

The Andhra Farm Chemicals Corporation Limited

THE ANDHRA FARM CHEMICALS CORPORATION LIMITED
51ST ANNUAL REPORT
2018 – 2019

BOARD OF DIRECTOR :

Shri P.V. Krishna Rao
Shri P. Narendranath Chowdary
Shri M. Satyanarayana Murthy

Managing Director

BANKERS :

Andhra Bank
State Bank of India
Syndicate Bank

AUDITORS :

Messer's Brahmayya & Co.
Chartered Accountants
Vijayawada

REGISTERED OFFICE :

Kovvur – 534 350
West Godavari District
Andhra Pradesh

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NOTICE

Notice is hereby given that the FIFTY FIRST ANNUAL GENERAL MEETING of the members of The Andhra Farm Chemicals Corporation Limited will be held on Wednesday, the 25th September, 2019 at 10:00 AM at the Registered Office of the Company, Kovvur, West Godavari District, Andhra Pradesh to transact the following:

1. To consider and adopt the Profit and Loss Account of the year ending 31st March, 2019 and the Balance Sheet as at 31st March, 2019 and the reports of Directors and Auditors thereon.
2. To appoint a director in place of Sri M. Satyanarayana Murthy who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Kovvur,
West Godavari District.
Dt. 29th May, 2019

By Order of the Board of Directors
For The Andhra Farm Chemicals Corporation Limited
P. NARENDRANATH CHOWDARY
Director

- NOTE:
1. Any member entitled to attend and vote may appoint a proxy to attend and vote instead of himself and such proxy need not be a member, proxies in order to be effective must be lodged with the Company not less than 48 Hours before the meeting.
 2. Members are requested to intimate to the Company, change in their registered address, if any.

Directors Report

To the Members,

Your Directors have pleasure in presenting their FIFTY FIRST ANNUAL REPORT together with Audited Accounts for the year ended 31st March, 2019.

Financial Results :	This Year Rs.	Previous Year Rs.
Profit / (Loss) before depreciation	-54	58,72,413
Add : Depreciation		
Loss : After Depreciation	<u>-54</u>	<u>58,72,413</u>
Add : Extraordinary items of expenses		
Less : Balance of P & L A/c. Brought forward from previous year	(-) 2,76,53,383	(-) 3,35,25,796
	<u>(-) 2,76,53,437</u>	<u>(-) 2,76,53,383</u>
Less : Deferred Tax Asset		
Balance of Loss carried forward to next year	<u>(-) 2,76,53,437</u>	<u>(-) 2,76,53,383</u>

Dividends :

Your Directors have not recommended dividend on equity for the year 2018 – 2019.

Operations :

The company temporarily suspended its operations with effect from 31.07.2016 considering the availability of raw materials. Management is considering various avenues and opportunities to continue the operations. However, going concern is not affected considering the realisable value of assets.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo :

Energy conservation measures, progress made in technology absorption and foreign exchange earnings and outgo, as required by the companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are set out in a separate statement attached hereto and forming a part of the report.

Safety, Health and Environment :

Adequate attention continues to be paid to safety, health and environment.

Industrial Relations :

During the year under review, the industrial relations continued to be very cordial and harmonious.

Particulars of Employees :

There are no employee drawing remuneration as per the provisions of section 217 (2A) of the Companies Act, 1956 as amended.

Fixed deposits :

There were no fixed deposits as on 31st March, 2019.

Directors :

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, your Director, Sri M. Satyanarayana Murthy retires by rotation and being eligible offer himself for re-appointment.

On behalf of the Board of Directors
For The Andhra Farm Chemicals Corporation Limited
P. NARENDRANATH CHOWDARY
Director

Kovvur,
West Godavari District.
Dt. 29th May, 2019

Annexure to Directors' Report

Information pursuant to Sec. 217 (I) (e) of Companies Act, 1956.

