

3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at +91-22- 23058738 and +91-22-23058542/43 or toll free number 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on +91-22-23058542 / 43 or toll free number 1800225533.

20. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
21. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
22. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.tanfac.com](http://www.tanfac.com) and on the website of 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**

**H.Narayanarao**  
Company Secretary

**Place:** Cuddalore  
**Date:** 23.08.2022

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("THE ACT") SETTING OUT ALL MATERIAL FACTS

In conformity with the provisions of Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to Items 4, 5 & 6 mentioned in the accompanying Notice.

### ITEM NO. 4

On the recommendation of the Audit Committee, the Board of Directors of the Company at their meeting held on 06<sup>th</sup> May, 2022, had appointed Mr. N. Krishna Kumar, Cost Accountant (Membership No.27885), as the Cost Auditor of the Company for the Financial Year 2022-23 at a remuneration of 60,000/- (Rupees Sixty Thousand only) besides out of pocket expenses, if any, at actual.

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

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

### ITEM NO. 5

The Board of Directors by passing the Resolution by circulation dated 23<sup>rd</sup> August 2022 on the recommendation of Nomination and Remuneration Committee appointed Mrs. Mariam Pallavi Baldev (DIN: 09281201) aged 43 years, as an Additional Director and Non-Executive and Non Independent Director of the Company, with effect from 23<sup>rd</sup> August 2022 under Section 152, 160 and 161 of the Companies Act, 2013 ("the Act") liable to retire by rotation and also appointed her as the Chairperson of the Board.

Pursuant to amendment (effective from January 1, 2022) to Regulation 17(1C) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Mrs. Mariam Pallavi Baldev hold office up to the date of next Annual General Meeting or for a period of three months from the date of appointment, whichever is earlier. The brief profile of Mrs. Mariam Pallavi Baldev is given in the Annexure and form part of this Notice.

The disclosure required under Regulation 36 of the Listing Regulations and Secretarial Standard on General Meetings ("SS-2") is provided at Annexure A of this Notice. The Company has also received notice from a Member under Section 160 of the Companies Act, 2013 proposing her candidature for appointment as a Director.

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee considers the appointment of Mrs. Mariam Pallavi Baldev as Director and recommends her appointment and the Resolution as set out in Item No.5 of the Notice for approval of the members having regard to her qualifications, knowledge and experience.

A copy of the draft Letter of Appointment, setting out the terms and conditions of appointment of Mrs. Mariam Pallavi Baldev as

Non-Executive Non-Independent Director shall be open for inspection by the Members at the Registered Office (except Saturdays, Sundays and Public Holidays) between 11.00 a.m. and 1.00 p.m. up to the date of this Annual General Meeting and is also available on the website of the Company [www.tanfac.com](http://www.tanfac.com).

None of the Directors or Key Managerial Personnel or their relatives, except Mrs. Mariam Pallavi Baldev, are in any way concerned or interested in the proposed resolution as set out in the Notice.

### ITEM NO. 6:

Consequent to change in the promoters of the company and also to make suitable changes to be in conformity with the Companies Act, 2013 and further amendments thereon, it is proposed to amend the Articles of Association of the Company.

The Articles of Association of the Company which contains the regulations relating to the promoters needs to be amended consequent to change in the promoters of the company along with other changes to the Articles of Association in line with the Companies Act, 2013 and Amendment thereon. It is therefore considered desirable to adopt a comprehensive new set of Articles in substitution and to the exclusion of the existing Articles as approved by the Board of Directors meeting held on 18<sup>th</sup> July, 2022.

In terms of Section 14 of the Companies Act 2013, the consent of the Members by way of a special resolution is required for adoption of new set of AOA of the Company and accordingly, the approval of the shareholders is being sought.

The draft of the new AOA to be adopted is made available for inspection by the members at the registered office of the Company on all working days except Saturday & Sunday (from 11:00 A.M. to 04:00 P.M.) and hosted in the Website of the Company.

None of the Directors, Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financially or otherwise in the proposed resolution.

Accordingly, the Board recommends the Special Resolution for approval by the shareholders, as set out in Item No.6 of this notice pursuant to the provisions of the Companies Act, 2013, your Directors recommend and seek the approval of shareholders by way of Special Resolution.

By Order of the Board  
for **TANFAC Industries Limited**

**Place:** Cuddalore  
**Date:** 23.08.2022

**H.Narayanarao**  
Company Secretary

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

<b>Particulars</b>	<b>Item no. 3</b>	<b>Item no. 5</b>
Name of the Director	Mr. R.Karthikeyan (DIN: 00824621)	Mrs. Mariam Pallavi Baldev (DIN: 09281402)
Age	42 years	43 years
Date of Appointment/ Re-appointment	2 <sup>th</sup> August 2009 / Re-appointed on 25 <sup>th</sup> September 2018	23 <sup>rd</sup> August 2022
Brief Resume - Qualification	B.E., MBA	IAS
Expertise in Specific Functional Areas	Mr. R.Karthkeyan, an Engineer and Management graduate. He is handling industrial projects, as General Manager (Projects) at TIDCO. He has hand on experience in conceptualising, evaluating and developing industrial and infrastructure projects. His role is to facilitate the joint venture Companies in getting clearance / approvals of various Government department for smooth operations. Apart from holding Directorship in some organisation he is also experience in handling many joint venture companies of TIDCO.	Mrs. Mariam Pallavi Baldev, IAS., is presently Additional Secretary to the Government of Tamil Nadu, I & IP & C department, Chennai. She has held many key positions in various departments of Government of Tamil Nadu and has many years of wide experience in public administration.
Other Directorships in Listed Companies	<ol style="list-style-type: none"> <li>1. Tamil Nadu Telecommunication Limited</li> <li>2. Shree Maruthi Marine Industries Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Tamil Nadu Industrial Development Corporation Limited.</li> <li>2. TIDEL Park Limited</li> <li>3. Tamil Nadu Industrial Investment Corporation Limited (TIIC)</li> <li>4. CBIC Ponnery Industrial Township Limited.</li> <li>5. TITAN Company Limited</li> <li>6. Tamil Nadu Water Investment Company Limited</li> <li>7. Tamil Nadu Road Infrastructure Development Corporation</li> <li>8. Tamil Nadu Fertilizers &amp; Chemicals Limited</li> <li>9. Golden Jubilee Biotech Park for Women Society .</li> </ol>
Listed entities from which resigned in the past three years	Nil	
Memberships / Chairmanships of Committees in Listed Companies	<p><b>Committee Membership:</b></p> <p>TANFAC Industries Limited:</p> <ol style="list-style-type: none"> <li>i. Audit Committee</li> <li>ii. Stakeholder's Relationship Committee</li> </ol> <p>Shree Maruthi Marine Industries Limited</p> <ol style="list-style-type: none"> <li>i. Audit Committee</li> </ol>	

Disclosure of relationship	He is not related to any of the Director or Key Managerial Personnel of the Company	She is not related to any of the Director or Key Managerial Personnel of the Company
Number of Shares held in the Company (both own or held by/ for other persons on a beneficial basis) as on March 31, 2022	Nil	Nil
Skills and capabilities required for the role and the manner the proposed Independent Director meets such requirements	Not Applicable	Not Applicable
Number of Board Meetings Attended	7	Not applicable

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

By Order of the Board  
for **TANFAC Industries Limited**

**Place:** Cuddalore

**Date:** 23.08.2022

Regd. Office:

14, SIPCOT Industrial Complex,

Kudikadu

Cuddalore 607 005

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

**H.Narayanarao**  
Company Secretary

# Board's Report

To  
The Members,

Your directors are pleased to present the report on the Company's business operations together with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2022, for your review.

## FINANCIAL RESULTS

[₹ in Crores]

Particulars	Financial Year 2021 - 22	Financial Year 2020- 21
Sales	320.17	147.90
Other Income (including operating income)	3.40	1.37
Operating Expenditure	245.01	115.22
Profit before Depreciation, Finance Cost and Taxation (PBDIT)	78.56	34.05
Finance Cost	1.02	0.52
Depreciation/Impairment/Amortization	5.60	8.47
Profit before Tax (PBT)	71.94	25.06
Current Tax / Deferred Tax (Net of MAT Credit Entitlement)	18.66	7.59
Profit After Tax (PAT)	53.28	17.47
Other Comprehensive Income / (Loss)	0.66	0.57
Total Comprehensive Income	53.94	18.04

### OPERATIONS AND OVERALL PERFORMANCE:

During the year under review, the Company had registered highest ever EBIDTA and Net Profit in its history on the back of strong performance of its Value Added Products (VAP) and other key products Hydrofluoric Acid and Sulphuric Acid and significant improvements in its operation parameters like consumption norms through sustained innovation post commissioning of new kiln in the fag end of the previous financial year. Sales realization of all products were high compared to previous years and also increase in the cost of main raw materials like Fluorspar, Sulphur and Potassium Carbonate.

Earnings before Depreciation, Finance Cost and Taxation had increased significantly by 230% at ₹ 78.57 Crores during the year, compared to ₹ 34.05 Crores in the corresponding period of the previous year.

Total comprehensive Income for the year was higher at ₹ 53.94 crores during the year against ₹ 18.04 crores during previous year.

Detailed analysis of performance of the Company is provided under Management Discussion and Analysis (MD & A) which forms part of the Annual Report.

### DIVIDEND:

The Directors have recommended a final dividend at the rate (@ 55%) of ₹ 5.50/- (Rupees Five and Fifty paise only) per equity share of ₹ 10/- each for the financial year ended March 31, 2022. If the final dividend is approved by the Members at this Annual General Meeting to be held on 26<sup>th</sup> September, 2022, it will be paid on or before 25<sup>th</sup> October 2022 to those Members whose names appear in the Company's Register of Members as of the close of business hours on 18<sup>th</sup> September 2022.

The Board of Directors at its meeting held on August 13, 2021 declared an Interim Dividend at the rate (@ 35%) of ₹ 3.50/- (Rupees Three and Fifty paise only) per equity Share of ₹ 10/- each aggregating ₹ 3.49 Crores for the financial year 2021 – 22 which were paid to the eligible shareholders during September 2021.

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

In terms of Section 125 of the Companies Act, 2013, the Company has transferred the Interim Dividend amount for the year 2021-22 to the respective shares which are already been transferred to the Investor Education and Protection Fund established by the Central Government.

### REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

As briefed under Management Discussion and Analysis section, the ongoing initiatives taken by the company during the past few years have helped in continuous improvements in the operations of the company across all spheres. These steps have helped the company to post record performance during the current financial year.

The Company plans to continue its focus on increasing the volume of value-added products (VAP) during the coming years by increasing the market penetration and process improvements.

Your Board of Directors is optimistic of continuous improvements in the operational performance of the company in the coming years.

**ALUMINIUM FLUORIDE:**

Your company continues with its strategy of reduced focus on Aluminum Fluoride due to its lower contribution. However, your company will continue to serve its long-term customers while keeping an eye on the overall bottom-line.

**HYDROFLUORIC ACID (HF) & VALUE-ADDED PRODUCTS (VAPs):**

Your company continues to widen the Customer base and has also made significant progress in stringent specialty applications. Though the HF market remains oversupplied, your Company was able to increase the volume during the year. Your company will embark upon identification of downstream VAPs in the future to reduce its over dependence on the traditional markets which are getting increasingly competitive.

**SULPHURIC ACID:**

Your company continued its robust performance in Sulphuric Acid due to the concerted efforts made to improve the productivity and overall operational efficiencies.

**EXPORTS:**

Export turnover had increased by 40 % to ₹ 15.63 Crores against ₹ 11.17 crores in the previous year. Your Company endeavors continuously to improve export performance by expanding the customer base in the current market and penetrating to new markets.

**MATERIAL CHANGES AND COMMITMENT IF ANY:**

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

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

The information pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Section 134 (3)(m) of The Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished as Annexure – A to the Annual Report.

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

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

**PUBLIC DEPOSITS**

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

**CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:**

In line with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has formulated a Policy on Related Party Transactions which is available on Company's website [www.tanfac.com](http://www.tanfac.com). The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the Related Parties.

During the financial year, the transactions with related parties were entered on an arm's length basis and in the ordinary course of business. There were no 'material' contracts or arrangements or transactions, and therefore disclosure in form AOC-2 is not required.

The Company has obtained necessary prior omnibus approval of Audit Committee and 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 foreseen and repetitive in 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:**

In terms of the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, M/s. Singhi & Co., Chartered Accountants, Kolkata (Firm Registration No.302049E) were appointed as Statutory Auditors of the Company for a first term of five years from the conclusion of the 47<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> September, 2021 up to the conclusion of the 52<sup>nd</sup> Annual General Meeting.

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

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

**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. Singhi & Co., is forming part of the Annual Report.

**COST AUDITOR**

The Board of Directors of the Company has, on the recommendation of the Audit Committee, approved the appointment of Shri N. Krishna Kumar, Cost Accountant, Cuddalore (Membership No.27885) for conducting the audit of cost records of the Company pertaining to Inorganic and Organic products manufactured by the Company covered

under Central Excise Tariff Heading Chapter Nos. 28 and 29 respectively in compliance with The Companies (Cost Records and Audit) Rules, 2014.

The Board of Directors at their meeting held on 6<sup>th</sup> May 2022, have appointed Shri N. Krishnakumar, Cost Accountant as cost auditor for the Financial Year 2022-23 and necessary filing has been made with the Central Government.

The Cost Audit Report for the financial year 2020-21 due to be filed with Ministry of Corporate Affairs (MCA) had been filed within the due date and there were no qualifications, observations or adverse remarks made by the Cost Auditor in his report.

## SECRETARIAL AUDIT REPORT

The Board, in their meeting held on 19<sup>th</sup> January 2022, has appointed Ms. Kalyani Srinivasan (Practicing Company Secretary, Chennai (C.P. No.3109 & FCS No.5854) to conduct Secretarial Audit for the Financial Year 2021-22, 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.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATOR

There are no significant and material orders passed by the Regulators / Courts that would impact the going concern status of the Company and its future operations.

## CHANGE IN PROMOTOR AND MANAGEMENT CONTROL

As disclosed under Note No.28.2 of the Financial Statements, on 11<sup>th</sup> March 2022, M/s Anupam Rasayan India Limited (ARIL) acquired 24,89,802 shares held by Aditya Birla Group (ABG) through a Share Purchase Agreement dated 1<sup>st</sup> February 2022 and obtained joint control over the company along with the continuing promoter Tamil Nadu Industrial Development Corporation Limited (TIDCO). Based on the original Joint Venture Agreement (JV) signed by ABG and TIDCO, ARIL replaced ABG as promoter and obtained Management Control of the Company.

This acquisition of management control had triggered open offer and in compliance with the SEBI SAST Regulations, ARIL had made open offer to the public shareholders and acquired

83,279 shares (0.83%) tendered by public during the tendering period. In compliance with the SEBI SAST Regulation, the Board of Directors of the Company had formed the Committee of Independent Directors (IDC) to independently evaluate and provide their recommendation to the shareholders on the offer. IDC had since met twice and provided their recommendation on the open offer.

## ANNUAL PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the Annual Performance Evaluation of the Board, its Committees and of individual directors in the format (questionnaire) prescribed by the Nomination and Remuneration Committee of the Company.

The structured questionnaire covers various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance etc.

The performance evaluation of the Directors (without participation of the relevant Director) was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process.

## SEPARATE MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met during the year to review the performance of Non- Independent Directors and the Board as a whole, reviewed the performance of the Chairperson of the Company and assessed the quality, quantity and timeliness of flow of information between the company management and the Board without the presence of the Non-Independent Directors and members of the Management and the Board.

## RISK MANAGEMENT POLICY

The Company has internally constituted a Risk Management Committee to define its roles and responsibilities and laid down the procedure to assess the risk and minimization procedures. The Risk Management includes identifying types of risks and its assessment, risk handling & monitoring and reporting. The Board through its Audit Committee shall also be responsible for framing, implementing and monitoring the risk management plan for the company. The details of identified risk and mitigation plan would be reviewed by the Committee every quarter and forwarded with their recommendation, if any to the Audit Committee / Board for its review.

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

## POLICIES

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

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

### DIRECTOR RETIRING BY ROTATION:

In terms of Articles of Association of the Company, Mr. R. Karthikeyan (DIN 00824621), Director, who retires by rotation and being eligible, offers himself for re-appointment.

### DECLARATION BY INDEPENDENT DIRECTORS:

The Independent Directors of your Company have given their certificate of independence to your Company stating that they meet the criteria of 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 on the Company's official website link viz., [http://www.tanfac.com/documents/who\\_appointment\\_independent\\_directors.pdf](http://www.tanfac.com/documents/who_appointment_independent_directors.pdf)

All Independent Directors of your Company have registered their name in the data bank maintained with the Indian Institute

of Corporate Affairs, Manesar in terms of the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014.

### BOARD EVALUATION:

The evaluation of Board of Directors and the Board, as required under Section 149(8) of The Companies Act, 2013, read with Schedule IV under Chapter VIII were done through selected parameters related to their roles, responsibilities and obligations of the Board and functioning of the Committee.

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

- To review and guide Corporate Strategy, major Plan of Action, Risk Policy, Annual Budgets & Business Plans, setting Performance Objectives.
- Monitoring the effectiveness of the Company's governance practices.
- Ensuring the integrity of the Company's Accounting and Financial Reporting Systems, including the Independent Audit.

- To provide strategic guidance.
- To maintain high ethical standards in the interest of the stakeholders.
- To exercise objective independent judgement on corporate affairs.

Accordingly, the performance of the Board was evaluated 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.

### **FAMILIRISATION PROGRAMME:**

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

### **NUMBER OF MEETINGS OF THE BOARD**

During the Financial Year 2021 - 22, the Board met seven times and further details are provided in the Report on Corporate Governance that forms part of this Annual Report. The time gap between two meetings as required under the Listing Agreement was well within the period.

### **BOARD COMMITTEES**

Presently, the Board has four Committees, viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and CSR Committee comprising of the required combination of Non-Independent and Independent Directors. For further details, please refer to the Report on Corporate Governance section of the Annual Report.

