



# POEL POCL ENTERPRISES LIMITED

Ref: POEL/SKK/BSE/2019 - 20/21  
SEPTEMBER 12, 2019

BSE LIMITED  
PHIROZE JEEJEEBHOY TOWERS  
DALAL STREET  
MUMBAI- 400001

DEAR SIR,

**Sub : Completion of Annual General Meeting and Chairman's Speech**  
**Ref : 539195**

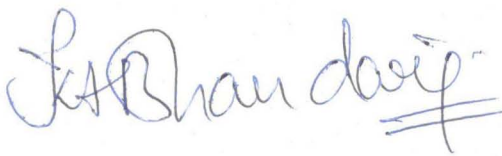
The 31st Annual General Meeting of POCL Enterprises Limited was held on September 11, 2019 at 10:30 A.M. at Kasturi Srinivasan Hall (Mini Hall), 'The Music Academy', No. 168, T.T.K. Road, Royapettah, Chennai - 600 014.

We enclose herewith the Chairman's Address to the shareholders at the 31st Annual General Meeting of the Company.

This is for your information and record.

Thanking You,

Yours faithfully,  
For **POCL ENTERPRISES LIMITED**





**AASHISH KUMAR K JAIN**  
**COMPANY SECRETARY & FINANCE HEAD**



New No.4, Old No.319, Valluvarkottam High Road, Nungambakkam, Chennai - 600 034. India.  
Ph.: +91-44-4914 5454, 2825 1418 Fax : +91- 44- 4914 5455 E-mail : info@poel.in website : www.poel.in  
CIN : L52599TN1988PLC015731



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**CHAIRMAN'S ADDRESS AT THE 31<sup>ST</sup> ANNUAL GENERAL MEETING OF  
POCL ENTERPRISES LIMITED**

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My Dear Shareholders, Ladies & Gentlemen,

It is with great pleasure that I warmly welcome you all to the 31<sup>st</sup> Annual General Meeting of POCL Enterprises Limited and thank you very much for your presence here today. I look forward to your views and suggestions which we value greatly and deeply appreciate your continued support to help us meet your expectations from your investment in the Company. Our greetings and gratitude also to our Customers, other stakeholders and well-wishers.

**GLOBAL AND INDIAN ECONOMIC OVERVIEW**

Now, with your permission, I would like to dwell on the developments in Global and Indian economy.

2018 started on an optimistic note with global growth expectations pegged at 3.9%, driven by strong economic activity and policy-level interventions. In the first half of the year, economic growth remained robust backed by the US fiscal stimulus plan rolled out in December 2017 and the resilient emerging markets. A steady global oil consumption and rally in oil prices also supported the growth. However, in the second half of 2018, fears of trade wars among major economies, especially between US and China, weighed on the growth momentum significantly. In addition to trade wars,



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geopolitical tensions across regions also created headwinds. The world economy grew at 3.6% in 2018. The International Monetary Fund (IMF) expects the global economic growth to further slow down to 3.3% in 2019.

Against the Global economy, the Indian economy started the fiscal year 2018-19 with a healthy 8% growth in the June 2018 quarter, however India's real gross domestic product growth dropped to a five-year low of 7% in 2018-2019. The slowdown in the Indian economy emanated from sectors like housing, agriculture, auto, manufacturing and trade.

Crude prices saw a significant uptrend in the first half of the year, rising by more than 40% before retracing back during the second half. The Indian currency saw a significant depreciation, marking to a low of INR 74.30 per USD before recovering. The last month of Financial Year 2018-19 saw the Rupee recover sharply to 68-69 per USD on the back of renewed portfolio inflows.

During the year, the financial services industry went through a turbulent phase. NBFC's in particular, experienced a liquidity crisis owing to asset-liability issues, the fallout of which was evident in pessimistic investor sentiment and an overall constrained access to capital.



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The liquidity tightness prompted the RBI to cut the repo rate by 25 bps to 6%, making India the only economy in Asia to have had implemented two consecutive policy rate cuts. The combined 50 bps cut and further cut of 60 bps in the current year reflects the RBI's intent of infusing liquidity to kick-start the economy, which is experiencing a soft patch.

With the general election overhang now behind us and a stable government elected at the Centre, any uncertainty around policy continuity or visibility has subsided.

Going forward, the Indian economy is expected to contribute 13.7% to total world economic growth, which is higher than that of several developed countries. According to the IMF, India is expected to grow at 7.3% in 2019 and 7.5% in 2020, driven by a continued recovery in investment and robust consumption.

Now, let me turn my attention on the outlook of the industries in which the Company operates.

**INDUSTRY OUTLOOK:**

**Lead**

Lead is the only metal in the world, which can be recycled number of times without diminishing its characteristics. The main use for Lead is in Lead Acid Batteries, mainly serving the automotive and telecom sector.



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India consumes around 1.1 million tonnes of lead annually including primary and secondary lead. Demand for lead is expected to increase by 2% this year primarily due to growth in Asia and China. Further, Industrial UPS/ inverter batteries used in homes, telecom towers and railways will keep the demand of lead going in the near future.

