Thirumalai Chemicals Ltd.

Thirumalai House, Plot No. 101-102, Road No. 29, Sion (East), Mumbai - 400 022

24th July 2018

Dear Members,

I welcome you to the 45th Annual General Meeting of the Company, and thank you for making the time and effort to join us.

I hope you have had an opportunity to go through the Annual Report.

In my message to you as shareholders and in your Director's Report, we adequately dealt with the economic situation as it affected your Company's operations during the year.

It was a good year, the best so far in our history; with record Profits and Cash Flow.

Your Directors, the Executive management and I believe that the future for the company is promising; and we are working hard towards it.

Many of the important initiatives started 6 years ago are now yielding fruits and the results & our performance are evidence of that.

Our Subsidiary in Malaysia, have completed their Revamp and Expansion projects and have started showing strong results.

The positive market conditions and our order books led us to defer the planned shut downs from last year to Q1 this year. This long shutdown was essential for major Maintenance and for the hook-ups in the ongoing Revamp at Ranipet complex. Similarly the subsidiary in Malaysia also had to take a shutdown. As a result, the Company lost a full month of production and sales, but it was unavoidable.

Consequently, Q1 was effectively only 2 months for us and therefore, the results may not be comparable with past quarters. However, we are putting in great efforts to make up the lost volumes.

The current economic scenario is confusing: Oil Prices are high, Government deficit is huge and the Rupee has dropped against the Dollar, Inflation and Interest rates are higher and there is a strong drive for protectionism worldwide.

High Oil Prices means higher Feedstock prices - but our Product Prices have also gone up in tandem; and we work hard to protect our margins. This is possible due to the positive demand for Phthalic Anhydride. The same applies to our Fine chemicals and the Maleic Anhydride produced by our subsidiary overseas.

Imports continue to be large, but we are able to compete effectively; our ongoing Projects and Revamp are aimed to make us stronger and more competitive. The Government has also been very supportive – with our efforts, the inverted duties were corrected.

Since the Company has low Debt and decent cash flows, we are not affected by rising interest rates.

While there will be many challenges, we are strong enough to compete; and as I said earlier, our growth plans will make us stronger.

Now I move on to the future: having consolidated, our focus now is on growth and value addition.

Our current and planned projects were driven by our decision to modernise and replace older Manufacturing facilities, and build capacity closer to the markets.

The ongoing Revamp at Ranipet will be completed by Q4 - This will result into excellent technology, lower Costs, and much better Productivity & Safety.

As you are aware we are creating new manufacturing facilities at Dahej in Gujarat and the first phase of the PA expansion will be on-stream next year. This will bring us very close to 80% of our customers and to a major Supplier. The Dahej location will lower costs, reduce Working Capital requirements and help serve customers faster - thus helping us gain market share. Both the Revamp and the Dahej expansion are funded from Internal Cash flows, as were earlier expansions in Food Ingredients and Derivatives completed during the year.

The Indian market is already large enough to absorb additional production from Dahej and can absorb further growth.

We have now well advanced on plans for a further expansion in Dahej, Gujarat as a second step, as this is a very excellent location for the domestic market and for Exports to the Middle East. With planned expansion of both PA and Derivatives, this Site will thus become the second manufacturing hub for us in India.

After extensive consultations and studies, we have identified Maleic Anhydride (MAN) & its derivatives and Food Ingredients, as important growth opportunities for the Company.

Our subsidiary in Malaysia is a strong player in MAn in India, ASEAN and the Middle East, but is limited by its current capacity even after the recent expansion, mainly because the market has grown faster.

Hence, our Malaysia Subsidiary has decided to invest in the next round of expansion which will take it to about 65,000 tons during the next 2 years.

Their Maleic Derivatives plant, a new product range for the Company, will be commissioned in Q3; and this will be a good value addition.

We plan to a very large extent - complete all expansions from respective internal cash flows which at the moment are robust.

In our Food Ingredients, we are among a select few globally; and have a strong position in India and in Europe.

We have been working on plans to build a manufacturing facility for these food ingredients in the US. This will be of fairly large capacity and will be based on competitive local feedstock. The technology will be our own. In later phases, we hope to make other MAn Derivatives there. The main markets for all these will be N America and Europe - the two biggest markets globally.

We are in an advanced stage of planning this but the final decision is still a few months away. We started market seeding and development 2 years ago, with good results.

So in summary, while the five years to 2017 was about Re-organisation and achieving sustained Profits & Cash flow, the focus in the next ten years will be Growth, Value addition and Market Position - without losing sight of good Profits and a robust Balance Sheet.

All this has been possible and will continue to be possible only because of the wonderful, dedicated people working in your company; and a Board that is very demanding and very supportive. We owe them our thanks.

During the year, two of our Independent Directors retired after serving 10 years – Mr.P.Shankar former Chief Secretary of Tamil Nadu and CVC of India; and Mr. Janakiraman, a professional from the Industry. They brought in great expertise, active oversight and were very helpful in the difficult times after 2008-09. We would like to express our gratitude to them.

Mr Arun Ramanathan, former Finance Secretary of India was elected to the Board in the AGM last year. We have this morning inducted Mr Rajeev Pandia as an additional Director effective from August 2018. Mr. Pandia has over 45 years of experience in the Chemical Industry and is a Director of our Subsidiary in Malaysia, where he has played a strong role in guiding the team.

I would now invite you to give us your thoughts and ask questions, and consider the resolution placed before you.

Jai Hind.