### **ANNUAL RETURN**

Annual Return as required under Section 92(3), copy of Annual Return is placed on the Company's website. The web link to access the annual return is [https://tanfac.com/2021\\_22/MGT\\_7\\_Annual\\_Return%202021\\_22\\_Before\\_AGM.pdf](https://tanfac.com/2021_22/MGT_7_Annual_Return%202021_22_Before_AGM.pdf)

### **INTERNAL FINANCIAL CONTROL (IFC):**

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

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

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

### **CORPORATE GOVERNANCE:**

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

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

Your directors are pleased to report that the Company has fully complied with the SEBI guidelines and Corporate Governance as on Financial Year ended 31<sup>st</sup> March, 2022 and will continue to comply with the same.

### **LISTING WITH STOCK EXCHANGES**

The Company is listed in The Bombay Stock Exchange of India Limited (BSE) and the Stock Code is 506854 & ISIN INE639B01015. The Company confirms that it has paid the Annual Listing Fees for the year 2022 - 23 to BSE where the Company's Shares are listed.

### **INSURANCE**

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

### **MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

As required under Regulation 34(2)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the Listing Agreement, the Management's Discussion and Analysis Report (MD & A) for the year under review has been made & forming part of the Annual Report.

### **PERSONNEL:**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report.

**Particulars pursuant to Section 197(12) and the relevant Rules.**

The information required under Section 197 of the Act and the Rules made thereunder, in respect of employees of the Company, is as follows:-

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

Apart from remuneration to the Managing Director as per terms of appointment approved by the members, except for sitting fees for attending meetings of the Board & Board Committees, no other remuneration is being paid to other directors. For this purpose, Sitting fees paid to the Directors have not been considered as Remuneration.

Name of the Director	Ratio to median remuneration	Remuneration Paid (₹ In Lakhs)
Mr.K.Sendhil Naathan, Managing Director	21.16:1	116.40

- b. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary for the financial year 2021-22 and Ratio of remuneration of Director to the medium remuneration of the employees of the Company for the financial year is as under:

Sr. No.	Particulars of Director and Other Key Managerial Personnel (KMP) and Designation	# Remuneration of Director and KMP for financial year 2021-22 (₹ In Lakhs)	% increase in remuneration in financial year 2021-22	Ratio of remuneration of each Director to medium remuneration of employees
1	Mr.K.Sendhil Naathan, Managing Director	116.40	Nil	21.16:1
2	Mr.N.R.Ravichandran, Chief Financial Officer	60.50	Nil	Not Applicable
3	Mrs. Archana.T, Company Secretary	4.56*	Nil	Not Applicable

\* Part of the year

- c. The percentage increase in the median remuneration of employees in the financial year was 7%;

During the Financial year 2021-22, there was an increase of 7% 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 statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection in electronic mode. Any Member interested in obtaining a copy of the same may write to the Company.

- d. The number of permanent employees on the rolls of company;

There were 136 permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2022.

**KEY MANAGERIAL PERSONNEL:**

In terms of the provisions of Section 203 of the Act, Mr. K. Sendhil Naathan, Managing Director, Mr. N.R. Ravichandran, Chief Financial Officer and Mr. H.Narayanarao, Company Secretary (w.e.f., May, 06, 2022) are the Key Managerial Personnel of your Company.

- e. Average percentile increases 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 MD, CFO and the Company Secretary was at 16% compared to 10% increase considered for other Non-Managerial Personnel.

**INDUSTRIAL RELATIONS:**

Employee relations continued to be cordial throughout the year. The whole-hearted support of employees in the implementation of WCM, ISO-9001 systems and ISO 14001 and ISO 45001 amply demonstrate the high level of team work, sense of belonging to the organization, and solidarity with the Management.

- f. 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.

**RESEARCH AND DEVELOPMENT:**

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

- R&D Engineers have successfully utilized waste heat to produce chilled water using VAM.

- Your R&D Engineers have developed innovative design in fabrication of Heat exchanger recovery system to pre-heat boiler feed water.
- Your R&D Engineers have developed innovative design to dry Fluorspar using waste heat.
- Your R&D Engineers put continuous efforts to improve the reactivity in AHF process so as to reduce the consumption norms.
- R&D Team's have innovatively developed online moisture measurement for the process streams which helps to optimize the process conditions and improve the Quality.
- Your R&D Team implemented innovative ideas to increase the productivity of Sulphuric acid and AHF.
- Continuous efforts and out of box thinking by Engineers towards Energy conservation measures have resulted in year to year (YOY) reduction in Average Power and Fuel Costs.
- Your Company invested for IOT and Energy Management system.

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

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

Your Company has made considerable spending on improving the stability of the Building and Structural's, replacement of pipe lines through predictive maintenance, revamping of Cable Trays in FY-22 and has focused plan to improve the process Safety aspects in FY-23.

Your Company has updated the Safety procedures and Permit to Work system in line with international Systems & Practices.

Your Company has an Integrated Management System (IMS) Certified by Intertek Certification Limited, UK for ISO 9001-2015-Quality Management System (QMS), ISO14001-2015 -Environmental Management System (EMS) and ISO 45001:2018 for Occupational Health and Safety Management Systems.

**Continual measures taken to fight COVID19:** Your Company continued to conduct wide awareness Campaign on COVID-19 (Wave-3) to its employees including Contract employees and Residential Colony members on the need to Vaccinate and general awareness from time to time. This includes frequent talk by Factory Medical Officer on various preventive and protective measures to be adopted by the individual employee and hourly announcement through Public Addressing System (PAS)

Your Company has updated the Corona Action Response Entity (CARE) with Cross functional members headed by Factory Medical Officer who is a senior medical practitioner and a retired District Medical Officer.

Your Company takes appropriate measures to ensure that all employees get Vaccinated

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

Your Company Periodically Conducts Safety Audit and Risk Assessment to monitor risks and to have action plan for countering the risks. Your Directors also periodically reviews the safety Performance.

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

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

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

Your company maintains green belt inside and outside the factory premises.

## **MANAGEMENT POLICY**

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

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

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.

In terms of the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility ("CSR") Committee chaired by Mr. V.T.Moorthy, Independent Director. Other Members of the CSR Committee are Mr. M.R.Sivaraman, IAS Retd., Independent Director; Mr.R.Karthikeyan, Non-Executive and Non-independent Director and Mrs. R.Rajalakshmi, Independent Director.

Your Company also has in place a CSR Policy which is available at – TANFAC-CSR-Policy.pdf .

Your Company's CSR activities are focused on Social Empowerment and Welfare, Infrastructure Development,

Sustainable Livelihood, Healthcare and Education. Various activities across these segments have been initiated during the year around the plant location, neighboring villages around Cuddalore and Cuddalore District.

Focused areas are Education, Health, Sustainable Livelihood, Infrastructure development and social empowerment. All our CSR activities are carried out for Community Initiatives and Rural Development. Your company is carrying out its community welfare activities in and around Cuddalore for more than a decade to underserved communities.

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

During the year ₹ 37.98 lakhs was spent on CSR activities which constitutes 2.03% of the average net profits of the last 3 financial years. A detailed report on CSR initiatives is annexed as Annexure 'C' to this report.

## OTHER DISCLOSURES

- No Material changes and Commitments affected the financial position of your Company between the end of the financial year and the date of this Report.
- Your Company has not issued any shares with differential voting rights.
- There was no revision in the financial statements.
- There has been no change in the nature of business of your Company.
- Your Company has not issued any sweat equity shares.

## PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

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

## HUMAN RESOURCES DEVELOPMENT:

Human resources play a significant role in your Company's growth strategy. Your Company believes that its knowledge capital will drive growth and profitability. The ongoing focus is on attracting, retaining and engaging talent with the objective of creating a robust talent pipeline at all levels. Your Company's

Employee Engagement Score reflects high engagement and pride in being part of the organization.

Corporate Human Resources plays a critical role in your Company's talent management process. Initiatives like robust talent reviews, career development conversations and best-in-class development opportunities will help enhance the employee experience at your Company

Your Company is engaged in a constructive relationship with employees with an emphasis on productivity and efficiency and underlining safe working practices. As on 31<sup>st</sup> March, 2022, your Company's employee strength was 136 employees (previous year 135 employees).

## CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion and Analysis describing your Company's objectives, projections, estimates, expectations or predictions and plans for navigating the COVID-19 impact on your Company's performance, its employees, customers and other stakeholders may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company's operations include global and Indian demand- supply conditions, sales realizations, feed stock prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic developments within India and the countries within which your Company conducts business, geopolitical tensions, risks related to an economic downturn or recession in India, the ongoing efforts of the government and other measures seeking to contain the spread of COVID-19 and other factors. Your Company is not obliged to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent development, information or events, or otherwise

## 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

**Place:** Chennai  
**Date:** 18<sup>th</sup> July, 2022.

**(R. Lilly)**  
Chairperson

# Annexure – A to Board Report

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

## 1. CONSERVATION OF ENERGY

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

Your Company has adopted various Energy Conservation measures during the Financial Year 2021-22 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 2021 -22:

- Utilizing waste heat to dry Fluorspar
- Introduced Steam flash recovery pump.
- Vapour Absorption Machine installed in the previous year to produce Chilled water from waste heat has resulted in energy reduction & recurring savings
- Variable Frequency Drives were installed in few more equipment to optimise energy consumption.
- Reduced Energy consumption by directly consuming the sulphuric acid from the production to the process of another Plant eliminating intermediate storage.
- Replacement by LED lightings in phased manner helped in energy conservation.
- Your Company continues to work on various energy conservation measures in Power Plant and all process plants

The Company has achieved significant cost savings through these initiatives

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

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

### (d) The capital investment on energy conservation equipment

₹ 175 Lakhs

## RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION :

Your Company –

- Is working on production of Specialty fluoride from waste Stream available with group company.
- Continuous efforts are being made by the R&D Team for production of Organo fluorine Specialties.
- Continue to work on Improving Quality of Hydrofluoric acid to meet Specific Customer requirements.
- Works on various water reduction schemes and continues to operate the scheme implemented for reducing water consumption and the effluent discharge by effective recycling in the plant.
- Continues to recycle the solid waste generated by the Company in a Cement Industry to focus on environment conservation.
- Has successfully implemented schemes to consistently achieve increased captive power generation and reduced Average Power Cost

## TECHNOLOGY ABSORPTION

- Your Company forms cross functional teams to optimize the existing processes through in-house efforts.
- Your Company is in contact with renowned Technology Suppliers for High Value Fluorine Specialties
- Continuous implementation of Sustainable Business practices, rewarding of ideas, recognizing the work performance through Spot Awards have motivated young Engineers / Scientists to come up with creative ideas to improve efficiency in areas of Production, Energy Savings, Water Conservation, Waste Minimization, Safety and System Improvements.

## A. FOREIGN EXCHANGE EARNING AND OUTGO:

Details	[₹ in Lakhs]	
	2021-22	2020-21
Forex Earned	1,546.08	1,118.44
Forex used	9,279.28	5,325.27

Details of technology imported during the past five years:

Year	Technology imported	Status
	- NIL -	

**DIRECTORS' RESPONSIBILITY STATEMENT AS  
REQUIRED UNDER SECTION 134(3)(C) & 5 OF THE  
COMPANIES ACT, 2013.**

Your Directors would like to inform members that the Financial Statements of the Audited Accounts for the Financial Year 2021 - 22 are prepared in accordance with mandatory Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of The Companies (Accounts) Rules, 2014 and are in full conformity with the requirement of the Act. They believe that the Financial Statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial conditions and results of operations.

Your Directors further confirm that –

- (a) in the preparation of the annual accounts for the year ended March 31, 2022, 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) the Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit of the Company for the year ended on that date;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a 'going concern' basis;
- (e) the Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and are operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

# Annexure – B to Board's Report

## Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2022

[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**  
CIN L2411TN1972PLC006271  
14 SIPCOT Industrial Complex  
CUDDALORE – 607 005

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

Based on my verification of the TANFAC INDUSTRIES LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, Minute Books, forms and returns filed and other records maintained by TANFAC INDUSTRIES LIMITED ("the Company") for the financial year ended on 31<sup>st</sup> March, 2022, 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 Benefits) Regulations, 2014 – Not Applicable.
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – Not Applicable;
- (g) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable  
and
- (i) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 - Not Applicable;
- (vi) Other laws applicable to the company as per the representation made by the Management
  - (a) The Explosives Act, 1884.
  - (b) The Narcotic Drugs and psychotropic Substances Act, 1985

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered in to by the Company with BSE Limited.

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. There was change 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 I have conducted online verification and examination of records, as facilitated by the Company for the purpose of issuing this report.

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.

**Place:** Chennai  
**Date:** 06.05.2022  
**UDIN:** F005854D000259338

**Kalyani Srinivasan**  
FCSNo.5854  
CP No.6047

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

## **Annexure to Secretarial Audit Report**

To  
The Members  
**TANFAC Industries Limited**  
Cuddalore

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

**Place :** Chennai  
**Date :** 06.05.2022  
**UDIN :** F005854D000259338

**Kalyani Srinivasan**  
FCSNo.5854  
CP No.6047

# Certificate from Company Secretary in Practice

**[In terms of Regulation 34 (3) read with Schedule V Para C (10) (i) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

To  
The Members  
**TANFAC Industries Limited**  
CIN: L2411TN1972PLC006271  
14 SIPCOT Industrial Complex  
CUDDALORE – 607 005

I, Ms.Kalyani Srinivasan hereby certify that, in our opinion, none of the below named Directors who are on the Board of Directors of TANFAC Industries Limited ("the Company) as on 31<sup>st</sup> March 2022, have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs, Government of India (MCA) or any such other Statutory Authority.

Sl. No.	Name of the Director	Nature of Directorship	Director's Identification Number
1	Ms. Rajendran Lilly	Chairperson, Non-Executive, Non - Independent Director	03287345
2	Mr.R.Karthikeyan	Non - Executive - Non-Independent Director	00824621
3	Mr.Afzal Harunbhai Malkani	Non - Executive Non-Independent Director	07194226
4	Mr. K. Sendhil Naathan	Managing Director	08850046
5	Mr.M.R.Sivaraman	Non - Executive - Independent Director	00020075
6	Mr.V.T.Moorthy	Non - Executive - Independent Director	00007648
7	Mr.Shankar Narasimhan	Non - Executive - Independent Director	01484214
8	Mrs. R. Rajalakshmi	Non - Executive - Independent Director	01985132

I am issuing this certificate based on the following, which to the best of my knowledge and belief were considered necessary in this regard

1. Information relating to the directors available in the official web site of MCA; and
2. Disclosures / declarations / confirmations provided by the said Directors to the Company and other relevant information, explanation and representations provided by the Company, its officers and agents.

I wish to state that the management of the Company is responsible to ensure the eligibility of a person for appointment / continuation as a Director on the Board of the Company. My responsibility is to express an opinion on this based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness of the process followed by the management of the Company with regard to appointment / continuation of a person as a Director of the Company.

**Kalyani Srinivasan**  
FCSNo.5854  
CP No.6047

# Annexure to Board's Report

## REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES

### 1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes

To actively contribute to the social and economic development of the underserved communities, lifting the burden of poverty and helping bring in inclusive growth and in doing so, build a better, sustainable way of life for the weaker sections of society and raise the Country's Human Development Index. The projects which are identified includes Education, Health Care, Sustainable Livelihood, Infrastructure Development and Women and Social Empowerment.

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is available on the weblink <http://www.tanfac.com/policy.php>. The CSR Policy, inter alia, covers the concept (CSR philosophy, snapshot of activities undertaken by the Company and applicability, scope (area/localities to be covered and activities), resources, identification and approval process (resources/fund allocation, identification process and approval process) modalities of execution and implementation and monitoring.

### 2. The Composition of the CSR Committee

The Company has constituted the CSR Committee with the following Directors:

Sl. No.	Name of Directors	Designation	Number of meetings held during the year	Number of meetings attended during the year
1	Mr. V.T.Moorthy	Chairman, Non-Executive - Independent Director	1	1
2	Mr.M.R.Sivaraman	Member, Non-Executive - Independent Director	1	1
3	Mrs. R.Rajalakshmi	Member, Non-Executive - Independent Director	1	1
4	Mr.R.Karthikeyan	Member, Non-Executive – Non- Independent Director	1	1

Details of actual CSR expenditure during each quarter is presented to the Board.

### 3. Provide the web link where composition of the CSR committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the company

<http://www.tanfac.com/policy.php>

### 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable

### 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
(i)	2021 - 2022	Nil	Nil

**6. Average net profit of the company as per section 135(5)**

Sl. No.	For the Financial Year	Annual Net Profit (₹ Lakhs)
(i)	2020-2021	1,747.41
(ii)	2019-2020	1,697.43
(iii)	2018-2019	3,596.78
<b>Total</b>		<b>7,041.62</b>
<b>Average Annual Net Profit</b>		<b>2,347.21</b>

**7. (a) Two percent of average net profit of the company as per section 135(5) :** 2% of Average Net Profit works out to ₹ 46.94 lakhs.

**(b) Surplus arising out of the CSR projects or programs or activities of the previous financial years :** Nil

**(c) Amount required to be set off for the financial year, if any :** Nil

**(d) Total CSR obligation for the financial year (7a+7b-7c) :** ₹ 46.94 Lakhs

**8. (a) CSR Amount spent or unspent for the financial year:**

Total amount spent for the Financial year (amount in ₹ Lakhs)	Amount Unspent (in ₹ In lakhs)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
47.79		Nil		Nil	

**(b) Details of CSR Amount spent against ongoing projects for the financial year:**

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration	Amount allocated for the Project (in ₹)	Amount transferred to Unspent CSR account for the project as per Section 135(6) (in ₹)	Mode of implementation - Direct (Yes/ No).	Mode of implementation - Through implementing agency.
				State	District					
No ongoing project was approved during the financial year 2021 - 2022										

**(c) Details of CSR amount spent against other than ongoing projects for the financial year**

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount allocated for the Project (in ₹)	Mode of implementation - Direct (Yes/ No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration number
1	Contribution towards Higher Education Support	Education Promotion	yes	Tamilnadu	Cuddalore & Chennai	27.18	No	Directly to Anandham Youth Foundation, Chennai along with other institutions in Southern Region	CSR00011123
2	COVID -19 relief & other health measures	Promoting health care - others	yes	Tamilnadu	Cuddalore	4.27	Yes	Directly to SP Officer & Govt. Hospital, Cuddalore	N.A
3	Installation of oxygen cylinder Storage room in SP officer	Promoting health care - permanent structure	yes	Tamilnadu	Cuddalore	10.30	Yes		

4	Social Empowerment & Infrastructure	Social Empowerment	yes	Tamilnadu	Cuddalore	6.04	Yes	N.A	N.A
<b>Total</b>						<b>47.79</b>			

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable : Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 47.79 Lakhs

(g) Excess amount for set off, if any

SI. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	46.94
(ii)	Total amount spent for the Financial Year	47.79
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.85
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial Years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.85

**9. (a) Details of Unspent CSR amount for the preceding three financial years:**

SI. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
NA							

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial years:**

SI. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the Project Completed /Ongoing
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No ongoing project was undertaken during last three financial year

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).**

- a) Date of creation or acquisition of the capital asset(s) - Not Applicable
- b) Amount of CSR spent for creation or acquisition of capital asset - Not Applicable
- c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc - Not Applicable
- d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). - Not Applicable

**11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5)**

Not Applicable as the Company had spent 2% of the Average Net Profit during the financial year 2021 - 22.