FORM - A

(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and fuel consumption :

		Current Year	Previous Year
1.	ELECTRICITY		
(a)	Purchased Unit	---	---
	Total amount in Rs.	---	---
	Rate / Unit in Rs.	---	---
(b)	Own Generation	---	---
(i)	through diesel generator	---	---
	Unit	---	---
	Units per Ltr. Of diesel oil	---	---
	Cost / Unit	---	---
(ii)	Through steam Turbine / Generator	---	---
	Unit	---	---
	Units per Ltr. Of Fuel / Oil / Gas	---	---
	Cost / Unit	---	---
2.	COAL (Specify Quality and where used)	---	---
	Quantity (M. Tonnes)	---	---
	Total cost in Rs.	---	---
	Average rate in Rs.	---	---
3.	Husk	---	---
	Quantity (M. Tonnes)	---	---
	Total cost in Rs.	---	---
	Average rate in Rs.	---	---
4.	FURNACE OIL	---	---
5.	OTHER / INTERNAL GENERATION	---	---

B. Consumption per unit of production :

	Standard (if any)	Current Year	Previous Year
Products (with details)	Standards		
Electricity	Units	---	---
Furnace oil	Are not Furnished	---	---
Coal	M. Tonnes	---	---
Others (specify) Husk	M. Tonnes	---	---

C. DIRECTORS RESPONSIBILITY STATEMENT :

The directors responsibility statement as required under section 217 (2AA) of the Companies (Amendment) Act. 2000.

The financial statements are prepared in conformity with the accounting standards issued by the Institute of Chartered Accountants on India and the requirements of the Companies Act, 2013, to the extent applicable to the company, on the historical cost convention, as a going concern and on the accrual basis. There are no material departures from prescribed accounting standards in the adoption of the accounting standards. The accounting policies used in the preparation of the financial statements have been consistently applied.

The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair of affairs and profits for the year. To ensure this, the company has taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets, and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis.

FORM – B
(See Rule 2)

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO
ABSORPTION**

Research and Development (R & D)

1. Specific areas in which R & D carried out by the company
2. Benefits derived as a result of the above R & D
3. Future plan of action NIL
4. Expenditure on R & D
 - a) Capital
 - b) Recurring
 - c) Total
 - d) Total R & D expenditure as a percentage of total turnover

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards Technology : The technology was provided
by absorption, adaptation and innovation : Regional Research
Laboratory, Hyderabad.
2. Benefits derived as a result of the above efforts, : The product Hydrazine
Hydrate is an import substitute item.
e.g., product improvement, cost reduction,
product development, import substitution, etc.
3. In Case of imported technology (imported : Not applicable
During the last 5 years reckoned from the
beginning of the financial year), following
information may be furnished.

C. FOREIGN EXCHANGE EARNING AND OUTGO

- (1) Activities relating to exports, initiative taken to : NIL
increase exports, development of new export
markets for products and services, and export
plans.
- (2) Total foreign exchange earned : NIL

ANNEXURE – I
FORM NO. MGT – 9
EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019
 [Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the
 Companies (Management and Administration) rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

i.	CIN :-	L24110AP1968PLC001197
ii.	Registration Date	17 th April, 1968
iii.	Name of the Company	THE ANDHRA FARM CHEMICALS CORPORATION LIMITED
iv.	Category / Sub-Category of the Company	Company limited by shares / Non government company
v.	Address of the Registered office and contact details	KOVVUR – 534 350 WEST GODAVARI, ANDHRA PRADESH
vi.	Whether listed company Yes / No	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	N. A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

All the business activities contributing 10% or more of the total turnover of the company shall be stated :-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% total turnover of the company
1.	HYDRAZINE HYDRATE	252510.02	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sl. No.	Name and Address of the company	CIN / GLN	Holding/Subsidiary /Associate	% of shares Held	Applicable Section
1.	THE ANDHRA SUGARS LTD.		HOLDING	76.82%	N. A

