MINUTES OF THE THIRTY EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF TANFAC INDUSTRIES LIMITED HELD ON MONDAY THE 13TH AUGUST, 2012 AT 2.30 P.M. AT THE REGISTERED OFFICE OF THE COMPANY AT PLOT NO.14, SIPCOT INDUSTRIAL COMPLEX, CUDDALORE – 607005.

PRESENT :

1.	SHRI V.T. MOORTHY	...	DIRECTOR
2.	SHRI M.R. SIVARAMAN	...	DIRECTOR
3.	SHRI R. KARTHIKEYAN	...	DIRECTOR
4.	SHRI KANNAN K UNNI	...	DIRECTOR
5.	SHRI T.S. RAGHAVAN	...	DIRECTOR
6.	DR. SHANKAR NARASIMHAN	...	DIRECTOR

BY INVITATION:

1.	SHRI SURESH SODANI	...	PRESIDENT
2.	SHRI N.R. RAVICHANDRAN	...	CFO & VICE PRESIDENT [FINANCE AND COMMERCIAL] AND COMPLIANCE OFFICER
3.	SHRI KETAN VIKAMSEY	...	STATUTORY AUDITOR M/s. KHIMJI KUNVERJI & CO, MUMBAI

There were altogether 12 (twelve) Members present in person and 3 (three) proxies from the Promoters, viz., Tamilnadu Industrial Development Corporation Limited, T.G.S. Investment and Trade Private Limited and Pilani Investment and Industries Corporation Limited. All valid attendance slips and proxy forms were placed at the meeting.

On the proposal of Shri M.R. Sivaraman, IAS [Retd.], Director and seconded by Shri V.T. Moorthy, Director, Shri R. Karthikeyan, was elected as Chairman of the Annual General Meeting.



The Chairman occupied the Chair and ascertained that necessary quorum was present as required under The Companies Act, 1956. Thereafter, the Chairman conducted the proceedings.

The Chairman welcomed the Shareholders and announced that the Register of Directors' Shareholding was available for inspection by the Members.

With the permission of the Members, the Notice, Directors' Report and Accounts of the Thirty Seventh Annual General Meeting were taken as read. Thereafter, the Chairman delivered his speech, which was circulated to the Members present. The Chairman asked the Compliance Officer, to read out the Auditors' Report for the financial year ended 31st March, 2012.

Shri N.R. Ravichandran, Vice President [Finance and Commercial] and Compliance Officer, read out the Auditors' Report of the Company for the financial year ended 31st March, 2012, and the same was accepted

The Chairman invited the Members for their comments on Directors' Report and Audited Accounts. As there were no specific queries from the members present, the following items of business were taken up.

ORDINARY BUSINESS:

1. **Adoption of Annual Account 2011-2012**

The following ORIDINARY RESOLUTION was thereafter proposed by the Chairman and seconded by Shri L. Ravichandran, a Member [DPID/Client ID IN301696 12323685] :

> "RESOLVED THAT the Balance Sheet of the Company as at 31st March, 2012 and the Statement of Profit and Loss Account for the financial year ended 31st March, 2012 and the Reports of the Directors and Auditors thereon be and are hereby received adopted."

Thereafter, the resolution was put to vote on a show of hands and ascertained the adequate majority. The Chairman declared that the above resolution was passed unanimously with requisite majority.

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RE-APPOINTMENT OF DIRECTORS :

The Chairman informed the Members that the following Directors, namely, Shri V.T. Moorthy, and Shri T.S. Raghavan, were retiring by rotation and they offer themselves for re-appointment.

2. Re-appointment of Shri V.T. Moorthy, as a Director of the Company.

The following ORIDINARY RESOLUTION was thereafter proposed by Shri J. Sampath Kumar, a Member [DPID/Client ID IN300175 10108091] and seconded by Shri M. Sethu, another Member [Folio No.104388] :

> "RESOLVED THAT Shri V.T. Moorthy Director, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as Director of the Company liable to retire by rotation"

Thereafter, the resolution was put to vote on a show of hands and ascertained the adequate majority. The Chairman declared that the above resolution was passed unanimously with requisite majority.

3. Re-appointment of Shri T.S. Raghavan, as a Director of the Company.

The following ORIDINARY RESOLUTION was thereafter proposed by Shri N. Vasudevan, a Member [Folio No.96779] and seconded by Shri Joseph Chacko, another Member [Folio No.96844] :

> "RESOLVED THAT Shri T.S. Raghavan, Director, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as Director of the Company liable to retire by rotation"

Thereafter, the resolution was put to vote on a show of hands and ascertained the adequate majority. The Chairman declared that the above resolution was passed unanimously with requisite majority.

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4, Re-appointment of Statutory Auditors.

The Chairman informed Members that as per Section 224-A of the Companies Act, 1956, if 25% or more of the subscribed capital of the Company is held by the Central or State Government, Public Financial Institutions or Nationalised Banks or General Insurance Companies, the appointment or re-appointment of the Auditors shall be made by a Special Resolution.

Since more than 25% of the Subscribed Capital of the Company is held by Tamilnadu Industrial Development Corporation Limited (TIDCO), a Government Company, the re-appointment of M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai [Regn. No.105146W] as "Statutory Auditors" of the Company has to be passed by a 'SPECIAL RESOLUTION'

The following SPECIAL RESOLUTION was thereafter proposed by Shri M. Abbay, a Member [Folio No.96795] and seconded by Shri R. Natarajan, another Member [Folio No.107818] :

> "RESOLVED THAT M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai [Registration No.105146W] be and are hereby re-appointed as "Statutory Auditors" of the Company, to hold office till the conclusion of the next Annual General Meeting on a such remuneration as may be fixed by the Board at the meeting for carrying out the audit."

