

## Minutes of the Annual General Meeting of Shareholders no. 18/2010 of Thai Rayon Public Company Limited

- Date of the Meeting:** Friday, 28<sup>th</sup> January 2011
- Venue of the Meeting:** The Star 29 Room, 29<sup>th</sup> Floor, Plaza Athenee Bangkok, A Royal Meridien Hotel, 61 Wireless Road, Lumpini, Pathumwan, Bangkok 10330
- Chairman:** Mr. Vinai Sachdev – Independent Director / Member of Audit Committee
- Secretary to the Meeting:** Mrs. Suwanna Chalermwat, Company Secretary
- The Meeting started:** 15.00 hrs.
- Attendants:** At the commencement of the Meeting, there were 53 shareholders attending in person and 25 shareholders attending by proxy, totaling 78 shareholders representing 128,630,422 shares equivalent to 63.80% of the issued and paid-up capital. Additional shareholders representing 1,891,702 shares attended after the commencement of meeting. Thus the total numbers of shareholders attending in person were 61 shareholders and attending by proxy were 28 shareholders, totaling 89 representing 130,522,124 shares equivalent to 64.74% of issued and paid up capital of the Company.

The quorum was, then, constituted in accordance with the law and Clause 34 of the Articles of Association of the Company.

The Secretary to the Meeting welcomed all shareholders. Mrs. Rachani Kajiji, a Director of the Company proposed the name of Mr. Vinai Sachdev as the Chairman of the Meeting.

The Chairman convened the Meeting, welcomed the shareholders and introduced the directors to the Meeting as follows:

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|------------------------|--|
| 1. Mr. Vinai Sachdev   | Independent Director / Member of Audit Committee |
| 2. Mrs. Rachani Kajiji | Director   |
| 3. Mr. Pooranmal Bajaj | Director   |

The Chairman then introduced Mr. H.K. Agarwal as Group Executive President of the Company and requested Mr. H.K. Agarwal to introduce management team to the Meeting as follows:

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|------------------------------------|--|
| 1. Mr. Vijesh Kapoor               | Joint President                                  |
| 2. Mr. Prasan Kumar Sipani         | Joint President (Finance & Commercial)           |
| 3. Mr. Narendra Kumar Jain         | Senior Vice President (Production)               |
| 4. Mr. Ram Gopal Agrawal           | Vice President ( Process & Development)          |
| 5. Mr. Sanjeev Kumar Kaul          | Vice President (Engineering)                     |
| 6. Mr. Pramote Pattanamongkol      | Assistant Vice President (HR & Adm.)             |
| 7. Mr. Pramod Khandelwal           | General Manager (Finance & Commercial)           |
| 8. Mr. Deepak Khandelwal           | Assistant General Manager (Commercial)           |
| 9. Mr. Kumaresh Malli Vivekanandan | Assistant General Manager (Marketing) - Domestic |
| 10. Mrs. Suwanna Chalermwat        | Company Secretary                                |

The Chairman introduced Mr. Narong Puntawong, Auditor from Ernst & Young Office Limited, who attended the meeting to provide any clarifications on financial statements and introduced Ms. Nutteema Pongprasert, legal advisor from Thai Audit TheTruth Co.,Ltd. also attended the meeting as observer.

Before starting discussions on agenda, the Secretary to the Meeting informed the rules for conducting shareholders meeting and the procedure of voting counting for each agenda. In the event of vote casting being called and none of the shareholders voting for "Disapprove or Abstain", those agendas will be mutatis mutandis taken as approved by the shareholders.

If any shareholder is voting against the agenda, the procedures for counting the votes shall be as under:

- Prior to the voting of any agenda, the Chairman will invite shareholders to ask questions.
- The Chairman will inform the Meeting that the voting of each agenda shall be made openly.
- A shareholder may cast a vote for "Disapprove or Abstain" on each agenda on voting cards received when registered. The voting is counted as one share one vote.
- If there are shareholders who "Disapprove or Abstain" with any agenda, to raise their hands and the Company's staff would collect the voting cards filled in for the vote counting.
- The Chairman will announce the scores of the votes by specifying the number of votes, which are in favor of "Disapprove or Abstain".
- If the shareholder or proxy proposes to give any suggestion or ask question, then they can raise hands and inform the meeting their name or proxy name and then give their suggestions or ask the questions.

