



Manali Petrochemicals Limited

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CIN : L24294TN1986PLC013087

Ref: MPL / Sectl / BSE & NSE / E-2 & E-3 / 2019

6th August 2019

The Manager,
Listing Department,
BSE Limited
Corporate Relationship
Department
1st 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, 5th 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 33rd Annual General Meeting of the Company was held on 5th August 2019 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 10:00 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.

Factories :

Plant - 1 : Ponneri High Road, Manali, Chennai - 600 068

Plant - 2 : Sathangadu Village, Manali, Chennai - 600 068

Phone : 044 - 2594 1025 Fax : 044 - 2594 1199



The following items were transacted as ordinary resolutions at the meeting

1. Adoption of the Audited Stand Alone and Consolidated Financial Statements and other related Reports for the year 2017-19
2. Declaration of a dividend for the year 2018-19
3. Re-election of Mr. Ashwin C Muthiah (DIN: 00255679) as a Director of the Company liable to retire by rotation.
4. Fixing the remuneration of Auditors for the years 2019-20 and 2020-21
5. Ratify the remuneration to the Cost Auditor for the year 2018-19
6. Appointment of Dr. Aneesh Sekhar S, IAS [DIN: 07887010] as a Director of the Company.
7. Appointment of Lt. Col. (Retd.) Chatapuram Swaminathan Shankar (DIN: 08397818) as a Director and as an Independent Director
8. Appointment of Dt. N Sundaradevan, IAS (Retd.) (DIN: 00223399) as a Director and as an Independent Director

The following items were transacted as special resolutions at the meeting

9. Appointment of Mr. G Chellakrishna (DIN: 01036398) as an Independent Director for a second term
10. Appointment of Ms. Sashikala Srikanth (DIN: 01678374) as an Independent Director for a second term

After completion of the casting of votes by the Members, the meeting concluded around 11:45 AM with a vote of thanks to the Chair.

M/s B Chandra & Associates, Practicing Company Secretaries, has been appointed as the Scrutinizer for both e-voting and polling at the venue and their Report is awaited. The results will be announced to the Stock Exchanges, uploaded in the Website of the Company and CDSL on receipt of the report.

This is for your information please.

Thanking you

Yours faithfully

For Manali Petrochemicals Limited



R Kothandaraman
Company Secretary

Encl.: As stated

Ladies and Gentlemen,

I welcome you all to the 33rd Annual General Meeting of your Company. I hope you have had the opportunity to review the Annual Report and consider the operational and financial performance for the year 2018-19. With your permission, I shall consider the Financial Statements as read.

ECONOMIC OVERVIEW

India continued to be the fastest growing major economy in the world during the year 2018-19, but the real GDP growth at 6.8% witnessed a slowdown from the earlier 7.2%, lower by 1% of the average growth for the preceding three years.

As per the data released by the Government in the Economic Survey, the decline has been across all the major sectors, viz., agriculture, manufacturing and services. Though the fiscal indicators such as fiscal and revenue deficits were better than the previous year, the other concerns have been lower exports growth, widened Current Account Deficit (CAD), reduced foreign exchange reserves and depreciation of rupee. In spite of the banking credit improving and the CPI inflation lowering, the WPI went up by over 40% at 4.3.

At the global level, the world output growth declined from 3.8% in 2017 to 3.6% in 2018, attributed mainly to the escalation of US-China trade tensions and credit tightening in China. The IMF in the World Economic Outlook 2019 (WEO) has stated that besides the above factors, the macro economic stress in Argentina and Turkey, disruptions in the auto sector in Germany and financial tightening alongside the normalization of monetary policy in the larger advanced economies have all contributed to a significantly weakened global expansion, especially in the second half of 2018.

MARKET SCENARIO AND COMPANY'S PERFORMANCE

As you would have seen, in spite of the subdued economic situation, global and domestic, the overall performance of the Company during 2018-19 was better than the previous year, recording highest ever profits. While the results for the first half of 2018-19 were significantly better than the earlier periods, the trend reversed in the latter part, which has extended to the current year also. The situation was further aggravated by temporary

stoppage of production at Plant 1 and non availability of feedstock during the 3rd and 4th quarters.

The average product margins were better during the year under review and the total revenue went up by about 10% from Rs. 647 crore to Rs. 709 crore. The operating profit for the year was about Rs. 98 crore, a tad higher than the previous year. Profits before and after tax also improved significantly over the preceding year.

PERFORMANCE OF THE SUBSIDIARIES

The Company has a Wholly Owned Subsidiary, AMCHEM Speciality Chemicals Private Limited, Singapore, and two Stepdown Subsidiaries, namely, AMCHEM Speciality Chemicals UK Limited, UK and Notedome Limited, UK.

During the year under review, the Singapore subsidiary, besides continuing to explore opportunities for your Company to further expand its global presence through acquisitions, took up transaction facilitations and business and projects consultancy.

