DIVIDEND:

Your Directors recommend a dividend [tax free] of ₹ 0.50 per Equity Shares i.e. 5% on Equity Shares. The outgo on account of dividend will be ₹ 0.50 Crore. The dividend distribution tax to be borne by the Company will be ₹ 0.08 Crore. The total outgo works out to ₹ 0.58 Crore.

FUTURE OUTLOOK:

Your Company focus is on increasing volumes of higher contributing products by increasing the market reach supplying higher volumes to existing customers, spreading the risk of all products across various geographies and moving up the value chain in speciality products.

Initiatives to reach out to new customers with better contributing products are gaining momentum. This would help improve the Company's performance in 2011-2012. We are optimistic on the outlook for the financial year 2011-2012 which we trust would be better than the current year.

RESEARCH AND DEVELOPMENT:

Your company's R&D initiatives endeavour to improve the process of specialty organic chemicals to be competitive in market. Your company is also examining commercialization of alternate products to effectively utilize the existing facility. To this end, your company is working in close coordination with Aditya Birla Science & Technology Company Limited recognized by Department of Scientific and Industrial Research to take advantage of the state of the art technological facility available with them, more particularly, in areas of modelling and simulations.

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 Tamilnadu, 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.

Cuddalore
06.8.2011

CHAIRMAN