



**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 Eighth 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 2021-22, has been with you for some time and with your permission I shall take them as read.

The turn of the decade 2020s felt like a moment of departure. Disruptions have now become normal. The COVID-19 pandemic made 2020 an unprecedented year. The global supply chain disruptions made 2021 feel unprecedented and now the Russia-Ukraine war and global stagflation are making 2022 feel unprecedented.

As disruptions become normal, businesses with resilience and agility are the ones that will emerge stronger and I am glad to mention that you can count your Company is one of them.

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 and poised for reaching further heights with the synergies of new joint promotor, M/s. Anupam Rasayan India Ltd, in place.

**GLOBAL ECONOMIC LANDSCAPE**

Global economies recovered from the pandemic shock in 2022 on the back of supportive fiscal and monetary policies and mass vaccination programs. However, in recent months, the war in Ukraine and looming fears of a global recession have forced The International Monetary Fund (IMF) to revise its projections and expects the world economy to grow at 3.2% in CY22, slowing further to 2.9% in CY23, 1.2 and 0.9 percentage points lower than its pre-war projections.

There are two major fallouts of the current global crisis - tightness in energy markets and concerns around the energy security of some regions which in turn have spurred a chain



reaction, fueling the existing inflationary impulses triggering the central banks to normalize monetary policy faster than anticipated, denting consumer confidence and dampening risk sentiment in the financial markets. Currency markets witnessed greater turbulence during recent days. The dollar has strengthened, while the euro and emerging economies have witnessed downward pressure on their currencies. Global supply chain disruptions due to pandemic-induced lockdowns have been replaced by new disruptions due to the Russia - Ukraine war.

Due to these global developments The Indian economy witnessed upward pressures on inflation, rate hikes by the RBI and a widening trade deficit. However, there are bright spots in India's overall economic narrative, bolstering our resilience through the broader global economic turmoil.

First, the economic recovery cycle in India remains firmly in place thanks to the significant progress on vaccination and the upswing in public capital expenditure.. Activity indicators are now well ahead of the pre-Covid levels, and most estimates peg India's likely economic growth during FY23 at 7%-plus.

Second, though the India's inflation rate has been above the RBI's tolerance range for some time, the overshoot is not as severe as in many other countries. Monetary and fiscal authorities have taken steps to dilute the inflationary pressures.

Third, even with a rising trade deficit, India's external indicators remain supported – with foreign exchange reserves equivalent to more than 9 months of imports despite some decline in recent months.

With these silver linings, India appears to be well placed to ride through an uncertain global economic environment.

#### **PERFORMANCE DURING FINANCIAL YEAR 2021-22**

I am happy to inform you that during 2021-22, your Company had registered its highest ever topline and bottom-line in its history, surpassing the previous best registered during the financial year 2018-19 on the back of strong performance of its Value-Added Products (VAP) and other key products Hydrofluoric Acid and Sulphuric Acid and significant improvements in its operation parameters like consumption norms through sustained innovation. The Management Discussion and Analysis (MD&A) section of the Annual

Report contains more detailed discussion on the performance Company during the year.

During the year, your Company reported EBITDA of ₹ 78.6 crores compared to ₹ 34.1 crores during the previous financial year, an increase of 130%. Total Comprehensive Income was ₹ 53.9 Crores compared to ₹ 18.0 Crores during the previous year. Your Company continued to strengthen its balance sheet, further adding to the cash surplus.

#### **DIVIDEND**

Your Directors recommend a final dividend of Rs. 5.5 per equity share of Rs. 10/- each (55%) for the year ended 31<sup>st</sup> March 2022. This is in addition to the interim dividend of Rs.3.5 per equity share of Rs.10/- each (35%) declared and paid during September 2021. This, in a way, also reflects your directors' confidence in your Company's performance, going forward.

#### **ACQUISITION OF ABG'S STAKE BY ANUPAM RASAYAN AND FUTURE PROSPECTS:**

As most of you may be aware, M/S Anupam Rasayan India Limited, one of the leading players in the Specialty Chemicals vertical have acquired the shares held by Aditya Birla Group and thereby became joint promotor of the Company. Anupam Rasayan is keen to co-lead the Company and committed to modernize the facilities, create new capacities and introduce the new molecules to capitalize the competency of Tanfac in tapping new opportunities and thereby enhance value of all our stakeholders.

#### **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 pandemic and also in the implementation of cost saving initiatives 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

26.09.2022

**CHAIRMAN**