**Mr. M.R.Sivaraman**  
Member – CSR Committee  
DIN - 00020075

**V.T.Moorthy**  
Chairman – CSR Committee  
DIN – 00007648

**Place:** Cuddalore  
**Date:** July 18, 2022

# 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 Six basic tenets, viz., Board accountability to shareholders and other stakeholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, the equitable treatment of all shareholders as well as transparency, Safety and Security of the plant the population around and the environment and accountability and timely disclosure.

TANFAC Industries Limited, a Joint Venture of Anupam Rasayan India Limited (ARIL) (who replaced Aditya Birla Group (ABG) during the year) with Tamil Nadu Industrial Development Corporation Limited (TIDCO), believes in adopting the "best practices" that are followed in the area of corporate governance across various geographies and is committed to protecting and facilitating the exercise of shareholders' rights, encouraging cooperation between the Company and the stakeholders, competing more effectively and building long-term value for its Shareholders on a continuous basis. Over the years we have strengthened/continued to strengthen its principles of transparency, fairness, and accountability. Your Company is in compliance with provisions under The Companies Act, 2013 & Rules made thereunder and SEBI (LODR) Regulations, 2015.

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

The details of the composition of the Board of Directors, category of Directors who have no relationship between inter se in any manner and their attendance in the Board meetings are as under.

Composition and Directorship(s) / Committee Membership(s) / Chairmanship(s) as on 31<sup>st</sup> March, 2022:

Name of Director	Directors Identification No.	Category / Representing	Directorship held in other Companies		Membership in other Companies' Board Committees	Chairmanship in other Companies' Board Committees
			Public	Private		
Ms. Lilly Rajendran * #	03287345	Non-Executive – Promoter	8	-	1	-
Mr. R. Karthikeyan	00824621	Non-Executive – Promoter	6	-	-	-
Mr. Afzal Harunbhai Malkani *	07194226	Non-Executive – Promoter	-	-	-	-
Mr. K.Sendhil Naathan	08850046	Managing Director	-	-	-	-
Mr. V.T. Moorthy	00007648	Independent – Non Executive	-	-	-	-
Mr. M.R. Sivaraman, IAS (Retd.)	00020075	Independent – Non Executive	-	1	-	-

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

## I. BOARD OF DIRECTORS

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

### Composition of the Board

TANFAC's Board consists of eight Directors (Seven Non-Executive Directors and the Managing Director) as of 31<sup>st</sup> March 2022, who have varied experience in their respective areas. The Board has four Independent Directors, including a woman Director, who do not have a business relationship with the Company. This is in conformity with Regulation 17 of SEBI (LODR) Regulations 2015 read with Section 149 of the Companies Act, 2013.

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

None of the Directors, including Independent Directors are holding Directorship and Chairman / Member in other Listed Companies and Public Limited Companies in excess of the limit prescribed under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. Other Directorships shall not consider holding Directorship in foreign companies.

Dr. Shankar Narasimhan	01484214	Independent – Non Executive	-	3	-	-
Mrs. R. Rajalakshmi	01985132	Independent – Non Executive				

\* Ms. Lilly Rajendran and Mr. Afzal Harunbhai Malkani were appointed as Non-Executive and Non-Independent Director w.e.f. 13<sup>th</sup> August 2021 & 11<sup>th</sup> March 2022 respectively.

# Upto 23<sup>rd</sup> August 2022.

Board / General Meeting attendance details of Directors for the year 2021- 22:

Name of Director	Category / Representing	No. of Board Meeting held (2021-22)	Nos. Attended	Whether attended last AGM held on 28.09.2021
Ms. Lilly Rajendran* @	Non-Executive – Promoter	5	1	No
Mr. R. Karthikeyan	Non-Executive -Promoter	7	7	Yes
Mr. Afzal Harunbhai Malkani *	Non-Executive -Promoter	-	-	No
Mr. K.Sendhil Naathan	Managing Director	7	7	Yes
Mr. V.T. Moorthy	Independent - Non-Executive	7	7	Yes
Mr. M.R. Sivaraman, IAS (Retd.)	Independent - Non-Executive	7	7	Yes
Dr. Shankar Narasimhan	Independent - Non-Executive	7	7	Yes
Mrs. R. Rajalakshmi	Independent - Non-Executive	7	7	Yes
Mr. Kalyan Ram Madabhushi #	Non-Executive - Promoter	3	3	No
Mr. Jayant Vasant Dhobley +	Non-Executive - Promoter	4	4	No

\* Ms. Lilly Rajendran and Mr. Afzal Harunbhai Malkani were appointed as Non-Executive and Non-Independent Director w.e.f. 13<sup>th</sup> August 2021 & 11<sup>th</sup> March 2022 respectively.

# Resigned w.e.f 18<sup>th</sup> October 2021

@ Resigned w.e.f 23<sup>rd</sup> August 2022

+ Appointed as Additional Director on 18<sup>th</sup> October 2021 & resigned w.e.f 11<sup>th</sup> March 2022.

Notes:

During the year 2021-22, Seven Board meetings were held and the gap between two meetings did not exceed the maximum days prescribed under 173(1) of the Companies Act, 2013. The dates of Board meetings were 07.05.2021, 13.08.2021, 18.10.2021, 19.01.2022, 01.02.2022 17.02.2022 and 11.03.2022 and the necessary quorum was present at all the Board Meetings.

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

None of the directors are holding any Equity Shares in the Company.

**Core skills, expertise and competencies of the Board of Directors:**

The Board of Directors has identified the following core skills, expertise and competencies in the context of the Company's business and sector for it to function effectively which are given below:

The Directors shall possess hands on expertise on technical, academic skills, general management, global business, technology, manufacturing / operations, risk management etc. The Directors shall understand company's structure, policies, and culture including the mission, vision, values, goals, current strategic plan and governance structure and also in which the Company operates including the industrial trends, challenges and opportunities, unique dynamics within the sector that are relevant to the success of the Company.

The Directors shall have the ability to understand and analyze financial reports / key financial statements to review and analyze budgets, annual operating plans considering Company's resources, strategic goals, and priorities, analyze various reports, create and incorporate multiple viewpoints with different perspectives. The Directors shall also possess the ability to identify key risks to the Organization in a wide range of areas including Production, Marketing, legal and regulatory compliance management and systems.

The following matrix sets out the skills, expertise and competence of each of the Directors in the Company:

Sl. No.	Name of the Directors	Skills, Expertise and Competence
1	Mrs. Lilly Rajendran DIN 03287345	Appointed in 13 <sup>th</sup> August 2021, Mrs.Lilly Rajendran, Non-Executive and Non-Independent Director of the Company, is presently Special Secretary, Industrial Department, Government of Tamil Nadu. She is a 2005 Batch IAS Officer and has held many key positions in various departments of Government of Tamil Nadu. She has more than 15 years of wide experience in public administration. She is also Chairperson of the TANFAC Board.
2	Mr.R.Karthikeyan DIN 00824621	Mr.R.Karthkeyan, None-Executive and Non-Independent Director of the Company since May 2009, is an Engineer and Management graduate. He is responsible for handling various industrial projects of TIDCO as General Manager (Projects). He has hand on experience in conceptualizing, evaluating and developing industrial and infrastructure projects. His role is to facilitate the joint venture Companies in getting clearance / approvals of various Government departments for smooth operations. Apart from holding Directorship in some organization he also has experience in handling many joint venture companies of TIDCO.
3	Mr.Afzal Harunbhai Malkani DIN 07194226	Appointed on 11 <sup>th</sup> March 2022, Mr.Afzal Harunbhai Malkani, Non-Executive and Non-Independent Director of the Company, has experience in corporate financing, fund raising from banks, financial institutions, private equity, treasury management, business development, mergers & acquisitions. He had joined M/s.Anupam Rasayan India Limited (a Chemical manufacturing entity listed in March 2021 on BSE & NSE) in October 2005 and was appointed as its Chief Financial Officer from December 1, 2014.
4	Mr. K. Sendhil Naathan DIN 08850046	Mr. K.Sendhil Naathan, Managing Director of the Company since August 2020, has MTech in Polymer Science from IIT Kharagpur and MBA from University of Leicester, UK. He has over 35 years of experience in Chemical industry and has extensive knowledge of the market of fluorine industry. He has been with TANFAC for the past 12 years and has been instrumental in the turnaround & growth of the Company in the last 6 years.
5	Mr.M.R.Sivaraman IAS (Retd.) DIN 00020075	Mr. M.R.Sivaraman, Non-Executive and Independent Director of the Company since January 2006, is a retired IAS with several years of experience in the Administration of State and Central Governments which includes stints in the capacity of Finance and Planning Secretary. He had served as Revenue Secretary in the Central Government, Department of Revenue, Ministry of Finance and as Additional Secretary in the Ministry of Commerce and Ministry of Civil Aviation. He had also served as Executive Director in the International Monetary Fund (IMF).
6	Mr. V. T. Moorthy DIN 00007648	Mr.VT.Moorthy, Non-Executive and Independent Director of the Company, is a Professional Engineer, has long association with the Company since the beginning of the project and also served in Aditya Birla Group of Companies for over four decades both in India and overseas. During his stint as Managing Director of TANFAC, he had overseen the initial phase of the project and brought the Company to the path of profitability.
7	Dr.Shankar Narasimhan DIN 01484214	Dr. Shankar Narasimhan, Non-Executive and Independent Director of the Company since April 2007, is a retired Professor of IIT Madras. Prior to joining to IIT Madras, he was an Associate Professor in Chemical Engineering Department at IIT Kanpur. His major research interests are in Data Mining, Process Design and optimization, Fault Detection and Diagnosis (FDD) and Fault Tolerant Control. Dr. Narasimhan is well known for his work in the area of Data Reconciliation & co-authored several papers and a book.  He has been a visiting professor at the Centre for Automatic Control in Nancy, France, Purdue University and Texas Tech University in USA.

8	Mrs. R. Rajalakshmi DIN 01985132	Mrs. R. Rajalakshmi, Non-Executive and Independent Director of the Company since March 2015, has two decades of experience in business handling, office administration and construction activities. She is actively involved in social activities. She currently holds directorship in Real Estate Companies closely held by her family.
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### Changes in the composition of the Board during the year:

Mr. Jayant Vasant Dhobley was appointed as Additional and Non-Executive Director on 18<sup>th</sup> October 2021 in place of Mr. Kalyan Ram Madabhushi who had resigned. Mr. Jayant Vasant Dhobley had resigned subsequently on 11<sup>th</sup> March 2022 and in his place Mr. Afzal Harunbhai Malkani was appointed as Additional Director and Non-Executive / Non-Independent Director of the Company with effect from 11<sup>th</sup> March 2022 and sought the Member's approval to regularize him by issuing a notice of postal ballot dated 06<sup>th</sup> May 2022 by way of passing special Resolution. It was approved by the Members on 07<sup>th</sup> June 2022 and Board has made necessary disclosures to Stock Exchange as per SEBI (LODR) regulations 2015.

The Composition of the Board is in accordance with the Regulation 17 of SEBI (LODR) Regulations 2015 read with Section 149 of the Companies Act, 2013.

### Changes in the composition of the Board after 31<sup>st</sup> March 2022

Mrs. R. Lilly, Non-Executive Director and Chairperson of the Board resigned with effect from 23<sup>rd</sup> August 2022. Board has appointed Mrs. Mariam Pallavi Baldev as Additional Director in the category of Non-Executive and Non-Independent Director of the Company with effect from 23<sup>rd</sup> August 2022 subject to approval of the members in this 48<sup>th</sup> AGM. Item proposing her appointment is included as Item No.5 in the Notice to the 48<sup>th</sup> AGM.

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

Name of Director	Category / Representing	Designation	No. Of Meetings held during the financial year 2021-22	
			Held	Attended
Mr. M.R. Sivaraman, IAS (Retd.)	Independent - Non Executive	Chairperson	4	4
Dr. Shankar Narasimhan	Independent - Non Executive	Member	4	4
Mr. V.T. Moorthy	Independent - Non Executive	Member	4	4
Mrs. R. Rajalakshmi	Independent - Non Executive	Member	4	4
Mr. R. Karthikeyan	Non-Executive	Member	4	4
Mr. Afzal Harunbhai Malkani*	Non-Executive	Member	-	-
Mr. Kalyan Ram Madabhushi#	Non-Executive	Member	3	3
Mr. Jayant Vasant Dhobley +	Non-Executive	Member	1	1

\* Appointed w.e.f. March 11, 2022.

# Resigned w.e.f. 18<sup>th</sup> October 2021

+ Appointed on 18<sup>th</sup> October 2021 & resigned w.e.f. 11<sup>th</sup> March 2022.

## II. COMMITTEES OF THE BOARD

### AUDIT COMMITTEE:

Upon the appointment of Mr. Afzal Harunbhai Malkani, Non-Executive & Non Independent Director in place of Mr. Jayant Vasant Dhobley, the Board of Directors at their meeting held on 11<sup>th</sup> March, 2022, reconstituted the 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.

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

The Members of the 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 Chief Financial Officer (CFO), key Function Heads, representatives of Statutory Auditors and Internal Auditors to be present at its meeting. The Company Secretary acts as the Secretary to the Audit Committee. The Chairman of the Audit Committee has rich experience and expertise in accounting and financial management. All the members of the Committee have financial literacy, with relevant experience.

During the year 2021-22, 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 07.05.2021, 13.08.2021, 18.10.2021 and 19.01.2022 and necessary quorum was present at all the Meetings.

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

## NOMINATION AND REMUNERATION COMMITTEE:

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

The role of the Nomination and Remuneration Committee is in accordance with the provision contained in Part D Schedule

II of SEBI (LODR) Regulations, 2015 read with the Listing Agreement, which includes –

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

The composition of the Committee was reconstituted with the three Non-Executive Directors (including two Independent Directors). The Company Secretary is the Secretary to the Committee. The Chairman of the Nomination and Remuneration Committee was present at the Annual General Meeting of the Company held on 28<sup>th</sup> September 2021. The Committee met three times during the year on 13.08.2021, 18.10.2021 and 11.03.2022.

The details are as follows:

Name of the directors	Designation	No. of meetings held	No. of meetings attended
Mr. V.T.Moorthy	Chairman	3	3
Mr. M.R. Sivaraman, IAS (Retd.)	Member	3	3
Mr. Afzal Harunbhai Malkani*	Member	-	-
Mr. Kalyan Ram Madabhushi*	Member	2	2
Mr.Jayant Vasant Dhobley #	Member	1	1

\* Appointed w.e.f. March 11, 2022

# Resigned w.e.f. 18<sup>th</sup> October 2021

+ Appointed on 18<sup>th</sup> October 2021 & resigned w.e.f. 11<sup>th</sup> March 2022.

## REMUNERATION POLICY:

The Board of Directors has been paid sitting fee for attending the Board Meeting and Board Committee Meetings. No other remuneration is paid to the Non-Executive Directors. Remuneration of Managing Director is paid in accordance with Company's Remuneration Policy for the Senior Management.

The Company has adopted a remuneration policy as applicable across Aditya Birla Group Companies till 10<sup>th</sup> March 2022 and thereafter with effect from 11<sup>th</sup> March 2022 adopted the policies of M/S. Anupam Rasayan India Limited for its Senior Management and other employees.

### Details of Remuneration to Board of Directors:

Name of Director	Relationship with other Directors	Business relationship with the Company if any	Remuneration paid during 2021 - 2022			
			Sitting fees @	Salary and Perks	Commissson	Total
Ms. Lilly Rajendran* #	Non-Executive -Promoter	Nil	0.40	-	-	0.40
Mr. Afzal Harunbhai Malkani*	Non-Executive -Promoter	NIL	-	-	-	-
Mr. V.T. Moorthy	Non-Executive-Independent	NIL	6.00	-	-	6.00
Mr. R. Karthikeyan #	Non-Executive	NIL	5.20	-	-	5.20
Mr. M.R. Sivaraman, IAS (Retd.)	Non-Executive-Independent	NIL	6.00	-	-	6.00
Dr. Shankar Narasimhan	Non-Executive-Independent	NIL	4.80	-	-	4.80

Mrs. R. Rajalakshmi	Non-Executive-Independent	NIL	5.00	-	-	5.00
Mr. K. Sendhil Naathan	Managing Director	NIL	-	116.40	-	116.40
Mr. Kalyan Ram Madabhushi *	Non-Executive - Promoter	-	-	-	-	-
Mr. Jayant Vasant Dhobley +	Non-Executive - Promoter	-	-	-	-	-
<b>Total</b>			<b>27.40</b>	<b>116.40</b>		<b>143.80</b>

\* Ms. Lilly Rajendran and Mr. Afzal Harunbhai Malkani were appointed as Non-Executive and Non-Independent Director w.e.f. August 13, 2021 & March 11, 2022 respectively. Mr. Kalyan Ram Madabhushi resigned as Non-Executive & Non-Independent Director w.e.f. 18<sup>th</sup> October 2021. Mrs. R. Lilly resigned as Director of the Company w.e.f. 23<sup>rd</sup> August 2022.

+Mr. Jayant Vasant Dhobley was appointed as Additional Director w.e.f. from 18<sup>th</sup> October 2021 and resigned on 11<sup>th</sup> March 2022

@ includes the sitting fee paid for Board Committee Meetings.

