

CHAIRMAN'S ADDRESS AT THE 34TH ANNUAL GENERAL MEETING OF POCL ENTERPRISES LIMITED

Ladies and Gentlemen,

Good Evening!

It gives me a great pleasure to welcome you to the 34th Annual General Meeting of POCL Enterprises Limited. On behalf of POEL Board of Directors, I thank you all for your kind presence today. Like the previous two years, this AGM too is being hosted on a digital platform. While the digital mode is a new normal, but I do miss the personal interactions with our shareholders.

Before I commence my remarks, this year I miss my colleague and guide on the Board Mr. D P Venkataraman. His unexpected passing away on December 22, 2021 was a shock to our Board. He has been the Independent Director of the Company since 2014. He has guided the Board and the Company during our tough times. He had been a great asset to our Board. His passing away will be an irreparable loss to the Company.

Now to begin with, let me give you a brief overview of Global and Indian economy.

Global & Indian Economic Scenario

The financial year 21-22 started with the virulent Wave 2 of the Covid-19 pandemic in the first quarter of the financial year. The year closed with optimism of a post Covid 19 pandemic recovery but the shock waves from the war in Ukraine and retaliatory economic sanctions on Russia have jolted the global economy and led to a costly humanitarian crisis. Economic damage from the conflict has contributed to a significant slowdown in global growth in 2022 and triggered inflation across the globe, which is expected to remain elevated for some time to come.

Global growth is projected to slow down from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. Many economies have experienced a sharp surge in inflation recently, particularly in food and fuel prices, taking their inflation rates to multi-decade highs. Central banks have been forced to respond to surging prices with aggressive rate hikes.

Coming now to the Indian economy, the economy has grown by 8.7% in FY22 surpassing pre-pandemic levels on the back of strong recovery in farm, mining, manufacturing and agriculture. Economic activities increased at a faster pace amidst rise in consumer and business confidence, low interest rates and higher capital expenditure by Government. High frequency economy indicators such as power consumption, railway freight, GST collections, e-way bills, etc., signalled widespread economic recovery. However, growth momentum is likely to be moderate going forward due to ongoing supply chain issues and the expected adverse impact of rise in commodity prices fuelled by geopolitical tensions. According to IMF, the Indian economy is expected to grow by 8.2% in FY23.

The Indian Rupee reached an all-time-low and extended its fall past ₹80 to the US dollar, tracking the strength of the US economy and persistent foreign fund outflows. The Reserve Bank of India raised overseas borrowing limits for companies and liberalised norms for foreign investments in government bonds, as part of a slew of measures to curb the fall of the rupee.

On the emerging market front, the faster US rate hike, substantial FII outflows, higher commodity prices, and overshooting inflation have urged central bankers to go for rate hikes and potentially compromise economic growth. RBI has increased the policy rates continuously and in view of the expected continued inflationary pressures, markets seem to expect further rate hikes taking the Repo rates, to above pre-Covid levels.

Even as the global headwinds are being felt, India's growth recovery is progressing well. India, therefore, is poised to be the fastest-growing major economy in the world and an engine of global growth.

Let me now turn your attention to the performance of your Company for FY 2021-2022.

Performance for FY 2021–2022:

Financial year 2021-2022 started with partial lockdowns to control the spread of the Covid-19 pandemic in first quarter. Thereafter, operations of manufacturing plants started by following the COVID-19 Guidelines issued by the Government authorities and local administration from time to time.

In spite of the subdued performance during 1st Quarter because of resurgence of COVID-19, the Financial Year 2021-22 saw a good recovery in demand which enabled the Company to achieve a turnover of Rs.497 Crores whereas that of the previous year stood at Rs.318 Crores showing a growth rate of almost 56% in revenue.

The EBIDTA for the year stood at Rs.11.68 Crores whereas that of the previous year it was Rs.9.03 Crores showing an uptrend of almost 30%.

The extreme surge in key raw materials and consumables affected the margins of the Company to a great extent. The increase in prices of the commodities and consumables increased the cost of production significantly which could not be passed on to the buyers. However, we managed to close the year with profit after tax of Rs. 337 Lakhs against Rs. 145 Lakhs in the previous year.

And that's not all. One more kudo is in order. That has to do with our Company's outstanding export performance. This is not new but FY2022 was special. For the first time, we have achieved an export sale of Rs. 200 Crore and including SEZ sales, the total foreign exchange earnings is Rs. 212 Crore.

During the year, your Company was also awarded as the Star Performer in Non-Ferrous Metals for outstanding export performance for the year 2018-19 in Medium Enterprise Category by EEPC INDIA.

Outlook and Moving Forward

And now, let me also talk about our plans ahead.

We started FY23 on a very strong note, with record EBITDA generation during the first quarter of this fiscal year. We have already achieved sales of Rs. 157 Crore with profitability of Rs. 306 Lakhs which is almost the full year profits of 2021-22. The profitability and growth forecast was well appreciated by the market taking the POEL shares to record high.

Let me also assure you that we are concentrating on improving the margins of our segments. Our capacity addition in Lead division has given us the desired results and we managed to increase our customer base and increase the top line for the Company. As we move forward, we are looking to increase our sales in Metallic Oxides and Metal segments. Non lead stabilisers full phase launch is slightly delayed, but we are confident that the NGT order will soon commercialize the unit and place itself in a better position. In spite of positives, the hike in policy rates, increase in global commodity prices, high freight costs due to supply chain issues could act as major headwinds for the Company. Nonetheless, we are equipped with these challenges and are optimistic on future prospects and remain confident of improved performance going forward due to resilient demand environment in our end user industries.

Note of Appreciation

Towards the end, I take this opportunity to really commend the dedication and zeal of all our employees who strived through a difficult period and ensured that as an organization we surmounted all the challenges and continued to take our organization forward. I would also like to thank all my colleagues on the Board for their continued support in all our endeavours. Finally, I thank all our shareholders for their persistent trust and confidence. We look forward to your continued support in the years ahead.

Thank You.

Harish Kumar Lohia
Chairman