



TANFAC 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 Seventh 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 2020-21, has been with you for some time and with your permission I shall take them as read.

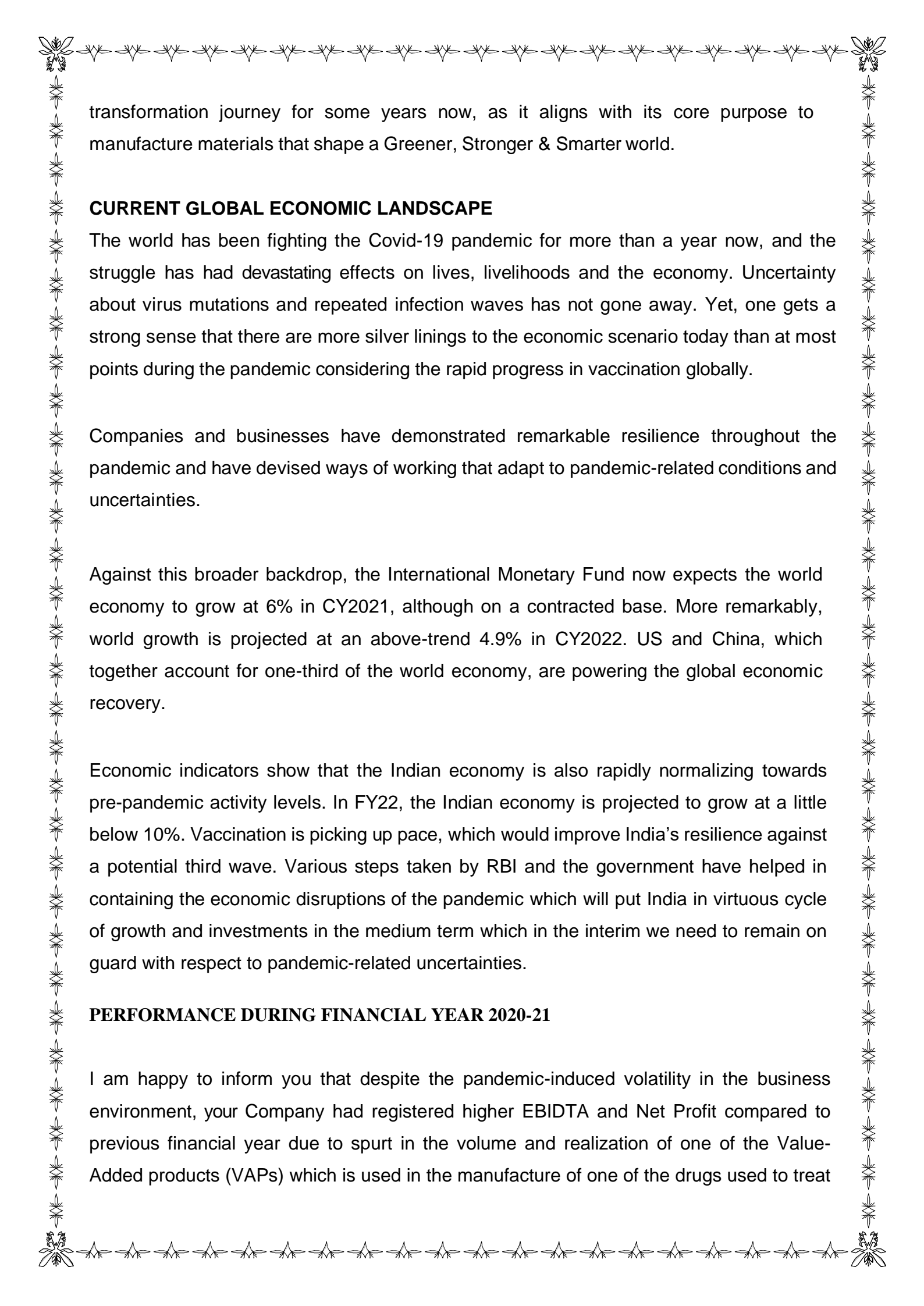
Last year when we met all of you virtually, it felt like a momentous point of departure. Today, when we are meeting again virtually, it feels like business as usual. This is emblematic of how rapidly, creatively, and effectively we have all adapted.

The past 18 months have been among the toughest periods for the industry testing the resilience of corporations and individuals. Through this unsettling period, it has been energizing to see how the ecosystem of the Company evolved and thrived. Your Company came together in new ways to foster the 3 key pillars of People, Planet and Prosperity.

Your Company joined the collective fight against COVID-19, working hard to augment critical healthcare facilities at our locations to ensure that our employees and their family members have access to necessary care. TANFAC team worked tirelessly and innovatively to seize the opportunity that arose, catering to the evolving market demands of one of its Specialty Fluorides in response to the crisis.

If the story of 2020 was about resilience, in 2021, the story is all about transformation. And one of the biggest levers for transformation is technology. Technology has been one of the greatest enablers of the pandemic era – connecting us to each other, helping us to work from anywhere, and keeping us safe.