After shareholders acknowledged and approved the procedure of vote casting, vote counting and announcement of vote result as described above, the Chairman commenced the Meeting and conducted the following business agenda.

#### **Agenda 1 To approve the Minutes of Annual General Meeting No.17/2009 held on 28<sup>th</sup> January 2010**

The Chairman requested the Meeting to approve the minutes of the Annual General Meeting of Shareholders no.17/2009 held on 28<sup>th</sup> January 2010 as presented on pages 8-19 of the notice of the meeting which had been sent to the shareholders together with the notice of this meeting as per the Enclosure No. 1.

The Chairman invited shareholders to ask questions or voice their observations. Shareholders raised some suggestions which were summarized as follows:

1. A shareholder suggested that the minutes of Annual General Meeting should be more elaborative.
2. A couple of shareholders suggested that the names of shareholders raising an issue in the meeting should be mentioned in the minutes of Annual General Meeting unless a shareholder decides other-wise.

The Chairman invited the shareholders to ask questions or raise their observations. No question being raised.

The Chairman, then, requested the Meeting to approve the Minutes of Annual General Meeting of Shareholders no. 17/2009 held on 28<sup>th</sup> January 2010.

After due consideration, the Meeting passed a resolution to approve the Minutes of the Annual General Meeting of Shareholders no.17/2009 held on 28<sup>th</sup> January 2010.

#### **Agenda 2 To acknowledge the performance of the Company for the year ended 30<sup>th</sup> September 2010**

The Chairman informed the Meeting that the performance of the Company for the year ended 30<sup>th</sup> September 2010 had appeared in the section "Directors' Report to the Shareholders" on page 6 and other sections in the Annual report which had been sent to the shareholders together with the notice of this meeting as per the Enclosure No.2.

The Chairman invited Mr. H.K. Agarwal to explain the performance and financial highlights of the Company for the year ended 30<sup>th</sup> September 2010 to the Meeting.

Mr. H.K. Agarwal explained to the Meeting on the overall performance and summarized financial highlights for the year 2010 as follows:

Summary of the operational performance for the year 2010

1. VSF production was higher by 41% to 128,897 tons, compared to last year 91,311 tons. Sodium Sulphate production was increased by 47% to 102,124 tons, compared to last year 69,676 tons.
2. Total sales volume was higher by 39% and sales realization increased by 20% in comparison to last year. Total sales revenue was Baht 10,328 Million against previous year's revenue of Baht 6,214 Million, an increase of 66% from last year. Due to recovery in world economy in general and textile industry in particular, export sales recorded growth of 61% in volume.
3. Share of income from investments accounted under equity method stood at Baht 930 Million compared to loss of Baht 56 Million last year due to increase in profits of the associated companies mainly on account of global economic recovery.
4. The overall net profit increased to Baht 3,041 Million as against Baht 463 Million recorded in previous year. Net profit was higher mainly due to higher sales volume and realization and increase in share of profit from investments accounted under equity method.
5. The Company's net profit from operations increased to Baht 2,231 Million, compare to last year Baht 554 Million.
6. Cash and cash equivalents increased by 132% or Baht 1,500 Million mainly due to higher profits.
7. Inventories increased by 91% or Baht 816 Million mainly due to increase in finished goods and raw material stocks following higher production and input costs.
8. Corporate income tax payable increased by 100% or Baht 156 Million due to higher profits and higher taxable profits on expiry of one of the BOI promoted certificates.
9. Retained earnings from un-appropriated increased by 23% or Baht 2,840 Million due to increase in profits for the year.
10. Shareholders' equity for the year 2010 amounted to Baht 18,070 Million, an increase by 18% or Baht 2,749 Million compared to last year. This was due to addition of profits for the year 2010.

Major Changes and Developments

1. The Company has been successful in establishing the new generation "Birla Modal" fibre in major export markets for premium applications. Production of modal fiber has almost doubled during this year compared to last year. Further efforts are on to increase productivity and increase revenues over long term.
2. The Company plans to optimize productivity and increase sales of special quality products (micro denier and higher tenacity)
3. The Company would continue its efforts to increase pulp supplies in future.
4. The Company would continue to focus on safety, health, environment and CSR activities.

