Thirumalai Chemicals Ltd
(AN ISO 9001 & ISO 14001 CERTIFIED COMPANY)

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44th ANNUAL GENERAL MEETING, 22nd July 2017

CHAIRMAN'S SPEECH

by Mr R Parthasarathy, Chairman , Thirumalai Chemicals Ltd.

Dear Members,

Welcome to the 44th Annual General Meeting of your Company.
And I welcome Members of the Press, Analysts and Guests,
I especially thank those of you who have travelled long in this weather, and from outside Mumbai to attend the meeting.

As you have seen from the results, the Company has done well.

The robust domestic economy has helped generate a sense of wellbeing in a large section of the population, which encourages spending.

If the Monsoon develops as predicted, it will be a good year for India.
Compared to the problems the world is going through in the Middle East, Latin America and Europe, and the political uncertainty in the US and the UK, India has again weathered the downturn well, as in 2008-10.

A cohesive government with a clear mandate for growth and change, a few serious attempts at badly needed Reforms, and the huge young and upwardly mobile population, have made us all more confident & more optimistic.

The GST rollout has been very smooth so far, in our company's initial experience.
When we grasp the enormity and diversity of our country and the mind-boggling complexity of our tax systems, it is remarkable.

It could have been a nightmare: It was so even in advanced economies when they went for this.

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I am optimistic that the responsiveness of the GOI, will help resolve any glitches in the next part of GST quickly.

The Director's Report has already talked about the Trade related issues that have affected our products and business.

As we reported, after 6 years of constant effort led by our company and others, the GOI has not only recognised the negative effects of Inverted Duties but has also started corrections in a small way.

In 2 budgets in the last 4 years the duty on our main Petrochem Feedstock has reduced from 5% to Zero.

But still far too late and far too little - our duty spread is still very low : Zero, as against a positive 6-12% in the many other countries.
And this is so, across the Petrochem & Chemical chain.

This continues to be a problem that prevents investments in India for the Indian Consumer, and has made many competitive & good companies sick.

My colleagues in Industry and I have constantly engaged with the government in dozens of meetings, conferences and presentations about the Tariff disincentives to make in India:

The fact is the huge growth in India is creating robust demand here: but these skewed duties push all the investments and jobs and the value addition for the Indian Market, to China, the Middle East, the Asean and the US: very little to India. It is worrying and very visible for 6-8 years now.

The poor investment in Chemical, Petrochemical and Fine Chemical Manufacturing, and the dismal job growth across all manufacturing, is proving the damage of these poorly thought out policies of FTAs and aggressive tariff liberalisation for which India was not ready, and is still not ready.

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Other nations are all protecting themselves, while they happily exploit our wide open and robust markets.
Luckily, the present Government has recognized this.

Within our company, while Market growth for our main Commodity PA was still slow, we have managed to work more efficiently and our efforts at improving management and execution have shown good results, reached maturity.
Similarly, we have improved volumes and margins in our value added products.
Here, I must specifically mention our senior managers, who have with extraordinary leadership, competence and hard work over the last 4-5 years made us stronger, made this happen. It has not been easy, but the results are clear and the process has enthused all of us.

Now we are building on these strengths: our People, our Cash Flows and Balance Sheet.

As we mentioned last year, we have started on the next transition: Growth.

Most of our manufacturing plants are getting fully refurbished, debottlenecked;
In Fine - Chemicals we are expanding with new capacity, which will enable us to expand our footprint globally and in India.
We will attempt to do all these from free cash flows.

Early results from this programme of improvement and growth have started coming in.

The results for Q1 are in your hand - An excellent performance so far, aided by favourable conditions.
Please do not just multiply this by four and make judgements. Our commodity business is volatile and things change constantly. The positive now is that our internal strengths will help us handle these better than in the past.

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I must mention the other key factor for improved performance - your Directors; They are deeply involved in every aspect of policy and driving execution: in mentoring the management team, in monitoring performance and in corrections.

They give your Company a tremendous advantage. As shareholders, you and I are fortunate that we have them driving performance and growth.

The subsidiary in Malaysia has started operating at better levels and is expected to deliver decent results for the whole year. They continue to have good cash flows. The pains of the expansion within the working plant are largely past though there is still some work to do.
They are moving ahead with 2 new projects: a Food Ingredient and a Derivatives project, which will help add revenues and value. These will also assist the consolidated company to reach new export markets from the best manufacturing location.

There are a few resolutions, including Dividend, re-election of Directors and other matters, which we have placed before you. I invite your consideration to these.

I now request shareholders to come forward with your questions. To ensure everybody who wishes to gets an opportunity, kindly be brief and please do not repeat questions that are covered by others.

Thank you.
Jai Hind.