In the fast-changing world that we live in, companies need to look beyond short-term goals to ensure sustainable growth. To do so, we must transform swiftly and strategically. I am happy to share that your Company has progressed well on the



transformation journey for some years now, as it aligns with its core purpose to manufacture materials that shape a Greener, Stronger & Smarter world.

CURRENT GLOBAL ECONOMIC LANDSCAPE

The world has been fighting the Covid-19 pandemic for more than a year now, and the struggle has had devastating effects on lives, livelihoods and the economy. Uncertainty about virus mutations and repeated infection waves has not gone away. Yet, one gets a strong sense that there are more silver linings to the economic scenario today than at most points during the pandemic considering the rapid progress in vaccination globally.

Companies and businesses have demonstrated remarkable resilience throughout the pandemic and have devised ways of working that adapt to pandemic-related conditions and uncertainties.

Against this broader backdrop, the International Monetary Fund now expects the world economy to grow at 6% in CY2021, although on a contracted base. More remarkably, world growth is projected at an above-trend 4.9% in CY2022. US and China, which together account for one-third of the world economy, are powering the global economic recovery.

Economic indicators show that the Indian economy is also rapidly normalizing towards pre-pandemic activity levels. In FY22, the Indian economy is projected to grow at a little below 10%. Vaccination is picking up pace, which would improve India's resilience against a potential third wave. Various steps taken by RBI and the government have helped in containing the economic disruptions of the pandemic which will put India in virtuous cycle of growth and investments in the medium term which in the interim we need to remain on guard with respect to pandemic-related uncertainties.

PERFORMANCE DURING FINANCIAL YEAR 2020-21

I am happy to inform you that despite the pandemic-induced volatility in the business environment, your Company had registered higher EBIDTA and Net Profit compared to previous financial year due to spurt in the volume and realization of one of the Value-Added products (VAPs) which is used in the manufacture of one of the drugs used to treat

severely affected covid patients besides other applications like Agro & Pharma. This was despite decrease in sales by 10% owing to sharp reduction in sale of HF and drop in sales price of Sulphuric Acid. Apart from VAP, in-house optimization of process through innovation and product / customer mix along also contributed to the higher EBIDTA. The Management Discussion and Analysis (MD&A) section of the Annual Report contains more detailed discussion on the performance Company during the year.

Your Company reported EBITDA of ₹ 34.1 crore compared to ₹ 27.1 crore during the previous financial year, an increase of 22% percent year-on- year. Total Comprehensive Income was ₹ 18.0 Crore compared to ₹ 17.3 Crore during the previous year, a 4% percent growth, year-on-year. Your Company continued to strengthen its balance sheet. It has turned into cash surplus after becoming debt free during last financial year.

Q1 FY'21 PERFORMANCE:

We started FY22 at much stronger note, despite the impact of the second wave cashing in on temporary tailwinds in the form of increase in realization of Sulphuric Acid due to temporary demand supply gap on account of reduced imports due to port congestions and increase in realization of its Value-added products (VAPs) due to Covid 2nd wave related demand. With the help of the above and other initiatives like optimization of HF plant process using the recently commissioned new Kiln and reduction in utility norms of other products, your Company reported its highest-ever quarterly EBITDA of ₹ 30 crore compared to ₹ 5 crore during the first quarter of previous year. While we expect that such short term spurt in Sulphuric Acid / VAPs realization is not likely to continue further at the same pace and likely be at normalized levels going forward, your company will continue to remain alert to any opportunities that may present itself in the coming months.

COVID-19 RESPONSE:

Your Company is fortifying efforts to protect employees and their families. Over 90% of our employees have been vaccinated with at least one dose.

FUTURE PROSPECTS:

Your Company has a well-calibrated strategy of customer orientation, cost optimization and product development. I am confident, your Company will continue emerge stronger and

continue its unrelenting pursuit of enhancing shareholder value, and growth in earnings and revenues.

INDUSTRIAL RELATIONS:

Your Company is its people, and your directors are proud of how our employees have shown their true mettle, rallying around, and displaying remarkable fortitude in highly challenging circumstances.

Employee relations continued to be cordial throughout the year. The whole-hearted support of employees during the lockdown due to COVID 19 pandemic and also in the implementation of cost saving initiatives, enthusiastic participation in group initiatives and competitions and the improvements in quality systems like ISO-9001-2015, ISO 14001-2015 & ISO 45001: 2018 amply demonstrate team work and a sense of belongingness with the organization. Your directors place on records the dedication and efforts put in by the employees in the pursuit of excellence through continuous improvements in all spheres.

ACKNOWLEDGEMENT:

On behalf of your Company's Board, your Directors would like to record their **deep appreciation** to the banks, stakeholders, business associates and the Central and State Governments. Their continuous support has been invaluable in extending your Company's business.

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

Cuddalore

28.09.2021

CHAIRMAN