The Chairman invited shareholders to ask questions or voice their observations. No questions being raised.

The Chairman, then, requested the Meeting to acknowledge the performance of the Company for the year ended 30<sup>th</sup> September 2010.

After due consideration, the Meeting passed a resolution to acknowledge performance of the Company for the year ended 30<sup>th</sup> September 2010.

**Agenda 3 To approve the audited balance sheet as on 30<sup>th</sup> September 2010 and the statement of income for the year ended 30<sup>th</sup> September 2010**

The Chairman informed the Meeting that the Company had prepared the balance sheet as on 30<sup>th</sup> September 2010 and the statement of income for the year ended 30<sup>th</sup> September 2010 on pages 78-131, which the Board and the Audit Committee have considered to be prepared as the general accounting principles. The Audit Committee had reported on this matter in "Report of the Audit Committee" on page 68 in the Annual report which had been sent to the shareholders together with the notice of this meeting as per the Enclosure No.2. The details had been explained in agenda 2.

The Chairman invited shareholders to ask questions or voice their observations. No question being raised.

The Chairman, then, requested the Meeting to approve the audited balance sheet as on 30<sup>th</sup> September 2010 and the statement of income for the year ended 30<sup>th</sup> September 2010.

After due consideration, the Meeting passed a resolution to approve the balance sheet as on 30<sup>th</sup> September 2010 and the statement of income for the year ended 30<sup>th</sup> September 2010.

**Agenda 4 To consider and approve the dividend payment**

The Chairman informed the Meeting that the Company's dividend payment policy is to pay dividend in accordance with cash profit generated after considering appropriately the requirement of funds for future business plan.

This year, the Company recorded net profit of Baht 3,041 Million compared to Baht 463 Million last year. The Board has recommended to pay a dividend Baht 1.75 per share for the year 2010, amounting to Baht 352.80 Million. This dividend amount is fully exempted from corporate income tax under BOI's promotion certificate no. 1752(2)/2550 dated 2<sup>nd</sup> August 2007. The dividend amounting to Baht 352.80 Million will be paid on 23<sup>rd</sup> February 2011.

The Chairman invited the shareholders to ask questions or raise their observations. Shareholders raised some issues which were summarized as follows:

1. Mr. Suebsak Pipobmongkol, a shareholder, mentioned that the dividend of Baht 1.75 per share is on very lower side considering to the increase in net profit of this year compared to last year.
2. Mr. Nakorn Phraprasert, a shareholder, mentioned that:
  - 2.1 The Company should fix the dividend payment policy for better clarity and understanding of shareholders. Some suggested, the Company to review the present policy of dividend payment which is not clear to many shareholders.
  - 2.2 A higher EPS of 15.09 Baht compared to last year's 2.29 Baht is not suitably reflected in dividend payment of this year.
3. A shareholder suggested that the dividend should be linked to percentage of net profit.
4. A shareholder suggested that the dividend should be paid in proportion to net margin which is high for this year.
  - Mr. H.K. Agarwal, Group Executive President, explained about dividend payment and reasons of carrying higher liquid funds as under:
    - The Company is looking for further investment in securing pulp supply which is critical for the Company's growth plans.
    - The Company is expected to further invest in Birla Lao Pulp & Plantations Co.,Ltd. for securing a long term supply of pulp in view of high volatility in pulp prices and scarcity in its availability. The project size is expected to be around USD 400 - 500 Million.

- The Company may have to invest further in Birla Jingwei Fibers Co.,Ltd.
  - The Company is looking for further expansion within Thailand.
  - Business volatility and expected competition from China due to sharp jump in capacity of viscose fiber over there warrants company to preserve cash.
5. Mr. Sakchai Sakulrimontri, a shareholder, expressed concern on return on overseas investment made so far by the Company and lower dividend by few of these associated companies.
- Chairman explained that associated companies will declare dividends based on their profits and assured that these investments are made for getting long term benefits to the Company.
6. Mr. Siroj Sangtewaporn, a shareholder, suggested that the Company should have 100% shareholding in Birla Loa Pulp & Plantations Co.,Ltd. and Birla Jingwei Fibres Co.,Ltd. should looking to the strategic importance of these investments.
- Mr. H.K. Agarwal explained that looking to size of investment, risk appetite and regulatory requirements of the Laos and China it is advisable not to have 100% shareholding in these companies and informed the shareholder that it did not see any issue related to transfer pricing and conflict of interest in doing business with associated companies.

