

Ref: MPL / SectII / BSE &amp; NSE / E-2 &amp; E-3 / 2016

22<sup>nd</sup> September 2016

The Manager,  
Listing Department,  
Bombay Stock Exchange Limited  
Corporate Relationship Department  
1<sup>st</sup> Floor, New Trading Ring,  
Rotunda Building, P J Tower,  
Dalal Street, Fort,  
**Mumbai - 400 001.**  
**Stock Code: 500268**

The Listing Department  
National Stock Exchange of India  
Limited  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G Block,  
Bandra-Kurla Complex,  
Bandra (East)  
**Mumbai - 400 051**  
**Stock Code: MANALIPETC**

Dear Sir,

Sub: Annual General Meeting updates

The 30<sup>th</sup> Annual General Meeting of the Company was held on 21<sup>st</sup> September 2016 at 9.30 A.M. at Rajah Annamalai Mandram, 5, Esplanade Road, Chennai 600 108.

The meeting was chaired by Mr. Ashwin C Muthiah, Chairman and all the Directors including the Chairpersons of the Audit Committee and the Nomination and Remuneration Committee attended the meeting. The Auditors and the Secretarial Auditors were also present at the meeting.


The meeting commenced at 9.30 AM and the necessary quorum was present throughout the meeting.

The Chairman welcomed the shareholders and with the consent of the Members present the Notice of the Meeting and the Financial Statements and other Reports were taken as read. The Chairman then delivered his speech (copy enclosed).

The Chairman thereafter proceeded to transact the businesses set out in the Agenda of the meeting. The Members were informed about the e-voting facility made available prior to the meeting to vote on the resolutions and the facility available for those who have not availed the e-voting to cast their votes by ballot at the venue.

Four Ballot boxes duly locked by the Scrutinizer were kept at the venue and Ballot papers were distributed to the Members.

Chairman then invited queries from the Members and the same were answered by the Chairman, Managing Director and other executives.



REGD. OFFICE : "SPIC House" 88, Mount Road, Guindy, Chennai - 600 032.

AN ISO 9001 &amp; 14001 CERTIFIED COMPANY

CIN : L24294TN1986PLC013087 - visit us at : [www.manalipetro.com](http://www.manalipetro.com)E-mail: [cs@manalipetro.com](mailto:cs@manalipetro.com)

The following items were transacted as ordinary resolutions at the meeting

- a. Adoption of the Audited Stand Alone and Consolidated Financial Statements and other related Reports for the year 2015-16
- b. Declaration of a dividend for the year 2015-16
- c. Re-election of Mr. T K Arun, DIN 02163427 as a Director of the Company
- d. Reappointment of M/s Deloitte Haskins and Sells, Chartered Accountants, Chennai as the Auditors of the Company to hold office from the conclusion of the 30<sup>th</sup> Annual General Meeting till the conclusion of the 31<sup>st</sup> Annual General Meeting on a remuneration of Rs. 17 lakh
- e. Ratification of the remuneration of Rs. 3.50 lakh to the Cost Auditors M/s S Gopalan & Associates, Cost Accountants, Chennai for the year 2016-17

After completion of the casting of votes by the Members, the meeting concluded around 11.00 A.M. with a vote of thanks to the Chair.

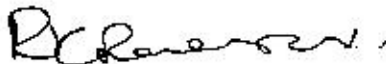
Mrs. B Chandra, Practicing Company Secretary, the Scrutinizer for both e-voting and polling at the venue submitted her consolidated Report on 22<sup>nd</sup> September 2016 informing that all the above resolutions have been duly passed with the requisite majority. The results have been announced to the Stock Exchanges, uploaded in the Website of the Company and CDSL.

This is for your information please.

Thanking you

Yours faithfully

**For Manali Petrochemicals Limited**



R Kothandaraman

**Company Secretary**

Ladies and Gentlemen,

I am pleased to welcome you all to the 30<sup>th</sup> Annual General Meeting of your Company. I hope you have had the opportunity to review the Annual Report and dwell on the operational and financial performance for the year 2015-16. With your permission, I will consider the Financial Statements as read.

#### ECONOMIC OVERVIEW

The Indian economy expanded by 7.9% in the last quarter of the year under review, higher than 7.2% in the previous quarter. This assumes significance, given that China reported the slowest ever growth of 6.7% in the last seven years. Though during the year the growth across the quarters was oscillating, the annual GDP growth of 7.6% vis-a-vis 7.3% in the previous year was quiet promising, instilling some confidence in the minds of the investors. However, it may not be out of place to mention that the higher GDP was despite faltering private investments, weak capital goods growth and dwindling exports.

The implementation of the seventh pay commission recommendations and better monsoons augur well for increased individual consumption, but the poor growth of capital goods and lack of domestic capacity addition could be the dampeners for sustained growth in the coming years. The cut in the policy repo rate to 6.5%, lowest in the past five years is yet to provide the expected impetus in this regard. Also, the Government initiatives, such as Make in India, Skill Development, Digital India are yet to rekindle the private investments in a larger way.

#### MARKET SCENARIO

As you may be aware, the products of your Company find use in various industries like automotive, refrigeration, insulation, furniture, etc. the prospects of which

are closely tied to the Indian economy. Thus, the performance of the Company is dependent on the overall economic situation and higher private consumption.

