



POCL Enterprises Limited

CIN: L52599TN1988PLC015731

Regd Office: New No. 4, Old No. 319, Valluvarkottam High Road,
Nungambakkam, Chennai 600034; Phone No. : +91-44-4914 5454;
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**CHAIRMAN'S ADDRESS AT THE 28TH 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 28th Annual General Meeting of your Company.

This is my second year as the Chairman of the Company and as I look back on the year that has gone by, I would like to thank the shareholders and the management team for the support and the trust bestowed upon me.

Your presence here is a testimony to your interest and involvement in the Company and I sincerely thank you all for that. 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 economic scenario continues to be trapped in a low growth trajectory, despite the steep drop in crude oil and commodity prices. Furthermore, a barrage of monetary stimulus has driven down interest rates close to zero in many of the advanced economies.

The path ahead for the global economy remains challenging, with greater uncertainties thrown in. Concerns persist about the slowdown in China. Financial markets remain nervous and the exchange rate volatility has been pronounced.



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The IMF projects global growth to inch up from 3.1% in 2015, to 3.4% in 2016 and increasing to 3.6% in 2017.

Against the backdrop of a muted global economy, Indian economy is an outperformer. It has shown remarkable resilience and remains progressive. As per the IMF's latest World Economic Outlook, India remains a bright spot with strong growth.

India registered a robust growth in GDP of 7.3% in 2015-16. For 2016-17, GDP growth is projected at 7.5%. This would make India the fastest growing economy among the other large economies.

The thrust to the Indian economy is due to the combination of lower fiscal, current account deficit, low inflation, depressed commodity prices, relatively stable currency and its continued ability to attract capital flows. The manufacturing sector was an important growth contributor.

Currently, the manufacturing sector in India contributes over 15% of the GDP. The Government of India, under the "Make in India" initiative, is trying to boost the contribution made by the manufacturing sector and aims to take it up to 25% of the GDP.

The long pending constitutional amendment bill that will pave way for the roll out of GST, a new uniform indirect tax regime, has been already passed by both the houses of the parliament. The Industry in which the Company operates will certainly be benefitted from GST.

The Slowdown and rebalancing of the Chinese economy, lower commodity prices and strains in some large emerging market economies will continue to weigh on growth prospects in 2016 – 17.



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

INDUSTRY OUTLOOK:

Zinc

Zinc is a widely used metal particularly in the automobile industry and your Company is largely dependent on automobile sector. The overall automobile industry in India saw a growth of 8.6% for the year.

The global zinc demand is expected to grow at a steady pace of 2-3% per annum, while domestic demand is expected to grow at 6-7% per annum. While the Chinese economy is on a downtrend, zinc demand continues to grow in Asia, including China, although at a slower pace than projected earlier.

The zinc market was not immune to the volatility of global commodities market. Zinc prices collapsed to the level of \$1,500-\$1,600 per MT for a period of nearly three months before regaining towards end of the year. With adequate systems in place, the adverse effect of fall in prices is prevented by your Company.

The 'Make in India' programme of the government and its supporting policies is expected to provide immense potential to the Indian metal market.

PVC Stabilizers

PVC Stabilizers is the most promising segment for the Company. PVC pipes and fittings account for 70% of PVC consumption in India. Major application of PVC is because of pipes and fittings. Other applications of PVC include window frames, doors, medical products like blood bags and tubing, footwear, toys and flooring.



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Due to the greater emphasis of government strategy to invest in the sectors of water supplies, agriculture, irrigation projects and infrastructure, the demand for PVC pipes is bound to grow. Consumption of PVC is set to grow at close to 6% per annum in the next two years.

Lead

The Lead industry in India has come a long way, with a commendable performance and creditable achievements. India used to be largely import-dependent for Lead in the sixties and seventies. Today, India is a very significant producer of recycled Lead.

India's Lead market accounts for about 10% of the global Lead industry in volume terms. It is the fourth largest lead market after China, USA and South Korea. The key drivers of growth include:

1. Rising vehicle population.
2. Rising Urbanization trend.
3. Increasing usage of energy storage applications.

Increasing use of lead batteries due to growth in vehicles, e-bikes, telecom towers and solar power will continue to support lead demand growth. Ongoing infrastructure development will also support the lead industry. The lead demand is forecasted to grow at 2-3% per annum in the long run.

YEAR AT A GLANCE – COMPANY PERFORMANCE

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

While the year was challenging from a business point of view, your Company made a significant headway in terms of order booking and reported an impressive growth of 25% in sales turnover. POEL has been successful in



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crossing turnover of Rs. 200 Crores. Export sales of the Company have grown from 11% to 20%.

While the first two quarters of the year were challenging, a good turnaround was made in the second half of the year. Earnings before depreciation, interest and taxes for the year stood at Rs. 757 Lakhs thereby leaving a margin of about 3.72% on the turnover of the Company.

Your Company did well to grow its various business segments:

- Metallic Oxides business contributed almost 64% of the turnover of the Company and generated a profit of 3.84% on its turnover.
- Plastic Additives business contributed about 8.20% to the profit on its turnover and remains to be the most profitable segment for the Company.

Our total capital expenditure for the year was Rs. 441 Lakhs predominantly towards increase in capacity, expansion and modernization. Recently, we have successfully completed the commissioning of the Rotary Furnace as a backward integration measure undertaken by the Company.

I am happy to report that we have seen some positive outcome in the Alloying & Refining business. Your Company achieved a sales turnover of Rs. 2664 Lakhs in the first year itself. Although we reported net loss from the unit for the year 2015-16, the management is confident for better turnover and profitability from the division in the near future.

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.



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DIVIDEND

Coming to Dividend, your Company's dividend pay-out is healthy. Considering the performance of the Company, your Board of Directors has recommended a dividend of 10% for the financial year 2015-16. This represents 26% of the post-tax profits of the Company.

FUTURE PLANS

Now let me discuss some future plans of the Company. We look forward to financial year 2016-17 as a very exciting year ahead.

POEL is focusing on growth and adding continued values to the shareholders. The whole POEL Team is determined to create increased infrastructure, improve productivity and enhance sales and marketing to achieve its goals.

In the near future, the primary focus is to enhance and accelerate Lead Alloying & Refining Business. POEL is also planning for capacity expansion of zinc division because of huge growth potential and market demand.

In addition to this, an improvement in technology is also thought of to create new products, upgrade existing technology, reduce cost of production and eliminate bottlenecks.

Such measures will create visibility, recognition in the market place and enhance growth.



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OUR EMPLOYEES- OUR MOST IMPORTANT ASSET

I deeply appreciate all our employees for their resilience and continued support. Our Employees are our real assets.

I would like to take this opportunity to thank each and every one of our employees whose commitment and hard work helped us to deliver another successful year.

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 great year ahead.

Thank you.

Dr. Padam C Bansal
Chairman

September 2, 2016
Chennai