MINUTES OF THE THIRTY SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF TANFAC INDUSTRIES LIMITED HELD ON SATURDAY THE 6TH AUGUST, 2011 AT 11.30 A.M. AT THE REGISTERED OFFICE OF THE COMPANY AT PLOT NO.14, SIPCOT INDUSTRIAL COMPLEX, CUDDALORE – 607 005.

PRESENT :

1.	SHRI M.S. SHANMUGAM	...	DIRECTOR
2.	SHRI LALIT NAIK	...	MANAGER AND DIRECTOR
3.	SHRI V.T. MOORTHY	...	DIRECTOR
4.	SHRI M.R. SIVARAMAN	...	DIRECTOR
5.	SHRI KANNAN K UNNI	...	DIRECTOR
6.	SHRI T.S. RAGHAVAN	...	DIRECTOR
7.	DR. SHANKAR NARASIMHAN	...	DIRECTOR
8.	SHRI R. KARTHIKEYAN	...	DIRECTOR

BY INVITATION :

1.	SHRI SURESH SODANI	...	PRESIDENT
2.	SHRI N.R. RAVICHANDRAN	...	CFO & VICE PRESIDENT [FINANCE AND COMMERCIAL]

IN ATTENDANCE :

	SHRI D.M. THIYAGESH	...	ASST. GENERAL MANAGER [F&A] AND COMPANY SECRETARY

There were altogether 14 (fourteen) Members present in person and 3 (three) proxies.

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

The Chairman occupied the Chair and ascertained that necessary quorum was present. Thereafter, the Chairman conducted the proceedings.

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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 Auditors' Report of the Company for the financial year ended 31st March, 2011, was read out by the Company Secretary.

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 Accounts for the financial year ended 31st March, 2011.**

Proposed by the Chairman and seconded by Shri L. Ravichandran, a Member [Folio No.96703], the following **ORDINARY RESOLUTION** was passed unanimously :

> "RESOLVED THAT the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the financial year ended 31st March, 2011 and the Cash Flow Statement of the Company for the year ended 31st March, 2011 and the Reports thereon of the Board of Directors and the Auditors be and are hereby adopted."

2. To declare dividend on Equity Shares.

The Chairman informed the Members that the Board of Directors have recommended a dividend of ₹ 0.50 per share [5% on Equity Shares] for the year ended 31st March, 2011 to Shareholders whose names appear on Register of Members as on the date of Annual General Meeting.

Proposed by Shri J. Pattabiraman, a Member [Folio No.96807] and seconded by Shri N. Vasudevan, another Member [Folio No.96779], the following **ORDINARY RESOLUTION** was passed unanimously :

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"RESOLVED to declare dividend at the rate of ₹ 0.50 per Equity Share [5%] on the paid up Equity Share Capital of the Company for the year ended 31st March, 2011, as recommended by the Board of Directors at their meeting held on 21st May, 2011 to all the Equity Shareholders whose names appear on the Register of Members as on the date of Annual General Meeting dated 6th August, 2011."

RE-APPOINTMENT OF DIRECTORS :

The Chairman informed the Members that the following Directors, namely, Shri Kannan K Unni and Dr. Pragnya Ram, were retiring by rotation and they offer themselves for re-appointment.

2. Re-appointment of Shri Kannan K Unni, as a Director of the Company.

Proposed by Shri Joseph Chacko, a Member [Folio No.96844] and seconded by Shri N. Vasudevan, another Member [Folio No.96779], the following ORDINARY RESOLUTION was passed unanimously :

"RESOLVED THAT Shri Kannan K Unni, Director, retiring by rotation, be and is hereby re-appointed as Director of the Company."

3. Re-appointment of Dr. Pragnya Ram, as a Director of the Company.

Proposed by Shri N. Vasudevan, a Member [Folio No.96779] and seconded by Shri R. Natarajan, another Member [Folio No.107818], the following ORDINARY RESOLUTION was passed unanimously :

"RESOLVED THAT Dr. Pragnya Ram, Director, retiring by rotation, be and is hereby re-appointed as Director of the Company."