Over the long term, a shift towards electric vehicles is likely to depress demand for lead. Governments worldwide have increasingly focused on promoting Electric Vehicles (EV's) and EVs still use Lead Batteries. The key difference is that EVs use smaller Lead Batteries than regular Internal Combustion Engine (ICE) vehicles. Thus, Lead consumption for batteries is reduced, but not fully substantiated by EV.

## **Zinc**

Zinc is a widely used metal particularly in the automobile and galvanizing industry. Zinc market fundamentals remain robust with global zinc consumption expected to grow by 1.5% in 2019. Primary zinc consumption in India has been steady for the last two years and we may see a rise in consumption of 3-4% going forward. The Government's plan to spend US\$1.5 trillion on infrastructure over the next decade, in the form of new and upgraded railway stations, new airports, road projects, smart cities, electrification projects, renewable energy installations and investment in transmission corridors, will provide a long-term boost to Indian zinc demand.



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### **PVC Stabilizers**

PVC Stabilizers is the most promising segment of the Company. PVC is widely used for manufacturing pipes, windows and doors, foamed sheets, and in electrical cable insulation. Global PVC market grows at 3 – 4%, while Indian PVC market is expected to grow at a faster rate.

The Indian Government has introduced a separate ministry for water resources (Jal Shakti), whose focus is to deliver piped water supply to every household across the country. This move has been welcomed by the pipe manufacturing industry.

Although lead based stabilizers are being phased out globally, they are used for processing almost 80% of PVC in India. However, POEL is taking suitable steps to meet the changeover to lead-free alternatives.

### **YEAR AT A GLANCE – COMPANY PERFORMANCE**

Let me now spend a few minutes to look back at the year that is gone by.

While the year was challenging from the business point of view, your Company made a significant headway in terms of order booking and reported a turnover of Rs. 453 Crore. The turnover has marginally declined by 6%, which was mainly due to the cancellation of long-term orders.



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Financial Year 2018-19 turned out to be another roller-coaster period for us with its share of uncertainty and volatility. The second and third quarter was uneventful with external headwinds that impacted the business performance.

The de-grew in profitability was mainly because of higher material cost which is evident from the volatility in Lead and Zinc metal prices on London Metal Exchange which ranged from USD 1940 to USD 2440 and USD 2430 to USD 3200 a tonne respectively. However, our selling price could not match-up the increase in raw material cost due to such volatility. This has led to margins being squeezed and hence resulting in overall net losses in second and third quarter. Currency fluctuations also had its share of impact on the business performance of the company.

Another consequential factor, which contributed to lower profitability, was higher finance cost. As the steep increase in raw material prices were unforeseen, we had to seek additional bank financing over and above the budgeted finance which has in-turn resulted in higher finance cost.

I believe these explain the observed profitability of the Company.





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On the positive side, you might have witnessed that your company has moved back into the green zone in Q4 of Financial Year 2018-19 and we had also reported profits in Q1 of this year. We are confident of keeping this momentum going. Moving ahead, we will focus on increasing our margins and profitability by enhancing our value-added products segment.

Most importantly, the management is united in putting aside the results of Financial Year 2019 and in striving for higher growth and better profitability in Financial Year 2020.

**AWARDS AND RECONGITION**

During the year, your company received 'Two Star Export House Certification'. This certification was awarded to your company based on its ability to deliver greater export performance. Further, the company is also recognized as Tier One - Authorized Economic Operator by the Indian Customs. Both of these recognitions benefits the company in ease of customs clearance and reduction of logistics cost.

**DIRECTORS**

In accordance with the provisions of the Companies Act, Mr. Devakar Bansal will retire by rotation at this Annual General Meeting and being eligible, shall seek your approval for re-election.





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Mr. D P Venkataraman, Mr. Harish Lohia and Mrs. Indra Somani, who have completed their first term of five consecutive years as an Independent Director are being proposed for re-appointment for a second term of five years by way of a Special Resolution, which I commend to you strongly in view of their expertise and wisdom as also to ensure continuity and stability.

**OUR EMPLOYEES- OUR MOST IMPORTANT ASSET**

I would like to place on record our sincere acknowledgement and appreciation to the Company's operating team both at the administrative level and shop floor level for all their efforts during the year gone by. They have helped us in our growth journey. I deeply appreciate all our employees for their resilience and continued support. Our Employees are our real assets.

**NOTE OF APPRECIATION**

Let me end by stating that I have great faith and confidence in the capability of your Company's Management and its ability to deliver good results in the future.

I would also like to acknowledge the unfailing support of our extended family of customers, dealers, suppliers and bankers. My sincere thanks to all of them.



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Dear Shareholders, we cherish your trust. I along with all the Board Members would like to thank you for the trust and confidence you have reposed in POEL and assure you a better year ahead.

Thank you.

**Dr. Padam C Bansal**  
**Chairman**

Date : September 11, 2019  
Place : Chennai