# paid to Tamil Nadu Industrial Development Corporation Limited,

## 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 the Stakeholders Relationship Committee includes –

- » to address the grievances of security holders of the Company with regard to the transfer of shares, the transmission of shares, non-receipt of the annual report, non-receipt of dividend, etc;

- » to consider and approve the issue of share certificates (including the issue of renewed/duplicate share certificates).
- » to ensure an expeditious share transfer process through the Registrar and Share Transfer Agent.
- » to evaluate performance and service standards of the Registrar and Share Transfer Agent of the Company.

### The Committee comprises the following directors:

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

During the year, the Stakeholders Relationship Committee met four times on 07.05.2021, 13.08.2021, 18.10.2021, 09.01.2022, 01.02.2022, 17.02.2022 and 11.03.2022 and a necessary quorum was present at all the Meetings.

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

Name of Member	Designation	No. of Meetings	
		Held	Attended
Mr. M.R. Sivaraman, IAS (Retd.)	Chairman	4	4
Mr. R. Karthikeyan	Member	4	4
Mr. V.T. Moorthy	Member	4	4

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

As required under regulation 13(3) of SEBI (LODR) Regulations, 2015, read with the listing agreement, the Company has filed status of investor complaints on a quarterly basis with BSE Limited.

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

The Corporate Social Responsibility Committee ("CSR Committee") is constituted in line with the provisions of Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 & provision contained under Regulation 19 of SEBI (LODR) Regulations, 2015, read with Listing Agreement. On the recommendation of the CSR Committee, the Board of Directors have approved the CSR policy which is available on the Company's website link TANFAC-CSR-Policy.pdf.

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

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

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

Managing Director and Chief Financial Officer are the invitee to the Committee and the Compliance Officer / Company Secretary acts as Secretary to the Committee.

During the year one meeting of the Committee was held on 13.08.2021 and necessary quorum was present at the Meetings. Please refer Annexure D to Board's Report for detailed report on CSR activities during the year 2021-22.

## GENERAL BODY MEETINGS

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

YEAR	TYPE	Location	Date and Time	Details of Special Resolution
2020-21	A.G.M.	Meeting was held through Video Conferencing (VC) / Other Audio visual Means (OAVM) at the Registered Office i.e., Plot No.14 SIPCOT Industrial Complex, Cuddalore – 607 005	26.09.2021/ 11.30 A.M.	Nil
2019-20	A.G.M.	Registered Office at- Plot No.14 SIPCOT Industrial Complex, Cuddalore – 607 005	28.09.2020/ 11.30 A.M.	1
2018 - 19	A.G.M.	Registered Office at- Plot No.14 SIPCOT Industrial Complex, Cuddalore – 607 005	21.09.2019/ 11.30 A.M.	4

In pursuance of Regulation 17(1C) of the SEBI (LODR) Regulations, 2015, the Company had passed a special resolution through postal ballot notice dated 06<sup>th</sup> May 2022 for obtained the Members' approval on 07<sup>th</sup> June, 2022 for regularizing Mr. Afzal Harunbhai Malkani as Non-Executive and non-Independent Director of the Company with effect from 11<sup>th</sup> March 2022 within three months from the date of appointment by the Board.

### Annual General Meeting for the financial year 2021 - 22:

Date and Time	: 26.09.2022; 12:00 PM.
Venue	: The meeting will be held through Video Conference (VC)/ Other Audio Visual Means (OAVM) at the Registered Office, i.e., Plot No.14, Industrial Complex, Cuddalore – 607 005 TAMIL NADU
Period of Book Closure	: 20.09.2022 to 26.09.2022 (both days inclusive)

### MEANS OF COMMUNICATION:

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

**GENERAL SHAREHOLDER INFORMATION:**

A.G.M., Date, Time and Venue	26.09.2022 (12:00 P.M.) Monday at the Registered Office of the Company at - 14 SIPCOT Industrial Complex CUDDALORE – 607 005, TAMIL NADU
Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March
Dividend Payment Date	Final Dividend for the year 2021-22 was recommended by the Board of Directors at their Meeting held on 06 <sup>th</sup> May 2022 subject to the declaration of Member at the ensuing Annual General Meeting to be held on 26.09.2022. if declared, the final Dividend for the financial year 2021-2022 will be paid on or before 25.10.2022.
Date of Book Closure	20.09.2022 (Tuesday) to 26.09.2022 (Monday), both days inclusive.
Name and address Stock Exchange at which the Company's securities are listed	BSE Limited Phiroze Jeejeebhoy Towers 25 <sup>th</sup> Floor, Dalal Street MUMBAI – 400 001.
Confirmation for the Payment of Annual Listing fee	Listing fee for the financial year 2022-23 has been paid
Stock Code	506854
Corporate Identity Number of the Company	L24117TN1972PLC006271
Credit Rating obtained by the Company	ICRA Limited a credit rating agency has rated ICRA A- (Stable) for Cash credit limit of ₹ 25 Crores and ICRA A2+ for Non-Fund Based Limit of ₹ 55 Crores.  Acuite Rating & Research Limited have also rated ACUITE A-(Stable) for Fund Based Limit of ₹ 42 crores and ACUITE A2+ for Non-Fund Based Limit of ₹ 58 crores.

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

MONTH	BSE LIMITED (BSE) SCRIP CODE : 506854	
	HIGH (₹ Ps.)	LOW (₹ Ps.)
APRIL 2021	277.90	232.50
MAY 2021	293.00	222.00
JUNE 2021	259.00	225.00
JULY 2021	307.00	239.60
AUGUST 2021	570.55	271.10
SEPTEMBER 2021	727.95	502.10
OCTOBER 2021	779.00	490.00
NOVEMBER 2021	557.85	440.00
DECEMBER 2021	619.00	470.05
JANUARY 2022	750.00	560.00
FEBRUARY 2022	714.40	537.70
MARCH 2022	612.00	560.10

Performance in comparison to broad-based indices such as BSE Sensex

Tanfac share price on BSE vis-à-vis BSE Sensex April - March 2022

Month	BSE Sensex Close	High ₹	Low ₹	Close ₹	No. of shares traded during the month	Turnover
APRIL 2021	48782.36	277.90	232.50	265.75	2,84,972	7,34,10,189
MAY 2021	51937.44	293.00	222.00	228.60	6,47,453	16,27,97,403
JUNE 2021	52482.71	259.00	225.00	240.85	2,73,231	6,60,65,514
JULY 2022	52586.84	307.00	239.60	288.45	4,48,672	12,51,26,250
AUGUST 2021	57552.39	570.55	271.10	570.55	19,02,107	77,36,77,723
SEPTEMBER 2021	59126.36	727.95	502.10	693.60	11,47,996	71,28,24,220

OCTOBER 2021	59306.93	779.00	490.00	537.05	7,22,860	71,28,24,220
NOVEMBER 2021	57064.87	557.85	440.00	475.40	3,62,460	17,85,77,109
DECEMBER 2021	58253.82	619.00	470.05	558.10	3,01,919	16,83,88,369
JANUARY 2022	58014.17	750.00	560.00	687.80	6,04,687	40,10,02,950
FEBRUARY 2022	56247.28	714.40	537.70	566.00	3,65,446	22,87,75,181
MARCH 2022	58568.51	612.00	560.10	581.70	2,64,209	15,40,86,258

## DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2022

Category of shares	No. of Holders	% to Holders	No. of Shares	% to Holders
Upto 500	14,847	95.39	12,29,693	12.33
501 - 1000	395	2.54	3,03,822	3.05
1001 - 2000	177	1.14	2,62,712	2.63
2001 - 3000	59	0.38	1,52,639	1.53
3001 - 4000	25	0.16	92,126	0.92
4001 - 5000	15	0.10	68,682	0.69
5001 - 10000	27	0.17	1,88,965	1.89
Above 10001	19	0.12	76,76,361	76.96
<b>Total</b>	<b>15,564</b>	<b>100.00</b>	<b>99,75,000</b>	<b>100.00</b>
No. of shareholders in physical mode	3,596	23.10	2,92,964	2.93
No. of shareholders in electronic mode	11,968	76.90	96,82,036	97.03
<b>Total</b>	<b>15,564</b>	<b>100.00</b>	<b>99,75,000</b>	<b>100.00</b>

## CATEGORIES OF SHAREHOLDING AS ON 31ST MARCH 2022

Category	2022		2021	
	No. of Shares Held	% Age Of Shareholding	No. of Shares Held	% Age Of Shareholding
Promoters/promoters group	50,84,802	50.98	50,84,802	50.98
UTI and mutual funds	5,550	0.06	5,550	0.06
Banks, financial institutions and insurance companies	700	0.01	700	0.01
NON RESIDENT INDIANS (NRIS/OCBS)	77,290	0.77	66,230	0.66
Corporates	19,20,130	19.25	17,59,852	17.64
Clearing member	7,217	0.07	19,116	0.19
Resident individuals	25,00,031	25.06	26,42,667	26.49
Trust	100	0.00	100	0.00
Limited liability partnership	32,500	0.33	48,628	0.49
IEPF	3,46,680	3.48	347,355	3.48
Alternative investment fund	-	-	-	-
<b>Total</b>	<b>99,75,000</b>	<b>100.00</b>	<b>9,75,000</b>	<b>100.00</b>

## DEMATERIALISATION OF SHARES AND LIQUIDITY :

As on 31<sup>st</sup> March, 2022, 96,82,036 Equity Shares, against subscribed fully paid equity shares of 99,75,000, were converted from the physical to electronic form. Over 97.06% of the outstanding equity shares have been dematerialised up to 31<sup>st</sup> March, 2022.

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

Plant location	14 SIPCOT Industrial Complex CUDDALORE – 607 002, TAMIL NADU
Address for correspondence	Integrated Registry Management Services Private Limited "Kences Towers", Second Floor, No.1 Ramakrishna Street, North Usman Road, T.Nagar, Chennai – 600 017. TEL: +91-44-28140801 TO 3; FAX: +91-44- 28142479 / 28143378 Email Id: <a href="mailto:corpserv@integratedindia.in">corpserv@integratedindia.in</a> 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: +91-4142-239001 to 239005 Or Mail to – <a href="mailto:tanfac.invreln@anupamrasayan.com">tanfac.invreln@anupamrasayan.com</a> .

### Reconciliation of Share Capital

As stipulated by SEBI, a qualified Practising Company Secretary carries out audit of Reconciliation of Share Capital to reconcile the total admitted, issued and listed capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and Stock Exchanges.

### OTHER DISCLOSURE:

Disclosure on materially significant related party transactions 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, whistleblower policy and affirmation that no personnel has been denied access to the Audit Committee.	: The Company has a Group's Whistle Blower Policy to articulate the Group's point of view on whistleblowing. And the objective is to strengthen the whistleblowing mechanism. The objectives of the policy are – To provide a platform and mechanism for the employees and Directors to voice genuine concerns or grievances about unprofessional conduct without fear of reprisal • To provide an environment that promotes responsible and protected whistle blowing. It reminds employees and directors about their duty to report any suspected violation of any law that applies to the Company and any suspected violation of the Group Values. Whistle Blower Policy is made available on the Company's website, <a href="http://www.tanfac.com">www.tanfac.com</a> . As per whistle blower mechanism of the Company, it is hereby confirmed that no personnel has been denied access to the Audit Committee.
Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.	: The Company has complied with all the mandatory requirements as per SEBI (LODR) Regulations, 2015 read with the listing agreement. The Company has also adopted the following non-mandatory requirements: (a) Auditor's Report does not contain any qualifications. (b) The Internal Auditors report directly to the Audit Committee.
Weblink where policy on determining "material" subsidiaries is disclosed.	: Not Applicable
Weblink where policy on dealing with related party transactions	: Policy on dealing with related party transactions is available in Company's website at – <a href="http://www.tanfac.com/documents/policy_Materiality_Of_Related_Party_Transactions.pdf">http://www.tanfac.com/documents/policy_Materiality_Of_Related_Party_Transactions.pdf</a>

Total fees for all services paid to the Statutory Auditor of the Company for the financial year 2021-22.	: The Audit Committee approved the fee for other services rendered by the Statutory Auditors other than the Statutory Audit.  Total Remuneration applicable for the Statutory Auditors for the year 2021-22 amounts to ₹15 lakhs.
Disclosure as required under section 22 of the sexual harassment of Women at the Workplace (Prevention, Prohibition and redressal) act, 2013.	: There were no complaints filed or disposed of during the year and no complaints were pending as on the end of the Financial year.

## 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 Chairperson of the Company is nominated by TIDCO as per Joint Venture Agreement and performs his/her duty at their office. Hence no separate Chairperson'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 on Company's website [www.tanfac.com](http://www.tanfac.com). As per the SEBI (LODR) Regulations, 2015 requirements with BSE Limited, the Company has uploaded the Unaudited/Audited Financial Results and also Shareholding Pattern, etc. on its designated website.

Therefore, no individual communications with respect to quarterly/half yearly financial performance are sent to the Shareholders. However, based on a 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 opinions in the Auditors' Report on the accounts for the financial year 2021-22.

### SEPARATE POSTS OF CHAIRPERSON AND MD / CEO

Mrs.Lilly Rajendran was appointed as Non-Executive Non-Independent Director & also Chairperson of the Board with effect from 13<sup>th</sup> August 2021. Mr.K.Sendhil Naathan was appointed as Managing Director of the Company for a term of 3 years from 27<sup>th</sup> August 2021.

### 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 the code of conduct have been posted on the Company's website [www.tanfac.com](http://www.tanfac.com).

The Board and the senior management have affirmed compliance with the code as on 31<sup>st</sup> March, 2022.

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

### SEBI (Prohibition of Insider Trading) Regulations, 2015 :

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

## DISCLOSURE ON COMPLIANCES:

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

## CERTIFICATE FROM PRACTISING COMPANY SECRETARY CONFIRMING DIRECTORS ARE NOT DEBARRED / DISQUALIFIED

A Certificate from a Company Secretary in Practice has been obtained confirming that none of the Directors on the board of the company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such Statutory Authority.

### CEO/CFO Certification:

The Managing 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 the listing agreement is available in this annual report.

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

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

Sl. No.	Disclosure of loans/advances/ investments outstanding during the year	As at 31 <sup>st</sup> March, 2022 (₹)	Maximum amount during the year (₹)
1.	Loans and advances in the nature of loans to subsidiaries	Not Applicable	Not Applicable
2.	Loans and advances in the nature of loans to associates	Not Applicable	Not Applicable
3.	Loans and advances in the nature of loans to firms/ companies in which Directors of the Company are interested	Not Applicable	Not Applicable
4.	Investments by the loanee in the shares of parent Company and Subsidiary Company, when the Company has made a loan or advance in the nature of loan.	Nil	Nil

## DECLARATION

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

I confirm that the Company has received from the Board of Directors of the Company and the Senior Management, a declaration of compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2022, as applicable to them.

For the purpose of this declaration, Senior Management means, Managing Director, Chief Financial Officer, Company Secretary and other respective Functional Heads as on 31<sup>st</sup> March, 2022.

**Date :** 18.07.2022

**K. Sendhil Naathan**  
Managing Director

## CEO/CFO CERTIFICATION

Mr.K.Sendhil Naathan, Managing Director and Mr. N.R. Ravichandran, Chief Financial Officer of the Company have certified to the Board that :

- A. They have reviewed financial statements and the cash flow statement for the financial year ended 31<sup>st</sup> March, 2022 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.

**K. Sendhil Naathan**  
Managing Director

**Date :** 18.07.2022

**N.R. Ravichandran**  
Chief Financial Officer

# Independent Auditor's Report on Corporate Governance

## To the Members of Tanfac Industries Limited

1. We have examined the compliance of conditions of Corporate Governance by Tanfac Industries Limited (the 'Company') for the year ended March 31, 2022, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations').

## Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

## Auditor's Responsibility

3. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance stipulated in the Listing regulations as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note

on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the 'ICAI'), and the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

## Opinion

6. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the year ended March 31, 2022.
7. We 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.

## Restriction on use

8. This Report is addressed to and provided to the members of the Company pursuant to requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"). Our certificate should not be used for any other person or for any other purpose. Accordingly we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For and on behalf of  
**M/s. Singhi & Co.,**  
 Chartered Accountants  
 Registration No.302049E

**(Sudesh Choraria)**

Membership No. 204936  
 ICAI UDIN: 22204936ANELOYD2364

**Place :** Mumbai  
**Date :** 18.07.2022

# 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 31<sup>st</sup> March 2022 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable with effect from December 1, 2015.

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

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

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

For and on behalf of  
**M/s. Singhi & Co.,**  
Chartered Accountants  
Registration No.302049E

**Place :** Mumbai  
**Date :** 18.07.2022

**(Sudesh Choraria)**  
Membership No. 204936  
ICAI UDIN: 22204936ANEQYD2364

# Independent Auditor's Report

To the Members of **Tanfac Industries Limited**  
Report on the Audit of the Financial Statements

## Opinion

We have audited the accompanying financial statements of Tanfac Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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 Companies Act 2013 ("The Act" or "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgement, we have determined that there is no key audit matter to be communicated in our report.

## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated if based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

## Responsibilities of Management for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended]. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, (hereinafter referred to as the "Order"), we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
- (g) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28.4 to the financial statements;
  - ii. The Company has accounted for material foreseeable losses, if any, for long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.
- (iv) a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, if any, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, if any, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures, we have considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
- (v) Dividend declared or paid during the year by the Company are in compliance with Section 123 of the Act.
- (vi) MCA Vide its notification dated 31.03.2022 has extended the requirement of implementation of audit trail software to financial year commencing on or after 1<sup>st</sup> April 2023, accordingly reporting under Rule 11 (g) of Companies (Audit and Auditors) Amendment Rule 2021 is not applicable

For **Singhi & Co.**  
Chartered Accountants  
Firm Registration No: 302049E

**Sudesh Choraria**  
Partner  
Membership No: 204936  
UDIN: 22204936AIMVOH2302

**Date :** May 06, 2022  
**Place :** Mumbai

## Annexure – A to the Independent Auditor’s Report

(Referred to in paragraph 1 of the Independent Auditors’ Report of even date to the members of TANFAC INDUSTRIES LIMITED on the financial Statements as of and for the year ended March 31, 2022)

We report that:

- i. In respect of its Property Plant and Equipment and Intangible Assets:
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its property, plant and equipment and intangible assets.
  - b) The Company has a regular program of physical verification of its property, plant and equipment by which all such assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified by the Management. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us and on the basis of our examination, title deeds of the immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in schedule of Property, Plant and Equipment to the financial statements, are held in the name of the Company.
  - d) The Company has not revalued its property, plant and equipment (including right of use assets) and intangible assets during the year. Therefore, the provisions of clause 3(i)(d) of the Order are not applicable to the Company.
  - e) According to information and explanations given by the management, no proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder. Therefore, provisions of clause 3(1)(e) of the Order are not applicable to the Company.
- ii. In respect of its Inventories:
- a) As per information and explanations provided to us, physical verification has been conducted by the management at reasonable intervals during the year in respect of inventory of raw materials, work in progress, finished goods and by products and no material discrepancies were noticed on such physical verification.
  - b) Based on our examination of the books of accounts of the Company, with respect to the sanctioned working capital limits availed from banks or financial institutions, the Quarterly return / statements have been regularly submitted by the company and no material discrepancies were noticed.
  - iii. According to the information and explanations provided to us, the Company has not made investments in, provided guarantee or security or granted loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. Therefore, the provisions of clause 3(iii) of the Order are not applicable to the Company.
  - iv. In our opinion and according to the information and explanations given to us and records examined by us, Company has not given any loan, made investments or given Guarantee and Securities and covered under Section 185 / 186. Therefore, the provisions of clause 3(iv) of the Order are not applicable to the Company.
  - v. According to the information and explanations given to us, the Company has not accepted any deposits from the public or amount which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) rules 2014 (as amended).
  - vi. We have broadly reviewed the books of account maintained by the Company in respect of products for which maintenance of prescribed cost records is mandated by Government of India U/S 148 (1) of the Act and are of the opinion that, prima facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of these records with a view to determine whether they are accurate or complete.
  - vii. According to the information and explanations given to us and the records of the Company examined by us:
    - a) The Company has been generally regular in depositing amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues, including Goods and Services Tax, provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues, as applicable. There was no material undisputed outstanding statutory dues as at the year end, for a period of more than six months from the date they became payable.

- b) There are no dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Nature of Statute	Nature of Dues	Amount Relates (Period)	Forum where Dispute is Pending	Amount Unpaid / (refund) ₹ in lakhs
TNGST Act, 1959	Levy of sales tax from sales affected through Pondicherry	1989-90 & 1990-91	Appeal before Tamil Nadu Sales Tax Appellate Tribunal	52.77
Custom Act, 1962	Duty on fluorspar shipment shortage	1998-99	Customs Officer	10.79
Income Tax Act, 1961	Replacement of equipment claimed as revenue expenditure, reclassified by Dept. as capital expenditure [tax demanded] (Including Interest)	2002-03	Income Tax Appellate Tribunal	85.39
Central Sales Tax	Appeal Against Assessment Orders for shortfall of Form C	FY 2014-15 to 2017-18	Appellate Deputy Commissioner CT	246.86
Finance Act, 1994 (Service Tax)	Service Tax on Lease Rent	2001-02 to 2004-05	Additional Commissioner of Central Excise, Puducherry	12.30
Finance Act, 1994 (Service Tax)	Reversal of ITC on sales to SEZ in other state	2012-13	Hon'ble High Court of Madras	1.51

- viii. According to the information and explanation given to us, there were no transactions which have not been recorded in the books of account, which have been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year. Therefore, provisions of clause 3(viii) of the Order are not applicable to the Company.
- ix. In respect of its Borrowings:
- a) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowings to any financial institution, bank, Government or debenture holders.
- b) Basis the information and explanation provided to us, the Company has not been declared a wilful defaulter by any bank or financial institution or other lender.
- c) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has availed loans from banks and financial institutions. The amount of loan was applied for the purpose for which the loan was obtained. Further the Company has not availed any loans from Government or has not issued any debenture during the year.
- d) Based on the information and explanation given to us, and the books of account examined by us, short term funds raised during the year have not been utilized for long term purposes.
- e) The Company does not have any subsidiaries, joint ventures or associate companies. Therefore, provisions of clause 3(ix)(e) and 3(ix)(f) of the Order are not applicable to the Company.
- x. a) According to the information and explanations given to us and based on our examination of the records of the Company, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Thus, the provisions of clause 3(x)(a) of the order are not applicable to the Company.
- b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Therefore, the provisions of clause 3(x)(b) of the Order are not applicable to the Company.
- xi. a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year nor have we been informed of any such case by the management.
- b) We have not come across any instance of fraud, therefore report under sub-section 12 of section 143 of the Companies Act, 2013 is not required to be filed by us in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

- c) As reported to us by the management, there are no whistle-blower complaints received by the Company during the year.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has entered into transactions with related parties in compliance with the provisions of sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under the Indian Accounting Standards (Ind AS) 24, Related Party Disclosures specified under section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).
- xiv. In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business; We have considered internal audit reports of the Company issued till date for the period under audit.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3 (xvi)(a) of the Order is not applicable to the Company.
- b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Therefore, the provisions of clause 3(xvi)(b) of the Order are not applicable to the Company;
- c) In our opinion, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Therefore, the provisions of clause 3(xvi)(c) of the Order are not applicable to the Company;
- d) According to the representations given by the management, the Group does not have any CIC. Therefore, the provisions of clause 3(xvi)(d) of the Order are not applicable to the Company;
- xvii. The Company has not incurred cash losses in the financial year and in the immediately preceding financial year. Therefore, the provisions of clause 3(xvii) of the Order are not applicable to the Company.
- xviii. There has been no resignation of statutory auditors during the year. However, during the year, the existing statutory auditors of the Company had rotated out on completion of their term. We have taken into consideration the issue, objections or concern raised by the out-going auditors.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. In respect of Corporate Social Responsibility Expenditure:
- a) According to the information and explanations given to us and based on our examination of the records of the Company, in respect of CSR Expenditure other than ongoing CSR projects, there were no amount remaining unspent u/s 135 (5) of the Companies Act, Hence no amount was required to be transferred to a Fund specified in Schedule VII to the Companies Act.
- b) According to the information and explanations given to us and based on our examination of the records of the Company, there were no amount remaining unspent u/s 135 (5) of the Companies Act pursuant to any ongoing CSR project. Therefore, no amount was required to be transferred to a special account in compliance with provision of sub section (6) of section 135 of the said Act.

For **Singhi & Co.**  
Chartered Accountants  
Firm Registration No: 302049E

**Date :** May 06, 2022  
**Place :** Mumbai

**Sudesh Choraria**  
Partner  
Membership No: 204936  
UDIN: 22204936AIMVOH2302

## Annexure - B to the Independent Auditor's Report

(Referred to in paragraph 2 (f) of the Independent Auditors' Report of even date to the members of TANFAC INDUSTRIES LIMITED on the financial Statements as of and for the year ended March 31, 2022)

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

1. We have audited the internal financial controls over financial reporting of Tanfac Industries Limited ('the Company') as of March 31, 2022 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of

internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. 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

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

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

## Opinion

9. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Singhi & Co.**  
Chartered Accountants  
Firm Registration No: 302049E

**Date :** May 06, 2022  
**Place :** Mumbai

**Sudesh Choraria**  
Partner  
Membership No: 204936  
UDIN: 22204936AIMVOH2302

# Balance Sheet

as at 31<sup>st</sup> March, 2022

(₹ in Lakhs)

Particulars	Note	As at 31-Mar-2022	As at 31-Mar-2021
<b>ASSETS</b>			
<b>1) Non-Current Assets</b>			
a) Property, Plant and Equipment	2	3,998.46	4,006.72
b) Capital Work in Progress	2	1,218.55	289.80
c) Financial Assets			
i) Investments	3	137.56	132.05
ii) Other Financial Assets	4	6.56	6.54
d) Other Non-Current Assets	5	78.63	84.75
<b>Total Non-Current Assets (A)</b>		<b>5,439.76</b>	<b>4,519.86</b>
<b>2) Current Assets</b>			
a) Inventories	6	4,163.23	2,470.46
b) Financial Assets			
i) Investments	7	4,057.96	2,136.97
ii) Trade Receivables	8	2,491.90	1,601.26
iii) Cash & Cash Equivalents	9	692.33	238.12
iv) Bank balances other than (ii) above	9	632.41	397.01
v) Loans & Advances	10	-	0.19
vi) Other Financial Assets	10	0.75	0.75
c) Current Tax Assets	11	138.97	137.84
d) Other Current Assets	11	615.17	524.31
<b>Total Current Assets (B)</b>		<b>12,792.72</b>	<b>7,506.91</b>
<b>Total Assets (A+B)</b>		<b>18,232.48</b>	<b>12,026.77</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
a) Equity Share Capital	12	997.50	997.50
b) Other Equity	13	12,371.82	7,326.07
<b>Total Equity (C)</b>		<b>13,369.32</b>	<b>8,323.57</b>
<b>Liabilities</b>			
<b>1) Non-Current Liabilities</b>			
a) Financial Liabilities		-	-
b) Provisions	14	61.20	43.58
c) Deferred Tax Liability (net)		318.94	393.54
<b>Total Non Current Liabilities (D)</b>		<b>380.14</b>	<b>437.12</b>
<b>2) Current Liabilities</b>			
a) Financial Liabilities			
i) Borrowings	15	-	-
ii) Trade Payables	16		
- Outstanding Dues of Micro and Small Enterprises		27.22	134.45
- Outstanding Dues of Creditors other than Micro and Small Enterprises		3,463.44	2,496.80
b) Other Current Liabilities	17	148.97	237.96
c) Provisions	18	833.36	396.87
d) Current Tax Liabilities (Net)	18	10.03	-
<b>Total Current Liabilities (E)</b>		<b>4,483.02</b>	<b>3,266.08</b>
<b>TOTAL EQUITY AND LIABILITIES (C+D+E)</b>		<b>18,232.48</b>	<b>12,026.77</b>
Significant Accounting Policies, Key Accounting Estimates and Judgements.	1		
The accompanying Notes are an integral part of the Financial Statements.			

As per our report of even date attached  
For **Singhi & Co.,**  
Chartered Accountants  
Firm Registration No. 302049E

**Sudesh Choraria**  
Partner  
Membership No. 204936  
Camp : Chennai  
**Date:** May 06, 2022

**R.Karthikeyan**  
Director  
DIN 00824621  
**N.R.Ravichandran**  
Chief Financial Officer

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

**M.R.Sivaraman**    **K.Sendhil Naathan**  
Director            Managing Director  
DIN 00020075    DIN 08850046  
**H.Narayana Rao**  
Company Secretary

# Statement of Profit and Loss

for the year ended 31<sup>st</sup> Mar 2022

(₹ in Lakhs)

Particulars	Note	31-Mar-2022	31-Mar-2021
<b>INCOME</b>			
Revenue from Operations	19	32,017.20	14,789.55
Other Income	20	340.43	136.63
<b>Total Income (A)</b>		<b>32,357.63</b>	<b>14,926.18</b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	21	17,621.97	6,922.84
Changes in inventories of Finished goods, Stock in Trade and Work in Progress	22	(171.91)	104.23
Employee Benefit Expenses	23	1,286.97	1,146.96
Finance cost	24	102.03	51.70
Depreciation / Amortization and Impairment Expenses	2	559.95	847.48
Power and Fuel	25	1,973.19	964.72
Other Expenses	26	3,790.78	2,382.24
<b>Total Expenses (B)</b>		<b>25,162.98</b>	<b>12,420.17</b>
<b>Profit Before Tax (C = A-B)</b>		<b>7,194.65</b>	<b>2,506.01</b>
<b>Tax Expense</b>			
i) Current Tax		1,881.46	455.97
ii) Deferred Tax		(75.89)	(107.25)
iii) MAT Credit Entitlement / Refund		60.70	414.69
iv) Income Tax paid/ (reversed) for earlier years		-	(4.81)
<b>Profit for the Year (D)</b>		<b>5,328.38</b>	<b>1,747.41</b>
<b>Other Comprehensive Income (OCI)</b>			
(i) Items that will not be reclassified to Profit or Loss	27	88.72	80.41
(ii) Income tax relating to items that will not be reclassified to Profit or loss		(22.23)	(23.96)
(iii) Items that will be reclassified subsequently to profit or loss		-	-
(iv) Income tax relating to items that will be reclassified to Profit or loss		-	-
<b>Other Comprehensive Income for the Year (E)</b>		<b>66.49</b>	<b>56.45</b>
<b>Total Comprehensive Income for the year (D+E)</b>		<b>5,394.87</b>	<b>1,803.86</b>
Earnings per Share (Face Value of ₹ 10 each fully paid up)			
- Basic		53.42	17.52
- Diluted		53.42	17.52
Significant Accounting Policies, Key Accounting Estimates and Judgements.	1		
The accompanying Notes are an integral part of the Financial Statements.			

As per our report of even date attached  
For **Singhi & Co.,**  
Chartered Accountants  
Firm Registration No. 302049E

**Sudesh Choraria**  
Partner  
Membership No. 204936  
Camp : Chennai  
**Date:** May 06, 2022

**R.Karthikeyan**  
Director  
DIN 00824621  
**N.R.Ravichandran**  
Chief Financial Officer

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

**M.R.Sivaraman** **K.Sendhil Naathan**  
Director **Managing Director**  
DIN 00020075 **DIN 08850046**  
**H.Narayana Rao**  
Company Secretary

# Statement of Change in Equity

For the year ended 31-Mar-2022

## A) EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Balance at the beginning of the reporting year	997.50	997.50
Changes in Equity Share capital due to prior period errors	-	-
Restated Balance at the beginning of the current reporting period	-	-
Changes in Equity Share capital during the year	-	-
Balance at the end of the reporting year	997.50	997.50

## B) OTHER EQUITY

B) OTHER EQUITY	General Reserve	Retained Earnings	Securities premium	Capital Redemption Reserve	Capital Reserve	Equity Instruments through OCI	Total
Balance as at 1 <sup>st</sup> April 2021 (I)	3,324.96	3,380.19	2.18	500.00	30.46	88.28	7,326.07
Profit for the year	-	5,328.38	-	-	-	-	5,328.38
Transferred to Capital Redemption Reserve	-	-	-	-	-	-	-
Other Comprehensive Income for the year (net of Income tax) *	-	62.27	-	-	-	4.23	66.50
<b>Total Comprehensive income for the year (2021-22) (II)</b>	<b>-</b>	<b>5,390.64</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.23</b>	<b>5,394.87</b>
LESS: Dividend	-	-	-	-	-	-	-
On Equity Shares	-	(349.13)	-	-	-	-	(349.13)
<b>Balance as at 31<sup>st</sup> March 2022 (III) = I+II</b>	<b>3,324.96</b>	<b>8,421.71</b>	<b>2.18</b>	<b>500.00</b>	<b>30.46</b>	<b>92.51</b>	<b>12,371.82</b>

## C) OTHER EQUITY

B) OTHER EQUITY	General Reserve	Retained Earnings	Securities premium	Capital Redemption Reserve	Capital Reserve	Equity Instruments through OCI	Total
Balance as at 1 <sup>st</sup> April 2020 (I)	3,324.96	1,586.18	2.18	500.00	30.46	78.43	5,522.21
Profit for the year	-	1,747.40	-	-	-	-	1,747.40
Other Comprehensive Income for the year (net of Income tax) *	-	46.61	-	-	-	9.85	56.46
<b>Total Comprehensive income for the year (2020-21) (II)</b>	<b>-</b>	<b>1,794.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.85</b>	<b>1,803.86</b>
<b>Balance as at 31<sup>st</sup> March 2021 (III) = I+II</b>	<b>3,324.96</b>	<b>3,380.19</b>	<b>2.18</b>	<b>500.00</b>	<b>30.46</b>	<b>88.28</b>	<b>7,326.07</b>

\* Represent Measurement of Defined Benefit Obligations.

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

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

As per our report of even date attached

For **Singhi & Co.,**  
Chartered Accountants  
Firm Registration No. 302049E

**Sudesh Choraria**  
Partner  
Membership No. 204936  
Camp : Chennai  
**Date:** May 06, 2022

**R.Karthikeyan**  
Director  
DIN 00824621  
**N.R.Ravichandran**  
Chief Financial Officer

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

**M.R.Sivaraman**      **K.Sendhil Naathan**  
Director                      Managing Director  
DIN 00020075              DIN 08850046  
**H.Narayana Rao**  
Company Secretary

# Cash Flow Statement

for the year ended 31<sup>st</sup> March 2022

(₹ in Lakhs)

Sr. No.	Particulars	2020-21	2021-22
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before Tax Including Other Comprehensive Income	7,283.37	2,586.42
	Adjustments for :		
	Depreciation & Amortisation of Expenses	559.95	847.48
	Finance Cost	102.03	51.70
	Provision for Liabilities no longer required written back	(108.39)	(6.95)
	Loss / (Profit) on Sale of Fixed Assets	(17.08)	(0.24)
	Interest & Dividend Income	(7.88)	(10.88)
	Provision for Advances	-	-
	Provision for Sales Tax	-	-
	Provision for Inventories	-	17.17
	Operating Profit before Working Capital changes	7,812.00	3,484.70
	Adjustments for :		
	Trade and Other Receivables	(981.85)	490.13
	Inventories	(1,692.77)	(788.95)
	Trade Payable and Provisions	1,254.86	854.46
		(1,419.76)	555.64
	Cash Generated From / (Used in) Operations	6,392.24	4,040.34
	Direct Taxes (Payment) / Refund (net)	(1,875.00)	(319.48)
		(1,875.00)	(319.48)
	<b>Net Cash Generated From / (Used in) Operating Activities</b>	<b>4,517.24</b>	<b>3,720.86</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Property Plant & Equipment (Note-II below)	(1,532.56)	(873.85)
	Sale of Fixed Assets	69.20	8.55
	Investment In Mutual Funds / Bank Fixed Deposits	(2,156.39)	(2,531.23)
	Interest and Dividend Income	7.88	5.01
	<b>Net Cash flow From / (Used in) Investing Activities</b>	<b>(3,611.87)</b>	<b>(3,391.52)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Short term loan availed / (Repaid)	-	(39.58)
	Finance Cost	(102.03)	(51.70)
	Dividend / Interim Dividend Paid	(349.13)	-
	<b>Net Cash flow From / (Used in) financing Activities</b>	<b>(451.16)</b>	<b>(91.28)</b>
	<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>454.21</b>	<b>238.06</b>
	Cash & Cash Equivalents at the Beginning of the year (Note 9)	238.12	0.06
	Cash & Cash Equivalents at the End of the year (Note 9)	692.33	238.12
		<b>454.21</b>	<b>238.06</b>
	Significant Accounting Policies - Note 1		
	The accompanying notes are an intergral part of the financial statements		

Note I The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows, as prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015.