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category of share Holders	Name and address of the company				% of shares Held				Applicable Section	
	(1) Indian	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	Demat
A. Promoters										
Individual/	---	---	---	---	---	---	---	---	---	---
Central Govt	---	---	---	---	---	---	---	---	---	---
State Govt (s)	---	---	---	---	---	---	---	---	---	---
Bodies Corp.	---	345700	345700	76.82	---	345700	345700	76.82		
Banks / FI	---	---	---	---	---	---	---	---	---	---
Any Other	---	---	---	---	---	---	---	---	---	---
Sub-total (A) (1)	---	345700	345700	76.82		345700	345700	76.82		
2) Foreign										
a) NRIs-Individuals	---	---	---	---	---	---	---	---	---	---
b) Other-Individuals	---	---	---	---	---	---	---	---	---	---
c) Bodies Corp.	---	---	---	---	---	---	---	---	---	---
d) Banks/FI	---	---	---	---	---	---	---	---	---	---
e) Any Other	---	---	---	---	---	---	---	---	---	---
Sub-total (A) (2)	---	---	---	---	---	---	---	---	---	---
Total share holding of Promoter (A) = (A) (1) + (A) (2)	---	345700	345700	76.82		345700	345700	76.82		
B. Public Share Holding										
1. Institutions										
a) Mutual Funds	---	---	---	---	---	---	---	---	---	---
b) Banks/FI	---	---	---	---	---	---	---	---	---	---
c) Central Govt.	---	---	---	---	---	---	---	---	---	---
d) State Govt (s)	---	---	---	---	---	---	---	---	---	---
e) Venture Capital Funds	---	---	---	---	---	---	---	---	---	---
f) Insurance Companies	---	---	---	---	---	---	---	---	---	---
g) FIIs	---	---	---	---	---	---	---	---	---	---
h) Foreign Venture Capital Fund	---	---	---	---	---	---	---	---	---	---
i) Others (specify)	---	---	---	---	---	---	---	---	---	---

The Andhra Farm Chemicals Corporation Limited

Category of share Holders	Name and address of the company				% of shares Held				Applicable Section
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	Demat
2 Non-Institutions									
a) Bodies Corp.									
i) Indian	---	5100	5100	1.13	---	5100	5100	1.13	---
ii) Overseas	---	---	---	---	---	---	---	---	---
b) Individual	---	---	---	---	---	---	---	---	---
i) Individual share holders holding nominal share capital up to Rs. 1 Lakh	---	99200	99200	22.04	---	99200	99200	22.04	---
ii) Individual share holders holding nominal share capital in excess of Rs. 1 Lakh									
c) Others (specify) sub-total (B) (2)									
Total public share holding (B) = (B) (1) + (B) (2)	---	---	---	---	---	---	---	---	---
C. Share held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	---	450000	450000	100	---	450000	450000	100	---
ii) Shareholding of promoters									
1. The Andhra Sugars Ltd.	---	345700	345700	76.82	---	345700	345700	76.82	
	---	345700	345700	76.82	---	345700	345700	76.82	

(iii) **Change on Promoters' Shareholding (please specify, if there is no change) NA since there is no change.**

Sl. No.	Share holder's name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. Of shares	% of total shares of the company	No. Of shares	% of total shares of the company
	At the beginning of the year	N. A	N. A	N. A	N. A
	Date wise increase / decrease in promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	N. A	N. A	N. A	N. A
	At the end of the year	N. A	N. A	N. A	N. A

(iv) **Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :**

Sl. No.	Share holder's name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	P.S.R.V.K. RANGA RAO	5000	1.11	5000	1.11
2.	P. SUJATHA	4500	1.00	4500	1.00
3.	J. USHA RANI	3429	0.76	3429	0.76
4.	M. KAMALA DEVI	3429	0.76	3429	0.76
5.	S.B. RANGANAYAKI	3427	0.76	3427	0.76
6.	P.A. RAMAYYA	3000	0.67	3000	0.67
7.	K.S. PRAKASA RAO	3000	0.67	3000	0.67
8.	P.J. JAYALAKSHMI	3000	0.67	3000	0.67
9.	Y.N.RAO CHOWDARY	2600	0.58	2600	0.58
10.	D. LAKSHMI	2000	0.44	2000	0.44
	At the beginning of the year date wise increase / decrease in promoters shareholding during the year specifying the reasons of increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	N. A	N. A	N.A	N. A
	At the end of the year	N. A	N. A	N. A	N. A

(v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	For each of the directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1.	P.V. Krishna Rao	1000	0.22	1000	0.22
2.	P. Narendranath Chowdary	3000	0.67	3000	0.67
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	N. A	N. A	N. A	N. A
	At the end of the year	4000	0.89	4000	0.89