The Chairman invited the shareholders to ask questions and voice their additional observations. No questions being raised.

The Chairman, then, requested the Meeting to approve the dividend payment for the year 2010.

After due consideration, the Meeting passed a resolution to approve the dividend payment of Baht 1.75 per share for the year 2010, amounting to Baht 352.8 Million. The dividend payment is fully exempted from corporate income tax under BOI's promotion certificate no. 1752(2)/2550 dated 2<sup>nd</sup> August 2007. The dividend amounting to Baht 352.80 Million will be paid on 23<sup>rd</sup> February 2011 and further approved Mr. H.K. Agarwal, Group Executive President of the Company, as authorized person to take all necessary steps to arrange the dividend payment by the majority voting as follows:

Approved	129,802,224	votes, equivalent to	99.449%
Disapproved	715,600	votes, equivalent to	0.548%
Abstained	4,300	votes, equivalent to	0.003%

of the total votes of shareholders attending the Meeting and entitled to vote.

#### **Agenda 5 To consider and approve the appointment of directors in place of those who retire by rotation**

The Chairman informed the Meeting that in accordance with Clause 13 of the Company's Articles of Association, "At every annual general meeting, one-third of the number of the Directors shall vacate the office. If the number is not a multiple of three, then the number nearest to one-third must retire from the office. A retiring director is eligible for re-election."

This year, there were three (3) directors who had to retire by rotation namely, (1) Mr. Kumar Mangalam Birla - Director (2) Mrs. Rajashree Birla - Director and (3) Mrs. Rachani Kajiji - Director and were proposed by the Board of Director to be the directors for another term and the Board agreed with the proposal. Considering the knowledge and experiences of directors. The criteria and process for nomination of director had been disclosed as per the Enclosure no. 6 and the profiles of the directors who retire by rotation had been disclosed as per the Enclosure no.3.

The Chairman invited shareholders to ask questions or voice their observations. Some shareholders raised issues which were summarized as follows:

1. Mr. Nakorn Phrprasert, a shareholder, inquired the reason behind not attending of any Board Meeting by Mr. Kumar Mangalam Birla and Mrs. Rajashree Birla.
  - Chairman explained that due to their busy schedule they could not attend the board meeting however they are consulted on major issues through mail/telecom and video conferences.
2. Mr. Nakorn Phrprasert, a shareholder, suggested that amount of meeting allowances paid to directors and per attending should be mentioned in the notice of AGM.
  - Chairman promised to implement from next year onwards.
3. Mr. Sakchai Sakulrimontri, a shareholder, inquired about higher amount of Baht 6.39 Million compared to last year Baht 4.60 Million.
  - Chairman explained that this was mainly due to reimbursement of higher medical expenses paid to one of the director which is reasonable looking to his experience and length of association with the Company.

The Chairman invited the shareholders to ask questions or raise their observations. No question being raised.

The Chairman, then, requested the Meeting to approve the appointment of each director.

After due consideration, the Meeting then passed a resolution to approve re-election of the three retiring directors to be director for another term by the majority voting as follows:

1. Mr. Kumar Mangalam Birla                      Director  
Approved                      127,038,724 votes, equivalent to                      97.331%  
Disapproved                      3,480,600 votes, equivalent to                      2.667%  
Abstained                      2,800 votes, equivalent to                      0.002%  
of the total votes of shareholders attending the Meeting and entitled to vote.
2. Mrs. Rajashree Birla                      Director  
Approved                      127,038,724 votes, equivalent to                      97.331%  
Disapproved                      3,480,600 votes, equivalent to                      2.667%  
Abstained                      2,800 votes, equivalent to                      0.002%  
of the total votes of shareholders attending the Meeting and entitled to vote.
3. Mrs. Rachani Kajiji                      Director  
Approved                      127,076,124 votes, equivalent to                      97.360%  
Disapproved                      3,443,200 votes, equivalent to                      2.638%  
Abstained                      2,800 votes, equivalent to                      0.002%  
of the total votes of shareholders attending the Meeting and entitled to vote.