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

As per our report of even date attached  
For **Singhi & Co.,**  
Chartered Accountants  
Firm Registration No. 302049E

**Sudesh Choraria**  
Partner  
Membership No. 204936  
Camp : Chennai  
**Date:** May 06, 2022

**R.Karthikeyan**  
Director  
DIN 00824621  
**N.R.Ravichandran**  
Chief Financial Officer

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

**M.R.Sivaraman** **K.Sendhil Naathan**  
Director Managing Director  
DIN 00020075 DIN 08850046  
**H.Narayana Rao**  
Company Secretary

# Notes Forming part of the Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## CORPORATE INFORMATION

Tanfac Industries Limited is a joint venture company promoted by Anupam Rasayan India Limited (previously by Aditya Birla Group) and the Tamil Nadu Industrial Development Corporation (TIDCO). Incorporated in 1972, it is one of India's largest suppliers of fluorine chemicals. The equity shares of the Company are listed on BSE Ltd (BSE).

The address of its registered office is Plot No. 14 SIPCOT Industrial Complex Kudikadu, Cuddalore - 607005, Tamilnadu.

### Note 1(A) Significant Accounting Policies

#### a. Statement of Compliance:

These financial statements are prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, the relevant provisions of the Companies Act, 2013 ('the Act') and guidelines issued by the Securities and Exchange Board of India ('SEBI'), as applicable. The financial statements are approved by the Board of Directors of the Company at their meeting held on 6<sup>th</sup> May 2022.

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

##### Basis of Preparation:

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

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

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

##### Functional and Presentation Currency :

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates, and all values are rounded to the nearest Lakhs, except as stated otherwise.

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

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III of the Companies Act, 2013. Based on

the nature of products and the time lag between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months period has been considered by the Company as its normal operating cycle

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

Property, plant and equipment are stated at acquisition or construction cost less accumulated depreciation and impairment loss. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use, including relevant borrowing costs and any expected costs of decommissioning.

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

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

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

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

#### d. Expenditure during construction period

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

#### e. Depreciation

Depreciation is the systematic allocation of the depreciable amount over its useful life. Depreciation on Buildings and Plant & Machinery is provided on a straight-line basis over such useful lives as prescribed under Schedule II to the Companies Act, 2013. Depreciation on all other assets other than Buildings and Plant & Machinery has been provided on Written Down Value method.

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

Nature	Estimated Useful Life
1) Buildings	30 Year/60 Year
2) Plant & Machinery	8-15 Year
3) Office Equipment	4-7 Year
4) Furniture & Fixture	7-12 Year
5) Company Vehicles (Other Than those provided to Employees)	3 Year
6) Motor Cars given to Employees as per the Company's Scheme Policy	5-12 Year
7) Server & Networks	4-5 Year
8) Stores and Spares in the Nature of PPE	3 Year
9) Assets individually costing less than or equal to ₹ 5000 each	Fully Depreciated in the year of Purchase

Also,

- i) Where a significant component (in terms of cost) of an asset has an estimated economic useful life shorter than that of its corresponding asset, the component is depreciated over its shorter life.
- ii) Depreciation on additions is being provided on Pro rata basis from the date of such additions.
- iii) Depreciation on sale or disposal is provided on Pro rata basis till the date of such sale or disposal.
- iv) Depreciation on assets sold, discarded or demolished during the year is being provided up to the month in which such assets are sold, discarded or demolished.
- v) Depreciation and amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively
- vi) Leasehold lands are amortized over the period of the lease.

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

#### f. Intangible Assets and Amortization:

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

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

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

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

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

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

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment

loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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

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

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

#### **i. Inventories:**

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

Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. The cost is computed on weighted average basis which includes expenditure incurred for acquiring inventories like purchase price, import duties, taxes (net of tax credit) and other costs incurred in bringing the inventories to their present location and condition

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

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

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

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

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

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

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

Borrowing costs consist of interest, amortization of discounts, hedge related cost incurred in connection with foreign currency

borrowings and exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

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

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

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

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

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

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

Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non -occurrence of one or more uncertain future events not wholly within the control of the Company. Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

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

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

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

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue is recognised when the control over the goods have passed to the buyer. Sales are disclosed net of Goods & Service tax, discounts and Sales return.

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

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

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

### **n. Lease**

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

The arrangement conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

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

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

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

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

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

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

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

#### **Defined contribution plan**

Employee benefits in the form of contribution to superannuation fund, provident fund managed by Government authorities, 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.

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

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

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

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

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

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

#### **Current Tax:**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the

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

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

#### **Deferred Tax:**

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

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

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

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

#### **Minimum Alternate Tax (MAT)**

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

#### **q. Foreign Currency Transactions:**

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

Exchange difference arising on settlement or translation of foreign currency monetary items are recognized as income

or expense in the year in which they arise except to the extent exchange differences are regarded as an adjustment to interest cost on those foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings

#### **r. Earnings Per Share:**

The basic Earnings Per Share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split, if any that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

#### **s. Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial Assets & Financial Liabilities are recognized when the Company becomes party to contractual provisions of the relevant instrument.

#### **Initial Measurement:**

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

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

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

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

#### **Amortised Cost:**

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

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

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

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

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

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

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

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

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

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

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

### Equity instruments:

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification

of fair value gains and losses to the Statement of Profit and Loss. Dividends from such investments are recognized in the Statement of Profit and Loss as other income when the Company's right to receive payments is established.

### Impairment of financial assets:

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

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

### Derecognition of Financial Instruments:

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

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

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

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: In the principal market for the asset or liability, or In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

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

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

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

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

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

#### **Financial Liabilities:**

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

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

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

#### **Subsequent Measurement:**

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

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

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

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

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

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

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

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

The Group de-recognises financial liabilities when and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the

financial liability de-recognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

#### t. Cash and cash equivalent

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand, including fixed deposit with original maturity period of three months or less and short-term highly liquid investments with an original maturity of three months or less, that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

#### u. Cash Flow Statement:

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

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

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

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

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

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

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

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

#### w. Segment Reporting

##### Identification of Segments:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's management to make decisions for which discrete financial information is available. Operating Segments are identified based on monitoring of operating results by the chief operating decision maker (CODM) separately for the purpose of making decision about resource allocation and performance assessment.

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

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

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

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

#### Note 1(B) Significant Accounting Judgements and Estimates

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

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

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

#### (i) Useful Lives of Property, Plant & Equipment:

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

in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

**(ii) Defined Benefit Plans and Compensated Absences:**

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

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

**(iii) Expected Credit Losses on Financial Assets:**

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

**(iv) Fair Value measurement of Financial Instruments:**

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

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

Sr. No.	Description of the Block of Assets	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK		
		As at 01/04/2021	Additions	Deductions/ Discarded	As at 31/03/2022	As at 01/04/2021	Depreciation	Deductions	As at 31/03/2022	As at 31/03/2022
<b>Tangible Asset</b>										
1	Freehold Land	12.01	-	-	12.01	-	-	-	-	12.01
2	Leasehold Land	39.68	-	-	39.68	13.49	0.38	-	13.87	25.81
3	Building- Freehold	207.46	-	-	207.46	75.88	3.22	-	79.10	128.36
4	Building- Leasehold	544.17	4.54	-	548.71	372.51	11.92	-	384.43	164.28
5	Road, Well, Culvert, Fencing etc	149.84	-	-	149.84	100.70	9.53	-	110.23	39.61
6	Plant & Machinery *	14,065.98	504.08	1,027.50	13,542.56	10,555.84	487.78	976.13	10,067.49	3,475.07
7	Plant & Machinery- Data Processing Equipments	181.41	11.87	-	193.28	171.44	4.20	0.82	174.82	18.46
8	Vehicles & Tanks	285.34	52.39	10.17	327.56	223.34	24.85	9.66	238.53	89.03
9	Furnitures & Fixtures	75.70	4.38	-	80.08	72.32	1.59	-	73.91	6.17
10	Office Equipment	212.22	26.55	4.62	234.15	181.57	16.47	3.56	194.48	39.67
<b>Total</b>		<b>15,773.81</b>	<b>603.81</b>	<b>1,042.29</b>	<b>15,335.33</b>	<b>11,767.09</b>	<b>559.94</b>	<b>990.17</b>	<b>11,336.86</b>	<b>3,998.46</b>
<b>Intangible Assets</b>										
1	Software Items	6.21	-	-	6.21	6.21	-	-	6.21	-
2	Specialised Software	52.08	-	-	52.08	52.08	-	-	52.08	-
<b>Total</b>		<b>58.29</b>	<b>-</b>	<b>-</b>	<b>58.29</b>	<b>58.29</b>	<b>-</b>	<b>-</b>	<b>58.29</b>	<b>-</b>
<b>Capital Work in Progress</b>										
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,218.55</b>

(₹ in Lakhs)

Sr. No.	Description of the Block of Assets	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK		
		As at 01/04/2020	Additions	Deductions/ Discarded	As at 31/03/2021	As at 01/04/2020	Depreciation	Deductions	As at 31/03/2021	As at 31/03/2021
<b>Tangible Asset</b>										
1	Freehold Land	12.01	-	-	12.01	-	-	-	-	12.01
2	Leasehold Land	39.68	-	-	39.68	13.11	0.38	-	13.49	26.19
3	Building- Freehold	207.46	-	-	207.46	72.67	3.22	-	75.89	131.57
4	Building- Leasehold	524.43	19.74	-	544.17	361.57	10.94	-	372.51	171.66
5	Road, Well, Culvert, Fencing etc	125.17	24.67	-	149.84	95.83	4.86	-	100.69	49.15
6	Plant & Machinery	12,573.17	1,492.81	-	14,065.98	9,776.70	779.13	-	10,555.83	3,510.15
7	Plant & Machinery-Data Processing Equipments	181.64	1.49	1.73	181.40	169.79	3.29	1.64	171.44	9.96
8	Vehicles & Tanks	304.26	7.14	26.06	285.34	203.66	37.53	17.84	223.35	61.99
9	Furnitures & Fixtures	75.38	0.32	-	75.70	72.24	0.08	-	72.32	3.38
10	Office Equipment	191.72	20.50	-	212.22	173.52	8.05	-	181.57	30.65
	<b>Total</b>	<b>14,234.92</b>	<b>1,566.67</b>	<b>27.79</b>	<b>15,773.80</b>	<b>10,939.09</b>	<b>847.48</b>	<b>19.48</b>	<b>11,767.09</b>	<b>4,006.72</b>
<b>Intangible Assets</b>										
1	Software Items	6.21	-	-	6.21	6.21	-	-	6.21	-
2	Specialised Software	52.08	-	-	52.08	52.08	-	-	52.08	-
	<b>Total</b>	<b>58.29</b>	<b>-</b>	<b>-</b>	<b>58.29</b>	<b>58.29</b>	<b>-</b>	<b>-</b>	<b>58.29</b>	<b>-</b>
	<b>Capital Work In Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>289.80</b>

\*The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the company itself.

**Capital Work in Progress (CWIP) ageing schedule**

As at March 31, 2022

(₹ in Lakhs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 Years	More than 3 years	
Projects in progress	1,005.06	126.20	87.29	-	1,218.55
Projects temporarily suspended	-	-	-	-	-

As at March 31, 2021

(₹ in Lakhs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 Years	More than 3 years	
Projects in progress	44.16	231.54	14.10	-	289.80
Projects temporarily suspended	-	-	-	-	-

For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan, CWIP completion schedule are as below:

As at March 31, 2022

(₹ in Lakhs)

CWIP	To be completed in			
	Less than 1 year	1-2 years	2-3 Years	More than 3 years
Projects in progress	-	-	-	-
Projects temporarily suspended	-	-	-	-

As at March 31, 2021

(₹ in Lakhs)

CWIP	To be completed in			
	Less than 1 year	1-2 years	2-3 Years	More than 3 years
Projects in progress	-	-	-	-
Projects temporarily suspended	-	-	-	-

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

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
16,963 Shares of ₹ 100/- each fully paid up in Equity shares of Cuddalore Sipcot Industries Common Utilities Limited	137.56	132.05
<b>TOTAL</b>	<b>137.56</b>	<b>132.05</b>

**Note:****NON CURRENT INVESTMENT(NON TRADED AND UNQUOTED)****(Long Term Fully Paid up)**

Particulars	Face Value ₹	As at 31-Mar-2022		As at 31-Mar-2021	
		No.	(₹ in Lakhs)	No.	(₹ in Lakhs)
Investment in Equity Instrument	100	16,963	137.56	16,963	132.05
Carried at Fair Value through Other Comprehensive Income (FVTOCI)					
<b>Total</b>		<b>16,963</b>	<b>137.56</b>	<b>16,963</b>	<b>132.05</b>

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

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Security Deposits & Other Deposits	4.58	4.56
Loans & Advances to related parties (Refer Note 28.2)	1.98	1.98
Income Tax Refund Receivables	-	-
	<b>6.56</b>	<b>6.54</b>

**NOTE - 5 Other Non Current Assets**

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Input Credit, Statutory/Electricity deposits etc	78.63	84.75
<b>TOTAL</b>	<b>78.63</b>	<b>84.75</b>

**NOTE - 6 Inventories**

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Raw materials including Packing Materials #	3,082.60	2,055.53
Raw materials including Packing Materials - In transit	297.18	-
Finished Goods	374.94	201.33
Finished Goods in Transit	-	1.70
Stores, Spares & Consumables #	281.04	139.81
Coal, Fuel Oil & Other utilities	127.47	72.09
<b>TOTAL</b>	<b>4,163.23</b>	<b>2,470.46</b>

# Net of Provision of ₹ 51.34 lakhs (Previous year ₹ 81.87 Lakhs)

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

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

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

**NOTE - 7 CURRENT INVESTMENTS**

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Investments in various Mutual Funds (FVTPL)	4,057.96	2,136.97
<b>TOTAL</b>	<b>4,057.96</b>	<b>2,136.97</b>

**NOTE - 8 TRADE RECEIVABLES**

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Trade Receivables		
Secured, considered good & Undisputed	-	-
Unsecured, considered good & Undisputed	2,491.90	1,601.26
Trade Receivables: which has significant increase in credit risk	-	-
Trade Receivables Credit impaired	21.22	21.79
	<b>2,513.12</b>	<b>1,623.05</b>
Less : Provision for doubtful debt	(21.22)	(21.79)
<b>TOTAL</b>	<b>2,491.90</b>	<b>1,601.26</b>

(1) Receivables are secured against security deposits and bank guarantees taken from customers.

(2) For Lien/ charge details against trade receivables, Refer Note 28.-----

**Trade receivables Ageing Schedule- Based on the requirements of Amended Schedule III**

Particulars	Outstanding from due date of payment as on March 31, 2022						Total
	Not Due	Upto 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed</b>							
Considered good	1,788.80	618.48	84.42	0.20	-	-	2,491.90
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	13.54	0.02	-	7.66	21.22
<b>Disputed</b>							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
<b>Sub Total</b>	<b>1,788.80</b>	<b>618.48</b>	<b>97.96</b>	<b>0.22</b>	<b>-</b>	<b>7.66</b>	<b>2,513.12</b>
Less: Loss allowance							(21.22)
<b>Total</b>							<b>2,491.90</b>

Particulars	Outstanding from due date of payment as on March 31, 2021						Total
	Not Due	Upto 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed</b>							
Considered good	1,091.78	497.75	11.03	0.70	-	-	1,601.26
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	3.23	10.83	0.07	-	7.66	21.79
<b>Disputed</b>							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-

Credit impaired	-	-	-	-	-	-	-
<b>Sub Total</b>	<b>1,091.78</b>	<b>500.98</b>	<b>21.86</b>	<b>0.77</b>	<b>-</b>	<b>7.66</b>	<b>1,623.05</b>
Less: Loss allowance							(21.79)
<b>Total</b>							<b>1,601.26</b>

**NOTE - 9 CASH AND BANK BALANCES**

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
<b>A. Cash &amp; Cash Equivalent</b>		
Balances with Bank		
Current Accounts	-	0.05
Cash Credit Accounts	692.33	238.07
EEFC Account	-	-
<b>TOTAL (A)</b>	<b>692.33</b>	<b>238.12</b>
<b>B. Other Bank Balance</b>		
Unclaimed Dividend	6.49	-
Deposit Accounts	625.92	397.01
<b>TOTAL (B)</b>	<b>632.41</b>	<b>397.01</b>
<b>TOTAL (A+B)</b>	<b>1,324.74</b>	<b>635.13</b>

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

**NOTE 10 CURRENT LOANS AND ADVANCES AND OTHER FINANCIAL ASSETS**

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
<b>LOANS AND ADVANCES (Unsecured, Considered Good except otherwise stated)</b>		
Claims Recoverable	-	0.19
<b>TOTAL LOANS AND ADVANCES</b>	<b>-</b>	<b>0.19</b>
<b>OTHER FINANCIAL ASSETS</b>		
Security Deposits & Other Deposits	0.75	0.75
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>0.75</b>	<b>0.75</b>

**NOTE - 11 OTHER CURRENT ASSETS**

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
<b>Unsecured, Considered Good except otherwise stated</b>		
Export Incentives Receivable	45.78	25.89
MAT Credit Entitlement / Refund A/c	-	60.70
Income Tax Refund Receivables	138.97	137.84
Advance for Expenses & Purchases of Material	210.53	191.86
Claims Recoverable, VAT Input Credit etc	115.18	109.63
Prepaid Expenses	73.31	52.14
Mark to Market on Currency Forward contracts	14.82	2.27
Others	155.55	81.83
<b>TOTAL</b>	<b>754.14</b>	<b>662.15</b>

