**Ref: POEL/SKK/BSE/2017 – 18/23**
**September 15, 2017**

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

Dear Sir,

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

The 29th Annual General Meeting of POCL Enterprises Limited was held on September 14, 2017 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 29th Annual General Meeting of the Company.

This is for your information and record.

Thanking You,

Yours faithfully,
For **POCL Enterprises Limited**

POCL Enterprises Limited Chennai 600 034

**Aashish Kumar K Jain**
**Company Secretary**

*Encl: As above*

**POCL Enterprises Limited**
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Nungambakkam, Chennai 600034; Phone No. : +91-44-4914 5454;
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# CHAIRMAN'S ADDRESS AT THE 29TH ANNUAL GENERAL MEETING OF POCL ENTERPRISES LIMITED

Dear Fellow Shareholders,

On behalf of POEL Board of Directors, I am happy to welcome you all, to the 29th Annual General Meeting of your Company.

Thank you for joining us today. Your support is critical to the success of this Company.

## GLOBAL AND INDIAN ECONOMIC OVERVIEW

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

The global economy continued to witness slow growth during the current year as well. The below par performance of global economy was reflected by a continued slowdown in growth in most emerging and developing economies, driven by weaker capital inflows and a subdued global trade. After growing steadily at 3.4% over the last three years, the world GDP growth slipped to 3.1% in 2016.

Against the dismal global conditions, the Indian economy expansion has been noteworthy. Despite the decline in the growth rate owing to slowdown in manufacturing, decline in budgetary capital expenditure and demonetisation, India continues to be a fastest growing economy.

Central Statistics Office (CSO) has estimated a lower GDP growth of 7.1% in FY17 as against 7.6% in FY16.

The Central Government moving ahead with its growth focus agenda, was able to get clearance for some of the revolutionary reforms notably being the transformational Goods and Services Tax (GST) and Insolvency and Bankruptcy Code. This would further give a boost to India's economic growth.

On the dollar index front, INR has significantly strengthened and has witnessed a rise where it has moved nearly from 68 levels in December 2016 to 65 levels in March 2017. The trend has continued even now and given the current fundamentals, it is expected to remain stable.

Initiatives such as Make in India, Invest India, Start Up India are expected to further improve the ease of doing business and provide a boost to the manufacturing sector in the country.

Fading impact of demonetization, favourable borrowing cost, implementation of Goods and Services Tax and other structural reforms will drive the economic growth of the country for the year 2017-18.

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

**INDUSTRY OUTLOOK:**

**Zinc**

Zinc has been amongst the best performing metals during the year, particularly in the second half.

The year 2016 saw a sharp surge with zinc LME prices reaching a nine-year high level of $3000/tonne. The surge in LME is attributed mainly to dwindling global mine supply with end user demand remaining firm.

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The current year is expected to be extremely interesting for the zinc market. The fundamentals remain poised towards a seller's market as mine supply contracted by 6.3% in 2016 on a combination of depleted reserves at some legacy mines, the continued shutdown of capacity and lack of investment in new mine supply.

Government initiatives like the smart cities initiative, digital India campaign, high-speed rail network, construction of highways and modernization of railways will boost the infrastructure industry, which uses zinc for sustainable and long lasting structures. This will pave the way for India to lead the zinc consumption growth globally. Zinc demand in India is expected to grow by 5-6% in 2017.

## PVC Stabilizers

PVC Stabilizers is the most promising segment for the Company. Major application of PVC is because of pipes and fittings. Other applications of PVC include window frames, doors, foamed sheets and electrical cable insulation.

With increase in housing and infrastructure projects, PVC demand is expected to increase significantly in India in the next few years. Investment in agriculture through Pradhan Mantri Krishi Sinchayee Yojana will directly benefit PVC related industries.

Consumption of PVC is set to grow at a minimum projected rate of 8 to 10% per annum in the next few years.

## Lead

Lead is a primary ingredient for automotive batteries. Lead Acid Batteries accounts for 80% of the lead consumption. According to BMI Research, India will lead the demand for Lead for the next five years as sales of automobiles continues to grow in the country.

The share of new emerging uses of batteries like Solar, e-Bikes, e-Autos will be substantial in the coming years. By year 2020 India should surpass Europe and will be the third largest consumer of Lead with expected demand of over 2.2 million tones.

With the Government's focus on curbing the pollution levels in major cities and the introduction of electric cars, it is believed that the industrial battery segment holds growth potential. Also, Strong vehicle production, coupled with high penetration of telecom towers, makes lead demand positive in near term.

**YEAR AT A GLANCE – COMPANY PERFORMANCE**

Let me now spend a few more minutes to highlight the performance of the year.

While the year was challenging from the business point of view, your Company made a significant headway in terms of order booking and reported an impressive growth of 57% in sales turnover.

POEL has been successful in overpassing gross revenue of Rs. 300 Crores. One-third of this revenue is attributed towards export performance. Earnings before depreciation, interest and taxes for the year stood at Rs. 857 Lakhs thereby leaving a margin of about 2.68% on the turnover of the Company.

The second half of the year was uneventful with external headwinds that impacted the business performance. The net profit after taxes for the year was Rs. 84.96 Lakhs.

Let me tell you, what were the reasons of this unfortunate performance?

The de-grew in profitability was mainly because of higher material cost which is evident from the surge in Lead and Zinc metal prices on London Metal Exchange from USD 2000 to USD 2450 and USD 2400 to USD 3000 a tonne respectively during the period October 2016 to February 2017. However, our increase in the selling price could not match the increase in raw material cost due to stiff competition in the market. This has led to margins being squeezed and hence resulting in overall net losses in third and fourth quarters.

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 for the financial year 2016-17.

These explains the observed profitability of the Company.

Now, what are the bright spots? And where do we go from here?

You will be happy to note that your company has secured new long term export contracts for FY 18 and are in talks with a few more international companies to increase the proportion of such contracts in the overall sales portfolio. This will help your company in better procurement decisions and profit booking. We also believe that there are enormous opportunities for entering into global markets, and we are playing active role to increase our presence in these markets.

You might have witnessed that your company has moved back into the green zone in Q1 FY 2018 with an increase of 13% in Sales when compared to Q4 FY 2017 and we are confident of keeping the momentum going. However, due to de-stocking by trade on the implementation of Goods and Services Tax (GST), there has been pressure on the margins. Post normalization, we expect to achieve even better sales and profitability.

Generally, the Chairman would not make forward-looking statements. Even so, we are tempted to believe that your company's performance in FY2018 will be better than what we saw in FY2017. Let us indeed hope that it will.

Most importantly, the management is united in putting aside the results of FY2017 and in striving for higher growth and better profitability in FY2018.

**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 administration level and shop floor level for all their efforts during the year gone by. I deeply appreciate all our employees for their resilience and continued support. Our Employees are our real assets.

POEL

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## 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.

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

Thank you.

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

**September 14, 2017**
**Chennai**