The Indian PU market continued to be distressed by largescale imports stirred up further by additional capacities created outside India. The Polyol imports went up by 7% and the PG by 20%. Adding to the woes, the ban on a large number of generic drugs curtailed the PG off-take by pharmaceutical formulations manufacturers.

#### COMPANY'S PERFORMANCE

During the year, the operations of your Company were affected by flooding of the plants in the third quarter and also restriction on capacity utilization. The fall in crude prices coupled with the lower production led to drop in the revenues by about 20%. However, through various cost cutting measures and prudent management practices aided by lower power and fuel prices, the pre-tax profits could be sustained at the previous year levels, in value terms.

The total revenue for the year was Rs. 589.79 crore against Rs. 740.50 crore in FY 2014-15. The net profit ratio improved to 8.17% of the revenue from 5.94% in the previous year. The bulk storage facility at Ennore Port also helped in the production of the derivative products to some extent. The Biomass based Captive Power Plant continued to be idle due to higher cost of the biofuel and also lower fuel oil prices.

Your Company has been in the Polyol business for the past three decades, earning an unassailable position in the domestic market. Despite tough competition, your Company continues to be a favoured vendor for its specialty products in the domestic

market. Nevertheless, cutthroat competition from large MNCs, Chinese slowdown and the resultant price war might stagnate the domestic growth of the Company. Given these threats, your company is examining various options to provide value to shareholders by broad basing its locations for hedging the single country risk.

In order to capitalize on the strengths gained over the past thirty years, your Company has been looking at various options for ventures abroad. As a gateway for the overseas ventures, your Company has set up a Wholly Owned Subsidiary in Singapore, AMCHEM Speciality Chemicals Private Limited. The WOS will be the vehicle for all the global investments of the Company.

You may be aware that the Company has a System House, which caters to the specific needs of the customers. In fact, one of the major reasons for the Company managing to maintain the profitability despite fall in the revenue is its strong system house and product development initiatives. Thus, for sustaining its domestic presence the Company needs to invest in product and market development, involving sizeable capital outlay, to be met out of internal accruals to avoid servicing costs.

In the light of the above, the current performance of the Company, market scenario and future needs, your Board has recommended a dividend of fifty paise per share of Rs. 5/- each for the year 2015-16. It may be noted that the Company has maintained the dividend track-record for the 11<sup>th</sup> consecutive year, notwithstanding the global and domestic economic downturn during some of the earlier years. You would also note that the disbursement ratio has been judicious.

## OUTLOOK

The report on World Economic Situation and Prospects 2016 published by the United Nations predicts global growth rates of 2.9% in 2016 and 3.2% in 2017 and a subdued fixed capital formation. The projections for India are 7.3% and 7.5%, slightly above China.

The Reserve Bank of India in its Annual Report for 2015-16 has pegged the Gross Value Addition Growth, GVA, a new parameter introduced by the Government in the previous year, at 7.6% for 2016-17 against 7.2% in the last fiscal. RBI has observed that the contraction of industrial activity in place since the year beginning may persist, but the near term outlook appears somewhat brighter than the outcome of 2015-16.

Clearing of the way for the Goods and Services Tax by the Indian legislatures is a good sign for the free movement of goods and level playing field across the nation.

Unlike the earlier expectations, it has been reported that the impending exit of the U.K. from the European Union, the BREXIT, may not have any big impact on the Indian economy. It is expected that the British Government would offer incentives for investments into their country, which could be a welcome step for the Indian companies eyeing overseas ventures.

To sustain and grow its domestic operations, your Company continues its focus on product development for better value addition. The plant efficiency is also being improved through de-bottlenecking of the processes and facilities. Actions have also been taken to address the effluent treatment concerns. Further, the restrictions on production have been removed during the current year. These are expected to bring in more customers into the Company's fold and improve the overall performance and face the tough competition.

## CSR Activities

As highlighted in the CSR Policy, your Company appreciates that in any society inclusive growth of all its segments is of paramount importance. To deliver something meaningful to the underprivileged, the Company has, together with like-minded corporate set up AM Corporate Social Responsibility Foundation, (AMCSRFF) as a Not for Profit Company which would implement all the CSR Projects of its Members. On behalf of your Company, the Foundation has conducted studies in villages around Manali for implementing water supply proposals, which would benefit thousands of households. Though not mandatory under law, your Board, as part of its support to the society at large and the downtrodden in particular, has decided that all the unspent amounts of CSR obligations relating to the earlier years would be carried forward and spent in the coming years.

## ACKNOWLEDGEMENT

I wish to place on record my sincere thanks to our vendors, esteemed customers, banks, the Tamilnadu Government and the Government of India for their continued support over the years. I also warmly acknowledge the commitment and dedication of the employees of your Company in achieving the Company's goals. I would also like to express my deep appreciation to you, the Shareholders, for your support to us at all times. I also extend my unqualified appreciation for the guidance and support of my colleagues on the Board.

Finally, on behalf of the Board, I wish to reiterate that we are committed to creating shared value with all our stakeholders.

Thank you,

*This does not purport to be the proceedings of the Annual General Meeting.*



## Manali Petrochemicals Limited

CIN : LZ4294TN1986PLC013087

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### Registered Office :

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### Plant - I :

Ponneri High Road,  
Manali, Chennai - 600 068.

### Plant - II :

Sathangadu Village,  
Manali, Chennai - 600 068.

30th Annual General Meeting  
at **Rajah Annamalai Mandram**  
on 21st September 2016

Speech by

**Mr. Ashwin C Muthiah**  
Chairman