(vi) INDEBTEDNESS

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

Indebtedness at the beginning of the financial year 2017 – 2018	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
i) Principal amount	---	---	---	---
ii) Interest due but not paid	---	---	---	---
iii) Interest accrued but not due	---	---	---	---
Total (i + ii + iii)	---	---	---	---
Change in Indebtedness during the financial year addition reduction	---	---	---	---
Net change	---	---	---	---
Indebtedness at the end of the financial year				
i) Principal amount	---	---	---	---
ii) Interest due but not paid	---	---	---	---
iii) Interest accrued but not due	---	---	---	---
Total (i + ii + iii)	---	---	---	---

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration of Managing Director, Whole-time Directors and/or Manager :

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount (in Rs.)
1.	Gross salary	P.V.	---	---	---	---
	(a) Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961	KRISHNA	---	---	---	---
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	RAO, M.D.	---	---	---	---
	(c) Profits in lieu of salary under section 17 (3) Income Tax Act, 1961	---	---	---	---	---
2.	Stock option	---	---	---	---	---
3.	Sweat equity	---	---	---	---	---
4.	Commission - as % of profit - others, specify	---	---	---	---	---
5.	Others, please specify	---	---	---	---	---
6.	Total (A)	---	---	---	---	---
7.	Ceiling as per the Act.	---	---	---	---	---

B. Remuneration to other Directors :

Sl. No.	Particulars of Remuneration	Name of Director				Total Amount (in Rs.)
1	Independent Directors fee for attending board/committee meetings, commission, others, please specify	---	---	---	---	---
	Total (1)	---	---	---	---	---
2	Other non-executive directors fee for attending board/committee meetings, commission, others, please specify	---	---	---	---	---
	Total (2)	---	---	---	---	---
	Total (B) = (1 + 2)	---	---	---	---	---
	Total Managerial Remuneration	---	---	---	---	---
	Overall ceiling as per the Act	---	---	---	---	---

C. REMUNERATION TO KEY MANAGERIAL PERSONEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of remuneration	Key managerial personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961				
	(b) Value of perquisites u/s 17 (2) Income –Tax Act, 1961	---	---	---	---
	(c) Profits in lieu of salary under section 17 (3) Income Tax Act, 1961				
2.	Stock option	---	---	---	---
3.	Sweat equity	---	---	---	---
4.	Commission - as % of profit - others, specify	---	---	---	---
5.	Others, please specify	---	---	---	---
6.	Total	---	---	---	---

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : Not applicable

Type	Section of the companies Act	Brief description	Details of penalty / punishment / compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made if any (give details)
A. COMPANY					
Penalty	---	---	---	---	---
Punishment	---	---	---	---	---
Compounding	---	---	---	---	---
B. DIRECTORS					
Penalty	---	---	---	---	---
Punishment	---	---	---	---	---
Compounding	---	---	---	---	---
C. OTHER OFFICE					
Penalty	---	---	---	---	---
Punishment	---	---	---	---	---
Compounding	---	---	---	---	---

INDEPENDENT AUDITOR'S REPORT

To The Members of **THE ANDHRA FARM CHEMICALS CORPORATION LIMITED, KOVVUR.**

Report on the Audit of the Financial Statements:

Opinion

We have audited the accompanying financial statements of THE ANDHRA FARM CHEMICALS CORPORATION LIMITED ("the company"), which comprise the Balance sheet as at 31st March, 2019, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash Flow for the year then ended on that date, and a summary of significant accounting policies and other explanatory information (herein after 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") 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 Standard) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, its loss and total comprehensive income changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 Act and the rules made there under, and we have fulfilled our 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.

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

The company's Board of directors are responsible for the preparation of the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditor's report thereon.

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 during the course of our 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.

Management's Responsibility for the Financial Statements:

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, statement of changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (IND AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.

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 the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the companies Act, 2013, 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.

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.