Thereafter, the resolution was put to vote on a show of hands and ascertained the adequate majority. The Chairman declared that the above resolution was passed unanimously with requisite majority.

5. Appointment of Shri M.S. Shanmugam, IAS as a Director.

The Chairman informed the Members that Shri M.S. Shanmugam, IAS, has been appointed as a Director on the Board with effect from 6th August, 2011. He vacates his office at this Annual General Meeting. Notice under section 257 of The Companies Act, 1956, received in writing from a Member proposing his candidature for the office of Director.

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The Company would be greatly benefited by having Shri M.S. Shanmugam, IAS as a Director on the Board in view of his varied experience.

The following ORDINARY RESOLUTION was thereafter proposed by Shri J. Pattabiraman, a Member [Folio No.96807] and seconded by Shri N. Vasudevan, another Member [Folio No.96779] :

> "RESOLVED THAT Shri M.S. Shanmugam, IAS, be and is hereby appointed as a Director of the Company liable to retire by rotation."

Thereafter, the resolution was put to vote on a show of hands and ascertained the adequate majority. The Chairman declared that the above resolution was passed unanimously with requisite majority.

There being no other business to transact, the meeting concluded with a vote of thanks to the Chair.



TANFAC INDUSTRIES LIMITED

Regd. Office: 14, SIPCOT Industrial Complex - CUDDALORE – 607 005

CHAIRMAN'S STATEMENT

Ladies and Gentlemen,

I welcome you all to the Thirty Eighth Annual General Meeting of your Company. The Annual Report containing the Directors' Report and the Audited Accounts of your Company, for the financial year 2011-2012, has been with you for some time and with your permission I shall take them as read.

CURRENT INDIAN ECONOMY:

The Reserve Bank of India has cut its GDP projection to 6.5 percent for 2012-13 from the earlier estimate of 7.3 percent. The RBI has been reiterating concerns over rising food prices alongside a high subsidy bill, which could worsen the fiscal deficit. The summer drought has also put a question mark over the government's ability to raise fuel prices. The major causes of currency depreciation would weaken the economic growth and will lead to further challenges to the economy as well as user industries including your Company. We believe that the current economic challenges can be overcome successfully as we have done in the past.

OPERATIONS AND OVERALL PERFORMANCE:

During the year under review the Sales Turnover at ₹146.35 Crores is lower against ₹152.43 crores in the previous year which is marginally lower at 4% on account of loss of production due to cyclone "Thane". Your Company has suffered loss before depreciation, interest and taxation at ₹11.14 Crores as against profit of ₹7.68 Crores. Your Company's operations have been impacted by:

- The slow down in demand for Hydrofluoric Acid and Aluminium Fluoride leading to a lower margin.
- Severe damage of Plant and Machinery due to the cyclone 'Thane', resulting in the shut down of the plants for more than 30 days.
- Foreign Exchange losses because of highly volatile Indian Rupee.
- Higher Interest charge, given the increase in interest rates and higher working capital requirements.

The export turnover fell by 23% at ₹25.58 crores as compared to ₹ 33.06 cores in the previous year as the off take by overseas customers was much less on account of market demand. Your Company endeavors continuously to increase its export revenue by expanding customer base in new geographies.

DIVIDEND:

As the Company has incurred a loss in the current year, your Directors have not recommended any payment of dividend for the year 2011-2012.

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FUTURE OUTLOOK:

The economic slow-down in the global economy as also in India has adversely affected most of the sectors of the economy. As a manufacturer, your Company's working is closely linked to the development and growth of its customers. The Company continued to face stiff competition from China in most of its products. Our strategy would be to spread the risk of products across various geographies. We will continue to focus on moving up the value chain in speciality products where we can have a competitive advantage and grow our sales volumes and margins.

Your Company has taken a number of initiatives to reduce the cost of production which should enable it to compete effectively with Chinese products and increase sales volumes and margins. Your Board of Directors are optimistic on the turnaround of the Company in 2012-13.

RESEARCH AND DEVELOPMENT:

Your Company's R&D all has developed two new products during the year, which are drug and agrochemical intermediates. A sample of these products has been approved by multinational companies and the process of commercialization is under way.

Your company had improved upon the process of Specialty Organic Chemical whose quality is well accepted, it is now exploring the possibility of a tie up with interested parties for continuous production so as to improve the throughput and yield.

INDUSTRIAL RELATIONS:

Employee relations continued to be cordial throughout the year. The whole-hearted support of employees in the implementation of WCM, ISO-9002 systems and ISO 14001 amply demonstrate team work and a sense of belongingness with the organization and solidarity with your Management.

ACKNOWLEDGEMENT:

Your Directors wish to thank the Government of India, Government of Tamil Nadu, and the Banks for their guidance, help and support. On behalf of the Directors and all of you Shareholders, I would like to record my sincere appreciation of the commitment of the entire TANFAC family consisting of officers, staff and workers.

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

TANFAC INDUSTRIES LIMITED CUDDALORE 607005

Cuddalore
13.8.2012

CHAIRMAN