

pTANFAC INDUSTRIES LIMITED

CIN: L24117TN1972PLC006271

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am glad to welcome you all to the Forty Fifth Annual General Meeting of your Company. The Annual Report containing the Board's Report and the Audited Financial Statement of your Company for the financial year 2018-19, has been with you for some time and with your permission I shall take them as read.

OPERATIONS AND OVERALL PERFORMANCE:

I am pleased to inform that your Company, had registered an **all time high performance both in terms of revenue and profitability** during the year. While EBIDTA had increased by 154% to ₹52.69 Crores, Net Profit & Total Comprehensive Income had gone up significantly by almost fourfold to ₹35.97 Crores and ₹36.07 Crores respectively due to the ongoing initiatives taken by the company during the past few years along with the benefits of head and tail winds during the year.

Your Company's sales performance had increased by 34% at ₹221.71 Crores against ₹165.42 Crores in the previous year, due to increase in sales volume and also increase in realization of main products viz., Hydrofluoric Acid and Sulphuric Acid. Significant increase in Sulphuric Acid price was due to sudden change in market dynamics and supply constraints. Higher sales realization in HF was possible due to continuous focus on niche / value added segments and also partial pass through of increase in raw material prices.

I am pleased to stress further that your company's focus is on continuous improvement in the bottom line. Apart from the significant increase in Sulphuric Acid realizations stated above, profitability had also improved significantly due to other factors / initiatives like optimization of product & customer mix and lower increase in input costs compared to increase in sales price. Your company focused on continuous improvements in cost optimization including fuel and energy costs. These along with the other ongoing initiatives taken by your company during the last few years have contributed to this phenomenal and continuous improvement in operations.

Your company also focusses on significantly increasing the operating cash flow. Tight control on working capital and significant increase in cash flow from the operations helped in reducing the debt by ₹30.57 Crores. Finance cost was lower at ₹3.04 Crores against ₹5.98 Crores during the previous year.

DIVIDEND:

Equity Shares:

Though the financial performance and reserve position of the company has improved significantly, your Directors have not recommended any dividend for the year 2018-19 considering the capital expenditures planned during the coming years.

Preference Shares:

Your Directors have recommended payment of dividend for the financial year 2018-19 on 500,000 11% Redeemable Cumulative Non-Convertible Preference Shares of ₹100 each. Total outgo net of Dividend Distribution Tax works out to ₹0.55 crores.

REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

With the help of ongoing and fresh initiatives proposed by the company, your Directors are optimistic about further improvements in the operational performance of the company in the coming years though the tail winds that facilitated the Company in 2018-19 may not continue in the next financial year.

INDUSTRIAL RELATIONS:

Employee relations continued to be cordial throughout the year. The whole-hearted support of employees in the implementation of cost saving initiatives, enthusiastic participation in corporate initiatives like Hello Bosstomer (Customer Centricity), REPRISM (Innovation and Excellence in manufacturing) and the improvements in quality systems like WCM, ISO-9002 & ISO 14001 amply demonstrate team work and a sense of belongingness with the organization. Your directors place on record the dedication and efforts put in by the employees in the pursuit of continuous improvement in the operations of the company.



ACKNOWLEDGEMENT:

Your Directors wish to express their appreciation for the continued assistance and cooperation rendered by 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 once again on record my sincere appreciation of the committed services by the entire TANFAC family across all levels.

Finally, I look forward to your continued understanding and support in taking your Company significant strides forward in the coming years.

Cuddalore

21.09.2019

CHAIRMAN