#### **Agenda 6 To appoint the Company's auditors and fix their remuneration**

The Chairman informed the Meeting that in accordance with Clause 36 of the Company's Articles of Association, an annual general meeting shall appoint the Company's auditor and fix their remuneration.

The Board proposed the Meeting to appoint the auditors for the year ended 30<sup>th</sup> September 2011 namely, (1) Mr. Narong Puntawong, CPA No. 3315 who had signed the Company's financial statements for 4 years starting from year 2007 and/or (2) Ms. Thipawan Nananuwat, CPA No. 3459 and/or (3) Ms. Siraporn Ouaanunkun, CPA No. 3844, from Ernst & Young Office Limited to be the Company's auditor for the year ended 30<sup>th</sup> September 2011 as recommended by the Audit Committee and the Board considering their requisite qualification as auditor. The Board also proposed the Meeting to approve the remuneration of the auditor for the year 2011 at Baht 1,050,000.- (2010: Baht 1,050,000.-), excluding out of pocket expenses.

The auditors named above have no relationship or conflict of interest with the Company, management, major shareholders or other related persons. Therefore, all proposed auditors are independent to audit and express their opinions on Financial Statement of the Company.

The Chairman invited shareholders to ask questions or voice their observations. No question being raised.

The Chairman, then, requested the Meeting to approve the appointment of the Company's auditors and fix their remuneration for the year ended 30<sup>th</sup> September 2011.

After due consideration, the Meeting passed a resolution to approve the appointment of the Company's auditors for the year ended 30<sup>th</sup> September 2011 namely, (1) Mr. Narong Puntawong, CPA No. 3315 or (2) Ms. Thipawan Nananuwat, CPA No. 3459 or (3) Ms. Siraporn Ouaanunkun, CPA No. 3844, from Ernst & Young Office Limited to be the Company's auditor for the year ended 30 September 2010 and also approved their remuneration for the year 2011 at Baht 1,050,000.

#### **Agenda 7 Other business (if any)**

The Chairman advised that this agenda was provided for shareholders to ask questions and/or for directors to clarify any queries of the shareholders (if any). No matters would be proposed for consideration and approval; therefore, no voting would be made.

The Chairman invited shareholders to ask questions. There were some shareholders who asked questions and gave their suggestions, which are summarized as follows:

1. Mr. Nakorn Phraprasert, a shareholder, suggested that the Company should give detailed reasoning on its future investment/expansion plan to justify lower dividend in spite of carrying high liquid balances instead of taking a general view on its future business plans.
2. Mr. Ekaphong Rassamintrathip, a shareholder, suggested as follows:
  - 2.1 The Company should take loan for future expansion plan in view of a very healthy debt to equity ratio.
  - 2.2 The Company should take more efforts to increase its visibility amongst investors through participating/attending conferences and seminars conducted by the Stock Exchange of Thailand and/or any other institutions related to capital market. The Company should also try to participate on various categories of awards like SET Award, Export Awards, etc. to increase its visibility. These measures should help in increasing the liquidity of shares and market capitalization as per the shareholder.
    - Mr. H.K. Agarwal explained that the Company will look for higher dividends if there is a change in future business plan. The Company also assured shareholders that it is fully committed to ensure in enhancing long term interest of the Company and its stakeholders.

The Chairman informed the Meeting that the minutes of the Annual General Meeting of Shareholders No.18/2010 will be submitted to the SET and would also be posted on the Company's website within 11<sup>th</sup> February 2011. The shareholders could visit our website at [www.thairayon.com](http://www.thairayon.com).

The Secretary to the Meeting informed that the date of the plant visit for shareholders is tentatively fixed on 26<sup>th</sup> March 2011 whose name appeared in the registration book as on book closing date.

The Chairman declared that the Meeting considered all agenda of the Meeting and paid gratitude to all Shareholders and informed the Shareholders that the Board of Directors, Executives and Employees of the Company would perform their duties and responsibilities at their best for the benefit to all shareholders and for the Company's growth.

The Chairman asked whether there was any question to be raised, but no shareholder raised any issue.

Thus, the Chairman declared the meeting adjourned.

The Meeting was adjourned at 17.30 hrs.

Signed.....Chairman of the Meeting  
(Vinai Sachdev)  
Independent Director / Member of Audit Committee