**NOTE - 12 EQUITY SHARE CAPITAL**

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
<b>Authorised</b>		
2,50,00,000 Equity Shares of ₹ 10/- each	2,500.00	2,500.00
10,00,000 11% Redeemable Cumulative Preference Shares of ₹ 100 each	1,000.00	1,000.00
	<b>3,500.00</b>	<b>3,500.00</b>
<b>Issued, Subscribed and Paid up</b>		
99,75,000 Equity shares of ₹ 10/- each fully paid up	997.50	997.50
	<b>997.50</b>	<b>997.50</b>

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

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

(₹ in Lakhs)

Particulars	As at 31-Mar-2022		As at 31-Mar-2021	
	No.	Amount	No.	Amount
(i) Equity Shares at the beginning of the year	99,75,000	997.50	99,75,000	997.50
Add: Shares issued if any during the year	-	-	-	-
Equity Shares at the end of the year	99,75,000	997.50	99,75,000	997.50

**12.3 Details of the shareholder holding more than 5% shares of the total no of shares issued by the company Equity:**

(₹ in Lakhs)

Particulars	As at 31-Mar-2022		As at 31-Mar-2021	
	No. of Shares	% age of holding	No. of Shares	%age of holding
Tamilnadu Industrial Development Corporation Limited	25,95,000	26.02%	25,95,000	26.02%
Anupam Rasayan Limited	24,89,802	24.96%		
Birla Group Holdings Private Limited			19,90,652	19.96%
Kamaljyot Investments Limited	8,30,925	8.33%	8,30,925	8.33%
Anshul Specialty Molecules	7,15,970	7.18%	7,15,970	7.18%
Pilani Investment & Industries Corporation Limited			4,98,000	4.99%

**12.4 Disclosure of changes in Shareholding during last 5 financial years**

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

**12.5 Disclosure of shareholding of promoters**

Shares held by promoters at the end of the year

SL	Promoter name	As at March 31, 2022			As at March 31, 2021		
		No. of shares	% of total shares	% Change during the year	No. of shares	% of total shares	% Change during the year
1	Tamilnadu Industrial Development Corporation Limited	25,95,000	26.02%	0	25,95,000	26.02%	0.00%
2	Birla Group Holdings Private Limited	-	0.00%	-19.96%	19,90,652	19.96%	0.00%
3	Pilani Investment & Industries Corporation Limited	-	0.00%	-4.99%	4,98,000	4.99%	0.00%
4	Mr. Askaran Agarwala (Person Acting in Concert)	-	0.00%	-0.01%	1,150	0.01%	0.00%
5	Anupam Rasayan Limited	24,89,802	24.96%	24.96%	-	0.00%	0.00%
	<b>Total</b>	<b>50,84,802</b>	<b>50.98%</b>	<b>0.00%</b>	<b>50,84,802</b>	<b>50.98%</b>	<b>0.00%</b>

On 11<sup>th</sup> March 2022, M/S Anupam Rasayan India Limited acquired shares of M/S Birla Group Holdings Private Limited, M/S Pilani Investment & Industries Limited and Mr. Askaran agarwala (1,150 shares Person Acting in Concert), totalling 24,89,802 shares vide Share Purchase Agreement dated 1<sup>st</sup> February 2022 and obtained joint control over the company along with Tamilnadu Industrial Development Corporation Limited (continuing promotor).

**NOTE - 13 OTHER EQUITY**

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
<b>Capital Reserve (A)</b>		
i) State Capital Subsidy from SIPCOT	30.00	30.00
ii) Profit on sale of Forfeited Shares	0.46	0.46
<b>TOTAL</b>	<b>30.46</b>	<b>30.46</b>
<b>Securities Premium Reserve (B)</b>	<b>2.18</b>	<b>2.18</b>
<b>General Reserve (C)</b>		
Opening balance	3,324.96	3,324.96
Less: Transferred to P&L A/c	-	-
Less: Transferred to Capital Redemption Reserve	-	-
<b>TOTAL</b>	<b>3,324.96</b>	<b>3,324.96</b>
<b>Capital Redemption Reserve (D)</b>	<b>500.00</b>	<b>500.00</b>
<b>Retained Earnings (E)</b>		
Opening balance	3,468.47	1,664.61
Add: Net profit for the year	5,394.87	1,803.86
Less: Dividend Distributed (including Interim Dividend)	(349.13)	-
<b>TOTAL</b>	<b>8,514.21</b>	<b>3,468.47</b>
<b>Total (A+B+C+D+E)</b>	<b>12,371.82</b>	<b>7,326.07</b>

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

**a) Securities Premium:**

Securities Premium is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares, write-off equity related expenses like underwriting costs, etc

**b) General Reserve:**

It is a free reserve, which is created by appropriation from undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard.

**c) Capital Reserve:**

Capital Reserve includes transfer of subsidy received from SIPCOT initially as an incentive for investing & setting up the industry in a notified area classified as backward / remote and transfer of profit on sale of forfeited shares.

**d) Capital Redemption Reserve:**

Created out of profit upon redemption of 500,000 11% Redeemable Cumulative Non-Convertible Preference Shares of ₹ 100/- each. It can be used to issue bonus shares or reduced or cancelled by means of reduction of Capital.

**NOTE - 14 NON-CURRENT PROVISIONS**

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
<b>Employee Benefits</b>		
Leave Encashment	61.20	43.58
<b>TOTAL</b>	<b>61.20</b>	<b>43.58</b>

**NOTE - 15 CURRENT BORROWINGS**

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
<b>SECURED LOANS</b>		
Working Capital Borrowing		
Bank	-	-
Other	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

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

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.

**15.2 The Company has not utilized the sanctioned limit as determined by the drawing power at any time during the year.****NOTE - 16 TRADE PAYABLES**

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
<b>Trade Payables</b>		
Outstanding Dues of Micro and Small Enterprises	27.22	134.45
Outstanding Dues of Creditors other than Micro and Small Enterprises	3,463.44	2,496.80
<b>TOTAL</b>	<b>3,490.66</b>	<b>2,631.25</b>

**“Disclosure under Sec. 22 of MSMED Act, 2006**

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

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

**Micro, Small and Medium Enterprises**

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

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
The principal amount remaining unpaid to any supplier as at the end of each accounting year;	27.22	134.45
The interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	-	-
The amount of interest paid by the buyer under MSMED Act, 2006	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006);	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year; and	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

The above information has been determined to the extent such parties have been identified on the basis of information available with the company.

**Trade Payables Ageing Schedule - Based on the requirements of Amended Schedule III**

Particulars	Outstanding as on March 31, 2022 from due date of payment						Total
	Unbilled & Not yet Due	Not Due	Upto 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Total outstanding dues of micro enterprises and small enterprises	-	27.22	-	-	-	-	27.22
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	214.59	3,193.99	17.74	15.57	21.55	3,463.44
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>241.81</b>	<b>3,193.99</b>	<b>17.74</b>	<b>15.57</b>	<b>21.55</b>	<b>3,490.66</b>

Particulars	Outstanding as on March 31, 2021 from due date of payment						Total
	Unbilled & Not yet Due	Not Due	Upto 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Total outstanding dues of micro enterprises and small enterprises	-	134.45	-	-	-	-	134.45
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	868.98	1,565.76	25.41	5.48	31.17	2,496.80
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,003.43</b>	<b>1,565.76</b>	<b>25.41</b>	<b>5.48</b>	<b>31.17</b>	<b>2,631.25</b>

**NOTE - 17 OTHER CURRENT LIABILITIES**

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Advance from Customers	46.55	64.81
Other Payables		
Statutory Dues	43.34	120.95
Security Deposits	6.25	6.35
Payables pertaining to employees	0.35	3.89
Creditors for Fixed Assets	45.99	41.96
<b>TOTAL</b>	<b>148.97</b>	<b>237.96</b>

**NOTE - 18 CURRENT PROVISIONS**

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
<b>i) Current Provisions:</b>		
Employee Benefits - Leave Encashment	22.11	10.76
Disputed Liabilities	52.77	52.77
Provision for expenses	758.49	333.34
	<b>833.37</b>	<b>396.87</b>
<b>ii) Current Tax Liabilities (Net):</b>		
Income Tax [(Net of Advance tax - ₹ 1,892.38 lakhs Previous Year ₹ 1,092.68 lakhs)]	10.02	-
	10.02	-
<b>TOTAL</b>	<b>843.39</b>	<b>396.87</b>

**18.1 Movement of provisions during the year as required by Ind AS - 37 "Provisions, Contingent Liabilities and Contingent Asset"****a) Provision for expenses**

(₹ in Lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Opening Balance	333.34	470.22
Add : Provision during the year	665.13	329.75
Less : Utilised during the year	(239.98)	(466.64)
<b>TOTAL</b>	<b>758.49</b>	<b>333.33</b>

**NOTE -19 Revenue from Operations**

(₹ in Lakhs)

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
<b>Sale of Products</b>		
Manufactured	31,404.70	14,559.57
<b>Total (A)</b>	<b>31,404.70</b>	<b>14,559.57</b>
<b>Other Operating Income</b>		
Export Incentives	110.03	35.89
Conversion charges	-	4.16
Scrap sales	132.97	36.75
Raw Materials & Trading Goods	-	33.55
Freight Packing & forwarding	369.50	119.62
<b>Total (B)</b>	<b>612.50</b>	<b>229.97</b>
<b>Total Revenue from Operations (A+ B)</b>	<b>32,017.20</b>	<b>14,789.55</b>

**NOTE - 20 Other Income**

(₹ in Lakhs)

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Interest on Income tax refunds	-	15.26
Interest on deposits	7.88	10.88
Profit on sale of Fixed assets	17.08	0.24
Profit on Sale of Current Investments (Net)	99.70	22.93
Gain on Fair Valuation of Current Investments	24.30	14.03
Other Miscellaneous receipts	67.37	66.33
Fluctuation in Exchange Rates (excluding forward cover charges)	15.71	-
Excess provisions & Liabilities no longer required written back	108.39	6.95
<b>Total</b>	<b>340.43</b>	<b>136.62</b>

**NOTE - 21 Cost of Raw Materials including Packing Material Consumed**

(₹ in Lakhs)

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Cost of Raw materials consumed	16,910.14	6,640.58
Cost of Packing materials consumed	711.83	282.25
<b>Total</b>	<b>17,621.97</b>	<b>6,922.84</b>

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

(₹ in Lakhs)

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
<b>Opening stock</b>		
Finished Goods	203.03	305.38
Work in Progress	-	1.88
<b>Total</b>	<b>203.03</b>	<b>307.26</b>
<b>Less:</b>		
<b>Closing Stock</b>		
Finished Goods	(374.94)	(203.03)
Work in Progress	-	-
<b>Total</b>	<b>(374.94)</b>	<b>(203.03)</b>
	-	-
<b>Increase / (Decrease) in Inventories of Finished Goods and WIP</b>	<b>(171.91)</b>	<b>104.23</b>

**NOTE - 23 Employee Benefit Expenses (Refer Note 29.1)**

(₹ in Lakhs)

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Salaries, Wages and Bonus	1,013.87	892.21
Contribution to Provident & Other Funds	106.30	124.74
Staff Welfare Expenses	166.80	130.02
<b>Total</b>	<b>1,286.97</b>	<b>1,146.96</b>

**NOTE - 24 Finance Cost**

(₹ in Lakhs)

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Interest Expenses		
- Banks	-	-
- Borrowings - Working Capital	6.89	2.51
Processing Fees	28.28	35.22
Forward Cover Charges	66.86	13.96
<b>Total</b>	<b>102.03</b>	<b>51.70</b>

**NOTE - 25 Power and Fuel**

(₹ in Lakhs)

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Power	234.34	192.74
Furnace oil	1,003.54	321.18
Light Diesel oil	131.11	228.95
High Speed oil	50.24	40.94
Steam coal	553.96	180.92
<b>Total</b>	<b>1,973.19</b>	<b>964.72</b>

**NOTE - 26 Other Expenses**

(₹ in Lakhs)

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Consumption of stores and Spares	928.04	669.89
Power & Fuel	-	-
Effluent Treatment Expenses	125.23	52.42
Water charges	94.50	74.35
Other Manufacturing Expenses -Consumables and Operation Expenses	103.48	39.40
Repairs & Maintenance		
- Building	122.26	136.43
- Plant & machinery	295.04	339.63
- Others	580.40	263.48
Rent	9.75	6.58
Insurance (Net)	119.82	109.89
Rates & Taxes	38.48	34.56
Travelling & Conveyance	44.95	27.44
Vehicle Running Expenses	7.92	6.79
Communication Expenses	71.82	48.69
Auditors Remuneration		
- Audit Fee	8.00	5.50
-Tax Audit Fee	2.00	1.50
- Limited Review	6.50	5.00
Travel and Stay Expenses	0.29	0.10
Printing & Stationery	6.11	4.33
Legal & Professional Charges	78.80	49.36
Consultancy Charges	0.16	-
Miscellaneous Expenses	28.55	78.90
Bank Charges ( other than borrowings)	100.28	58.75

Fluctuation in Exchange Rates (excluding forward cover charges)	-	0.93
Area maintainance charges	17.18	5.88
Security Service charges	70.24	48.37
Lease Charges	18.03	19.14
Freight Packing & forwarding	808.75	220.69
Directors sitting fees	27.40	9.70
Contribution To CSR Activities (Refer Note 28.11)	47.79	37.99
Commission on sales	29.02	9.39
Provision for Inventory	-	17.18
<b>Total</b>	<b>3,790.79</b>	<b>2,382.24</b>

**NOTE - 27 Other Comprehensive Income**

(₹ in Lakhs)

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Net actuarial Gain loss on employees defined benefit obligation	83.21	46.61
Gain on Fair Value of Investments	5.51	33.80
<b>Total</b>	<b>88.72</b>	<b>80.41</b>

**28. Notes to financial statements :****28.1 Employee Benefits:****a) Disclosure in respect of gratuity liability**

(₹ in Lakhs)

Reconciliation of Defined Benefit Obligation (DBO):	As at 31-Mar-2022	As at 31-Mar-2021
<b>Present value of DBO at start of the year</b>	<b>284.78</b>	<b>306.93</b>
Interest Cost	19.88	20.52
Current Service Cost	14.69	15.79
Past Service Cost	-	-
Benefit Paid	(4.04)	(30.11)
Re-measurements:		
a. Actuarial Loss/(Gain) from changes in demographic assumptions	-	-
b. Actuarial Loss/(Gain) from changes in financial assumptions	-	-
c. Actuarial Loss/(Gain) from experience over the past period	(85.15)	(28.35)
<b>Present value of DBO at end of the year</b>	<b>230.16</b>	<b>284.78</b>

(₹ in Lakhs)

Reconciliation of Fair Value of Plan Assets :	As at 31-Mar-2022	As at 31-Mar-2021
<b>Fair Value of Plan Assets at the beginning of the year</b>	<b>351.60</b>	<b>330.89</b>
Interest Income on Plan Assets	24.56	22.56
Contributions by Employer	-	10.00
Benefit Paid	(4.04)	(30.10)
Re-measurements:		
Actuarial (Loss)/Gain	(1.94)	18.25
<b>Fair Value of Plan Assets at the end of the year</b>	<b>370.18</b>	<b>351.60</b>
Actual Return on Plan Assets	22.63	40.81

(₹ in Lakhs)

<b>Amount recognized in the Balance Sheet:</b>	<b>As at 31-Mar-2022</b>	<b>As at 31-Mar-2021</b>
Present value of DBO at the end of the year	230.16	284.78
Fair Value of Plan Assets at the end of the year	370.18	351.6
<b>Net Asset / (Liability) in the Balance Sheet</b>	<b>140.02</b>	<b>66.82</b>

(₹ in Lakhs)

<b>Gratuity recognized in the Statement of Profit and Loss</b>	<b>As at 31-Mar-2022</b>	<b>As at 31-Mar-2021</b>
Current Service Cost	14.69	15.79
Past Service Cost	-	-
Interest on defined benefit obligation (Net)	(4.70)	(2.04)
<b>Expense Recognized in Statement of Profit and Loss</b>	<b>9.99</b>	<b>13.75</b>

(₹ in Lakhs)

<b>Remeasurement effects recognized in Other Comprehensive Income (OCI)</b>	<b>As at 31-Mar-2022</b>	<b>As at 31-Mar-2021</b>
Re-measurements on DBO		
a. Actuarial (Loss)/Gain from changes in demographic assumptions	-	-
b. Actuarial (Loss)/Gain from changes in financial assumptions	18.26	(23.47)
c. Actuarial (Loss)/Gain from experience over the past period	66.89	51.83
Re-measurements on Plan Assets		
Actuarial (Loss)/Gain	(1.94)	18.25
<b>Remeasurement effect recognized in OCI</b>	<b>83.21</b>	<b>46.61</b>

(₹ in Lakhs)

<b>Principal Assumption used in determining Gratuity liability</b>	<b>As at 31-Mar-2022</b>	<b>As at 31-Mar-2021</b>
Discount Rate	7.46%	7.03%
Attrition Rate	6.00%	6.00%
Salary Escalation	6.50%	9.00%F5Y 7.00%TA
Mortality Table	Indian Assured Lives mortality (2012-14) (Ultimate)	Indian Assured Lives mortality (2012-14) (Ultimate)
Retirement Age	60	60

(₹ in Lakhs)

<b>Sensitivity Analysis</b>	<b>As at 31-Mar-2022</b>		<b>As at 31-Mar-2021</b>	
	<b>Increases 1%</b>	<b>Decreases 1%</b>	<b>Increases 1%</b>	<b>Decreases 1%</b>
	<b>Change in DBO (Amount)</b>		<b>Change in DBO (Amount)</b>	
Salary Growth Rate	244.07	217.66	301.67	269.55
Discount Rate	217.93	244.01	268.83	302.78
Attrition Rate	230.08	230.26	283.6	286.08

**Maturity profile:**

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

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

The Company contributed ₹ Nil (P.Y. ₹ 10 Lakhs) to gratuity trust for contribution to Aditya Birla Sun Life Insurance during the financial year 2021-22.

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

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

**c) Death in service benefit:**

The Company has taken group term policy from an insurance Company to cover its obligation for death in service benefit given to eligible employees. The insurance premium of ₹ 17.68 lakhs (P.Y. ₹ 15.16 lakhs) is recognized in Statement of Profit and Loss."

d) The Company contributes towards Employees Provident Fund, Employees State Insurance Scheme and Labour Welfare Fund. The aggregate amount contributed and charged to Statement of Profit and Loss is ₹ 65.37 lakhs (P.Y. ₹ 67.49 lakhs).