5. Apointment of Statutory Auditors.

The Chairman informed the Members that present Statutory Auditors, viz., M/s. Bhaskaran and Krishnan, Chartered Accountants, Chennai (Firm Regn. No.00426S and Membership No.18702) and M/s. Singhi & Co., Chartered Accountants, Chennai (Firm Regn. No.302049E, Membership No.204936) who are eligible for reappointing them as Statutory Auditors at the ensuing Annual General Meeting, have expressed their unwillingness to

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continue as Statutory Auditors and the same was accepted by the Committee/Board through circular resolution dated 07.7.2011.

He further informed that the Members of the Audit Committee/Board of Directors have recommended and passed resolution by circulation dated 07.7.2011 for appointing M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai (Registration No.105146W) as Statutory Auditors of the Company for the financial year 2011-2012 at a such remuneration as may be decided by the Board for carrying out Audit besides travelling and other out of pocket expenses subject to your approval.

He further added that Pursuant to 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 Nationalized 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 appointment of M/s. Khimji Kuniverji & Co., Chartered Accountants, Mumbai [Regn. No.105146W] as Statutory Auditors to the Company has to be passed by a 'SPECIAL RESOLUTION'.

Proposed by Shri L. Ravichandran, a Member [Folio No.96703] and seconded by Smt. V. Vimala, another member [Folio No.96799], the following SPECIAL RESOLUTION was passed unanimously :

"RESOLVED THAT M/s. Khimji Kuniverji & Co., Chartered Accountants, Mumbai [Registration No.105146W], be and are hereby appointed as Auditors of the Company to hold office from the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and the Board be authorized to fix their remuneration for carrying out Audit besides travelling and other out of pocket expenses, in place of the retiring Auditors, viz., M/s.Bhaskaran and Krishnan, Chartered Accountants, Chennai [Firm Regn. No.00426S] and M/s. Singhi & Co., Chartered Accountants, Chennai [Firm Regn. No.302049E] who have expressed their unwillingness to continue."

There being no other business to transact, the meeting concluded with a vote of thanks by Shri Suresh Sodani, President, to the Chair.

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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 Seventh Annual General Meeting of your Company. The Annual Report containing the Directors' Report and the Audited Accounts of your Company, for the financial year 2010-2011, has been with you for some time and with your permission I shall take them as read.

CURRENT INDIAN ECONOMY:

In a strange reversal of the norm elsewhere, in India the economic policymakers and economists have become the optimists. It is predicted that the country's economy would grow at a double-digit rate during the next 20-30 years. India has the potential for such a feat, with its vast and growing labour force and now famous entrepreneurial spirit. But in the past six months the private sector, which is expected to do the heavy lifting that turns India from the world's tenth-largest economy (measured at market exchange rates) into its third-largest by around 2030, has slowed down significantly.

While this strong start in 2011-12 is encouraging, there are indications that this high growth will not be sustained in the months ahead. Rising interest rates, rising raw materials costs and oil prices, withdrawal of incentive schemes like DEPB and likely slowdown in Asian economies are some of the reason that have tempered the outlook for exports.

Your Company will strengthen its activities where it has strong hold and will capitalize at the time when the growth rates are encouraging / favourable.

OPERATIONS AND OVERALL PERFORMANCE:

During the year under review Sales Turnover rose by 3%, led by higher sales realization. Profit before depreciation, interest and taxation at ₹13.64 Crores compared to ₹ 1.04 Crores in the previous year is indeed commendable. The Company recorded a Net profit of ₹ 2.99 Crores as against a net loss of ₹ 9.78 Crores in the previous year.

The Company increased sales volume of Hydrofluoric Acid and reduced the volume of Aluminium Fluoride which has helped to improve profitability.

Export turnover was lower by 16% at ₹ 33.06 Crores as compared to ₹ 39.51 Crores in the previous year, mainly due to reduction in Aluminium Fluoride exports and lower realization from such sales.

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