Report on Other Legal and Regulatory Requirements :

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure – A", a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Companies Act, 2013, 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 purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (IND AS) specified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on 31st March, 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B", and

- g) With respect to the matters to be included in the Auditor's Report under Section 197(16) In our opinion and according to the information and explanations given to us, there is no remuneration to the directors during the year under report and hence this provision is not applicable.
- 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, 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 No 17 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March, 2019.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Brahmayya & Co.,
Chartered Accountants
Firm Registration No: 000513S

T.V.Ramana
Partner
ICAI Membership No.200523

Camp: Tanuku
Date: 29th May, 2019

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date, to the members of THE ANDHRA FARM CHEMICALS CORPORATION LIMITED ("the Company"), for the year ended 31st March 2019. We report that :

- 1.1 The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- 1.2 The Fixed Assets are physically verified by the management at reasonable intervals during the year under report and no material discrepancies were found.
- 1.3 According to the information and explanations given to us and on the basis of examination of the records of the company, the title deeds of immovable property are held in the name of the company.
- 2 There is no inventory during the period under report and it does not hold any physical inventories. Thus, paragraph 3(ii) of the order is not applicable.
- 3 The company has not granted any loans to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act 2013. Therefore, the provisions of clause 3(iii) (a), 3 (iii) (b) and 3 (iii) (c) of the said order are not applicable to the company.
- 4 The Company has not granted any loans, investments, guarantees and security as per the Section 185 and 186 of the Companies Act 2013. Therefore the provisions of clause 3(iv) of the said order are not applicable to the Company.
- 5 The company has not accepted deposits within the meaning of directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under and therefore the reporting requirements under clause 3(v) are not applicable for the year under report. According to the information furnished to us, the company has not received any orders from Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any Other Tribunal under the aforesaid section.
- 6 The requirements of sub-section (1) of Section 148 of the Companies Act, 2013 with regard to maintenance of cost records specified by the Central Government are not applicable for the company during the year under report.
- 7.1 According to the information and explanations given to us and the basis of our examination of the records of the Company, in our opinion, the Company is regular in depositing with the appropriate authorities, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31st March 2019 for a period of more than six months from the date they became payable.
- 7.2 According to the information and explanations given to us, there were no amounts of Goods and Service Tax, Customs Duty, Excise Duty, Cess, Income Tax that have been disputed by the company.
- 8 The company has not obtained any loans or borrowings from financial institutions, banks, Government or debenture holders. Therefore, the reporting requirements under clause 3(viii) of the Order are not applicable for the year under report.

The Andhra Farm Chemicals Corporation Limited

- 9 The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans. Therefore, the reporting requirements under clause (ix) of the Order are not applicable for the year under report.
- 10 According to the information and explanations given to us, we have neither come across any instance of material fraud by the company or on the company by its employees or officers noticed or reported during the year, nor have we been informed of any such case by the management.
- 11 According to the information and explanations given to us, there is no managerial remuneration during the year under report and hence the paragraph 3(xi) of the order is not applicable.
- 12 In our opinion and according to the information and explanations furnished to us, the Company is not a chit fund or a Nidhi/mutual benefit fund/society and hence, the requirements of clause 3(xii) of the Companies (Auditors Report) Order 2016 are not applicable to the Company during the year under report.
- 13 According to the information and explanations given to us, all the transactions with the related parties are in compliance with Section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc as required by the accounting standards.
- 14 According to the records of the company examined by us and the information and explanations given to us, there are no preferential allotment / private placement of shares or fully or partly convertible debentures during the year as per the Section 42 of the Companies Act 2013.
- 15 According to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with him as per Section 192 of the Companies Act 2013.
- 16 According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Brahmayya & Co.,
Chartered Accountants
Firm Registration No: 000513S

T.V.Ramana
Partner
ICAI Membership No.200523

Camp: Tanuku
Date: 29th May, 2019

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of THE ANDHRA FARM CHEMICALS CORPORATION LIMITED ("the Company") as of 31st March 2019 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

The Company's management is responsible for establishing and maintaining internal financial controls based on "the 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 internal control over financial business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We have conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 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. 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 decisive factor, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial 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

- (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

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

In our opinion, to the best of our information and according to the explanations given to us, 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 31st March 2019, 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 Brahmayya & Co.
Chartered Accountants
Firm Registration No:
000513S

T.V.Ramana
Partner
ICAI Membership No.200523

Camp: Tanuku
Date: 29th May, 2019