**28.2 Related Party Disclosure:**

**Disclosures as per Ind AS 24 – 'Related Party Disclosures' are given below**

**a) Promoters of the Company:**

Name of the Promoters	% of equity share-holding in the Company
Tamil Nadu Industrial Development Corporation Limited.	26.02%
Anupam Rasayan Limited (w.e.f. 11-03-2022) #	24.96%
Birla Group Holdings Private Limited (upto 10-03-2022) #	19.96%
Pilani Investment & Industries Corporation Limited (upto 10-03-2022) #	4.99%

# On 11<sup>th</sup> March 2022, M/s Anupam Rasayan India Limited acquired shares of Birla Group Holdings Private Limited, Pilani Investment & Industries Limited and Mr. Askaran agarwala (1,150 shares Person Acting in Concert), totalling 24,89,802 shares vide Share Purchase Agreement dated 1<sup>st</sup> February 2022 and obtained joint control over the company along with Tamilnadu Industrial Development Corporation Limited (continuing promoter).

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

Name of KMP's	Designation
Mr. R. Karthikeyan	Non-Executive Director
Mr. Afzal Harunbhai Malkani *	Non-Executive Director
Mr. V. T. Moorthy	Independent – Non-Executive Director
Mr. M. R. Sivaraman, IAS(Retd.)	Independent – Non-Executive Director
Dr. Shankar Narasimhan	Independent – Non-Executive Director
Mrs. R. Rajalakshmi	Independent – Non-Executive Director
Mr.K. Sendhil Naathan	Managing Director
Mr.N.R. Ravichandran	Chief Financial Officer
Mrs. Priya Nahar #	Company Secretary

\* Effective from 11<sup>th</sup> March 2022

# Effective from 11<sup>th</sup> March 2022.

**c) Post-Employment Benefits Plan:**

TANFAC Employees Gratuity Trust Fund

**d) Entities where Promoters/ Directors or their relatives exercise control/ significant influence:** Nil**e) Entities for Common Effluent utility:** Cuddalore SIPCOT Industries Common Utilities Ltd**f) Disclosure in respect of material transactions with related parties during the year:**

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Contribution towards TANFAC Employees Gratuity Trust Fund	-	10.00
Transaction with Cuddalore SIPCOT Industries Common Utilities Ltd (including GST)	24.17	21.22

**g) Outstanding Balances:**

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Cuddalore SIPCOT Industries Common Utilities Ltd	2.57	1.98

**h) Compensation to KMP:**

(₹ in Lakhs)

Nature of Benefits#	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Short-term benefits (including Sitting Fees)	208.86	169.26
Post-employment gratuity and medical	-	-
Other long-term benefits	-	-
Share-based payment transactions	-	-
Termination Benefits	-	-
Total	208.86	169.26

# The aforesaid amounts exclude gratuity & accumulated leave provision as they are determined on actuarial basis for the Company as a whole. The transactions exclude reimbursement of expenses.

**28.3. Disclosure regarding Hedged and Unhedged exposure in foreign currency denominated monetary items:****Exposure in Foreign Currency- Hedged**

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

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

Currency	Number of Contracts	Buy amount (USD in Lakhs)	Indian Rupee equivalent (₹ in Lakhs)
Forward contract to buy USD- As on 31.3.2022	10	16.48	1,249.16
Forward contract to buy USD- As on 31.3.2021	7	9.34	682.91

Exposure in Foreign Currency- Unhedged

The Foreign currency exposure not hedged as at 31<sup>st</sup> March 2022:

Currency	Payable (in Foreign currency)		Receivables (in foreign currency)	
	As at 31- Mar-2022	As at 31- Mar-2021	As at 31- Mar-2022	As at 31- Mar-2021
USD in Lakhs	6.73	6.97	4.29	1.90
INR in Lakhs	509.77	509.62	325.12	138.66

**28.4. Provisions, Contingent Liabilities and Contingent Assets:****a) Contingent liabilities not provided for (excluding interest and penalty, if any)**

(₹ in Lakhs)

Claims against the Company not acknowledged as debt	As at 31-Mar-2022	As at 31-Mar-2021
Service tax & VAT	13.81	13.81
Central Sales Tax	246.86	246.86

b) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) - ₹ 332.92 lakhs (Previous Year ₹ 132.57 lakhs)

c) SIPCOT has raised a demand of ₹ 12.00 lakhs for payment of additional cost for the land at Cuddalore taken on long-term lease together with interest @ 16.5%p.a. The Company has paid an initial amount of ₹ 6.00 lakhs in 1995 and additional amount of ₹ 6.00 lakhs in 2001, as per the directions of the Honourable High Court of Madras. However, SIPCOT has preferred an appeal against the order of the High Court challenging the waiver of interest. Matter is pending at High court of Madras.

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

The Honourable High Court had passed Order vide SR No.49922 dated 1<sup>st</sup> September, 2016, disposing all the writ petitions filed earlier on various occasions and giving liberty to the Company (Petitioner) to file an appeal before the Tamil Nadu Sales Tax Appellate Tribunal within Sixty days from the receipt of the order, who shall entertain the appeal without reference to the limitation. Accordingly, the Company has filed an appeal before The Tamil Nadu Sales Tax Appellate Tribunal on 6<sup>th</sup> January, 2017, pursuant to the judgement order dated 01.09.2016 delivered on 22/11/2016 and appeal proceeding is awaited.

e) The company has a process of evaluating financial impact of pending litigation on Financial Statement and making necessary provision in terms of prevailing accounting practices.

f) The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses (Including all derivative contracts). 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.

**28.5. Fair Value Measurement:**

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

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

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

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

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

A. Quantitative disclosures fair value measurement hierarchy for financial assets as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021

Particulars	Fair value measurement using			Total (Amount)
	(Level 1) Amount	(Level 2) Amount	(Level 3) Amount	
<b>As at March 31, 2022:-</b>				
<b>Financial Assets at amortised cost:</b>				
Trade receivables	-	-	2,491.90	2,491.90
Cash and cash equivalents	-	-	692.33	692.33
Bank Balances other than cash and cash equivalent	-	-	632.41	632.41
Investment in Short Term Mutual Funds	4,057.96	-	-	4,057.96
Loans & Advances & other financial assets	-	-	7.31	7.31
Assets measured at fair value				
<b>Fair value through Other Comprehensive Income</b>				
Investment in Equity shares	-	137.56	-	137.56
<b>As at March 31, 2021:-</b>				
<b>Financial Assets at amortised cost:</b>				
Trade receivables	-	-	1,601.26	1,601.26
Cash and cash equivalents	-	-	238.12	238.12
Bank Balances other than cash and cash Equivalent	-	-	397.01	397.01
Investment in Short Term Mutual Funds	2,136.97	-	-	2,136.97
Loans & Advances & other financial assets	-	-	7.47	7.47
Assets measured at fair value				
<b>Fair value through Other Comprehensive Income</b>				
Investment in Equity shares	-	132.05	-	132.05

B. Quantitative disclosures fair value measurement hierarchy for financial liabilities as at 31<sup>st</sup> March, 2022, 31<sup>st</sup> March, 2021

Particulars	Fair value measurement using			Total (Amount)
	(Level 1) Amount	(Level 2) Amount	(Level 3) Amount	
<b>As at March 31, 2022:-</b>				
<b>Financial Liabilities at amortised cost:</b>				
Other Borrowings	-	-	-	-
Trade payables	-	-	3,490.66	3,490.66
<b>As at March 31, 2021:-</b>				
<b>Financial Liabilities at amortised cost:</b>				
Other Borrowings	-	-	-	-
Trade payables	-	-	2,631.25	2,631.25

## 28.6. Financial risk management objectives and policies:

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, investments, and cash & cash equivalents that derive directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

### a) Material Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of foreign currency risk. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables, payables and borrowings. The sensitivity analyses in the following sections relate to the position as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

### (i) Foreign currency risk

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

### Foreign currency sensitivity

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

(₹ in Lakhs)

Particulars	As at 31-Mar-2022		As at 31-Mar-2021	
	2%	2%	2%	2%
	increase	decrease	increase	decrease
Effect on profit before tax	(3.69)	3.69	(7.42)	7.42
(Amount)				

### b) Credit Risk:

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

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

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

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

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

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

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

(₹ in Lakhs)

Ageing	As at 31-Mar-2022	As at 31-Mar-2021
1 to 60 days	2,251.51	1,523.24
61 to 90 days	23.39	48.01
91 to 180 days	132.38	21.51
181 to 365 days	97.96	21.86
366 days and above	7.88	8.43
<b>Total</b>	<b>2,513.12</b>	<b>1,623.05</b>

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

(₹ in Lakhs)

Provisions	As at 31-Mar-2022	As at 31-Mar-2021
Opening Provision	21.79	13.63
Add:- Additional provision made	-	8.16
Less:- Provision utilised against bad debts / reversal of excess provision	0.57	-
Closing provisions	21.22	21.79

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

**c) Liquidity Risk:**

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

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

(₹ in Lakhs)

As at 31-Mar-2022	Less than 1 year (Amount)	1 to 5 years (Amount)	More than 5 Years (Amount)	Total (Amount)
Borrowings	-	-	-	-
Trade payables	3,490.66	-	-	3,490.66
<b>Total</b>	<b>3,490.66</b>	<b>-</b>	<b>-</b>	<b>3,490.66</b>

(₹ in Lakhs)

As at 31-Mar-2021	Less than 1 year (Amount)	1 to 5 years (Amount)	More than 5 Years (Amount)	Total (Amount)
Borrowings	-	-	-	-
Trade payables	2,631.25	-	-	2,631.25
<b>Total</b>	<b>2,631.25</b>	<b>-</b>	<b>-</b>	<b>2,631.25</b>

**d) Capital Management:**

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

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

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

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

(₹ in Lakhs)

Provisions	As at 31-Mar-2022	As at 31-Mar-2021
Net Debt	-	-
Total Equity	12,838.86	7,793.11
Total Capital and Net debt	12,838.86	7,793.11
<b>Gearing Ratio</b>	<b>-</b>	<b>-</b>

**28.7. Assets taken on operating lease**

The Company had taken certain assets on operating lease. The lease rentals payable by the Company was on monthly/ quarterly basis. The Company had terminated the operating lease during the current financial year. Future minimum lease rental payable under non-cancellable lease agreements is as under:

(₹ in Lakhs)

Provisions	As at 31-Mar-2022	As at 31-Mar-2021
Not Later than 1 year	-	19.14
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
<b>Total</b>	<b>-</b>	<b>19.14</b>

Lease payments recognized in the Statement of Profit & Loss for the year is ₹18.03 lakhs (Previous year: ₹19.14 lakhs)

**28.8. Earnings Per Share**

(₹ in Lakhs)

Provisions	For year ended 31 <sup>st</sup> March 2022	For year ended 31 <sup>st</sup> March 2021
Profit / (loss) after taxation	5,328.38	1,747.41
Weighted average number of shares outstanding during the year (Nos)	99.75	99.75
Earnings per share of ₹10 each		
Basic (in ₹)	53.42	17.52
Diluted (in ₹)	53.42	17.52

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

**28.10 Key Ratios:**

(₹ in Lakhs)

Particulars	Numerator	Denominator	For year ended 31 <sup>st</sup> March 2022	For year ended 31 <sup>st</sup> March 2021	% Variance	Remarks
Current ratio	Current Assets	Current Liabilities	2.85	2.30	24.15%	Investment of surplus fund in current investment
Debt-equity ratio	Total Debt	Shareholder's Equity	-	-	0.00%	Company has no debt (both short term and long term)
Debt service coverage ratio	Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.	Debt service = Interest & Lease Payments + Principal Repayments	853.67	1,032.87	-17.35%	Company has no debt (both short term and long term) but incurred commitment charges on its working capital sanctioned limits

Return on equity ratio	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	0.49	0.24	108.65%	Increase in profit margins
Inventory turnover ratio	Cost of goods sold OR sales	Average inventory = (Opening + Closing balance / 2)	5.26	3.37	56.07%	Higher level of operations
Trade receivables turnover ratio	Net Credit Sales=Net credit sales consist of gross credit sales minus sales return. Trade receivables includes sundry debtors and bill's receivables.	Average trade debtors = (Opening + Closing balance / 2)	15.64	8.71	79.59%	Higher level of operations
Trade payables turnover ratio	"Net Credit Purchases =Net credit purchases consist of gross credit purchases minus purchase return "	Average Trade Payables	7.16	5.01	42.84%	Increase in overall business activities (Higher production and sales volume during the year)
Net capital turnover ratio	Net Sales=Net sales shall be calculated as total sales minus sales returns.	"Working Capital =Working capital shall be calculated as current assets minus current liabilities. "	3.85	3.49	10.48%	
Net profit ratio	Net profit shall be after tax	Net Sales =Net sales shall be calculated as total sales minus sales returns.	0.17	0.12	40.86%	Increase in overall profitability
Return on capital employed	Earning before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.53	0.29	82.82%	Increase in revenue and profit
Return on investment	Income from investment	Average Cost of Investment	0.04	0.03	15.71%	

**28.11 CSR Expenditure:**

(₹ in Lakhs)

Particulars	For year ended 31 <sup>st</sup> March 2022	For year ended 31 <sup>st</sup> March 2021
Amount required to be spent by the company during the year	46.94	37.41
Amount spent during the year on:		
Construction/acquisition of any asset	-	-
On purposes other than (i) above	47.79	37.99
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-

Contribution to a trust controlled by the company	-	-
The nature of CSR activities undertaken by the Company	Environment Sustainability & Animal Welfare, Healthcare, Education	Environment Sustainability & Animal Welfare, Healthcare, Education

### For movement is CSR, refer below:

Opening Balance	-	-
Gross amount to be spent during the year	46.94	37.41
Actual spent	47.79	37.99
(Excess) /short spent*	(0.85)	(0.58)

#### Reason for CSR Funds unspent:

Not applicable as the Company has spent more than the amount to be spent during the year ending 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2021

#### 28.12. Registrar of Charges

The Register of Charges of the Company as per MCA records shows some old charges of various Banks amounting to ₹ 24,819 Lacs lying open, which the Company maintains that those charges were satisfied during earlier years and necessary forms were filed with the MCA manually when there were no online filing requirements. Company is taking steps to correct the MCA records.

#### 28.13. Additional Regulatory Information as per Revised Schedule III of the Companies Act, 2013

To the best of information of management of the Company, Additional regulatory information required to be given pursuant to Gazette notification for Amendments in Schedule III to Companies Act, 2013 dated 24 March 2021 effective from 01 April 2021 is disclosed wherever applicable. Further, the following disclosures are not applicable to the Company :

- i) Disclosure on Revaluation of property, plant and equipment and intangible assets from Registered Valuers is not applicable to company.
- ii) No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (us of 1988) an rules made thereunder.
- iii) The Company has not been declared a wilful defaulter by any bank or financial institution or other lender.
- iv) Transactions with Struck off Companies\*

During the year, the Company has not entered into any transaction with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.

\* based on information available as on the date of reporting.

- v) As per clause (87) of section 2 and section 186 (1) of the Companies Act, 2013 and Rules made thereunder, the company is in compliance with the number of layers as permitted under the said provisions.

vi) The Company has not carried out any scheme of arrangement which is approved by regulatory authorities during the year.

vii) The Company has not traded or invested in Crypto currency or virtual currency during the financial year.

viii) There are no transactions recorded in books of account reflecting surrender/ disclosure of income in the assessment under Income Tax Act, 1961.

ix) During the year no loans / advances in the nature of Loans have been given to Promoters, Directors, KMP and Related Parties.

x) The company does not have investment in subsidiary companies and accordingly the disclosure as to whether the company has complied with the number of layers of companies prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017 is not applicable.

xi) (a) In the opinion of the Management, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether , directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) In the opinion of the Management, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entity ("funding parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**28.14.** Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2022.

### 28.15. Impact of COVID -19

The spread of COVID-19 has severely impacted businesses around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns. The pandemic partially impacted operations and financial results of the Company during the previous year and first half of current financial year.

However, the Company continue to take various precautionary measures to protect from COVID-19, strictly adhering to the guidelines issued by the Central and State Governments from time to time. Further the Company had taken various precautionary measures to protect employees and their families from the pandemic. The Company has prepared a detailed manual exclusively for the use of its employees for this purpose. The Company had taken steps to vaccinate all its employees including contract manpower.

Though the pandemic has eased out considerably, as part of its Business Continuity Plan (BCP), the Company will continue to monitor future events for any material change in the economic

conditions and believes that there is no material impact or adjustments required in the financial result for the period ending 31<sup>st</sup> March 2022

**28.16.** The Government of India, on 20<sup>th</sup> September, 2019 vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new section 115BAA in the Income Tax Act, 1961 which provides an option to the Company for paying income tax at reduced rates subject to compliance of the conditions stipulated therein. The Company has chosen to opt the reduced rate of tax. Consequently the Company had written off the available MAT Credit of ₹ 60.70 lakhs as on 31<sup>st</sup> March 2021.

**28.17.** Dividend: The Board of Directors in their meeting held on 13<sup>th</sup> August 2021 approved interim dividend of ₹ 3.50 per share totaling ₹ 349.12 lakhs for the financial year 2021-22 and the said dividend was transferred to the Dividend Warrant Account in September 2021.

The Board of Directors have recommended final dividend of ₹ 5.50 per share totaling ₹ 548.62 Lakhs (in addition to the interim dividend mentioned above) subject to the approval of shareholders in the forthcoming Annual General Meeting

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

As per our report of even date attached  
For **Singhi & Co.,**  
Chartered Accountants  
Firm Registration No. 302049E

**Sudesh Choraria**  
Partner  
Membership No. 204936  
Camp : Chennai  
**Date:** May 06, 2022

**R.Karthikeyan**  
Director  
DIN 00824621

**N.R.Ravichandran**  
Chief Financial Officer

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

**M.R.Sivaraman**      **K.Sendhil Naathan**  
Director                      Managing Director  
DIN 00020075              DIN 08850046

**H.Narayana Rao**  
Company Secretary



**TANFAC**

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