Notedome recorded a sale of GBP 11.78 million slightly lower than the previous year's GBP 11.98 million. Product margins continued to be impacted due to high input costs. Actions taken for cost reduction and price hike claims were not rewarded fully during the year under review, but the efforts continue.

You would be pleased to know that your company has commenced production of Notedome products for the Indian markets and also has obtained registration of the relevant Trade Marks. Besides broadening the customer base, the existing customers of Notedome in Asian region would be served from India to cut logistics costs and offer better prices.

ECONOMIC OUTLOOK AND OPPORTUNITIES

As per the WEO released in April 2019, the Global economy and Emerging Markets and Developing Economies (EMDE) are projected to slow down by thirty and ten basis points respectively. With the factors responsible for global economic slowdown in the preceding year expected to persist into the first half of 2019, nearly 70% of the economies are projected to register growth decline.

Though the global GDP growth of 3.3% would look to be reasonable, the IMF has cautioned that the outlook for many countries could be very challenging, with

considerable uncertainties in the short term, especially as advanced economy growth rates converge towards their modest long-term potential. However, it is likely that the situation would improve in the 2nd half, if supported by significant policy accommodation by major economies. It is anticipated that the growth would go up to 3.6% in 2020 and stabilize around 3.5% after 2020, bolstered mainly by the growth in India and China and their increasing contribution to the world income. So, India would play a major role in the global economic development in the coming years also.

As regards India, the IMF has projected a growth of 7.3% for 2019 and 7.5% for 2020 and the Asian Development Bank, 7.2% and 7.3%. It has been stated that the lower growth in 2018-19 could also have been due to the general elections and so the subsequent year projections would be achievable. The IMF has very recently lowered the India growth forecast by 30 bps for 2019 & 2020 reflecting a weaker than expected outlook for domestic demand. Though India will still be the fastest growing major economy, much ahead of China, realization of the projected growth could be a challenge on account of apprehensions of slowdown, impacting the revenue collections and the government spending, which is one of the major stimulant for economic growth. The US sanctions on Iran could make the oil imports costlier which would further widen the Current Account Deficit and pose uncertainties in the foreign exchange rates.

The new Government aspires to make India a five trillion dollar economy in the near future and various steps towards this have been outlined in the Economic Survey. Corporate Sector has been revered as wealth creator and job-creator for the country, which is an encouraging sign. Emphasis on infrastructure and digital economy coupled with massive push for all forms of physical connectivity through various ambitious schemes is expected to improve the overall environment for doing business with ease.

PROSPECTS AND FUTURE PLANS

According to a report, the projected growth of the PU market at CAGR of 7% during 2016-2020 would continue till 2025. In India, with the government's science-based thinking, be it smart cities or homes, demand for PU will only rise in the coming years. Also, as India's consumption

economy further matures, the use of PU in aspects of daily living will go up. As somebody rightly said, "There is some PU within 10 feet in your life."

Your Company remains a major player in the Indian PU market, but continues to face the onslaught of dumping of both Polyols and Propylene Glycol by multi-nationals from their low cost production centers. Having successfully overcome the environmental issues, the focus is now on increasing the production through better product mix and optimum utilization of the available facilities in the near term. However, being a process industry, shortage of water is looming large as a dampener to attain the goals.

As per the data in the Economic Survey, the per capita net national income has been going up by about 10% year-on-year, for the past few years. The Government's focus on boosting the rural economy by tackling the agricultural issues aims to bring in wholesome development of the economy and increased consumption which are crucial for sustained growth. With these steps, it is anticipated that the purchasing power in the rural India would improve, stimulating the demand.

I see India as a growth market with accelerated PU demand in coming times. With matured markets like the US, EU and China facing growth challenges, in the coming years, India's ride to become a \$5 trillion economy will benefit and generate demand for our industry. Through continuous innovation, R&D and environment led best practices, we would endeavor to serve the customers with products and solutions that have better efficacy, local market relevance and add value to the customers' end product. Your Company would work towards becoming a bell-weather in the Government's Make in India efforts.

Towards the above, the Company as part of its medium and long terms plan, looks to make more investments in the existing plants, take up new ventures and also consider acquisitions based on opportunities, in a phased manner.

DIVIDEND

The Company has been following a policy of consistent dividends and has an unbroken distribution record since 2005-06. Though the Company would be utilizing the internal accruals for its expansion and other capital proposals to avoid servicing cost, considering the better

results for the year, your Board has recommended a dividend of seventy five paise per share of Rs.5/- each for the year 2018-19. You would be happy to note that the increase over the previous year is 50%, much higher than the current trend.

CSR ACTIVITIES

Your Company believes that in any society inclusive growth of all its segments is of paramount importance. The Company has taken up CSR projects in two core areas viz., provision of safe drinking water and sanitation facilities to the needy. It may be appreciated that these are essential for the well being of any individual but are not easily available to the downtrodden.

After the Swachh Bharat Mission, the new Government is now giving importance for provision of safe drinking water for all and your Company is happy to be part of such initiatives. As part of its support to the society at large and the disadvantaged in particular, the Board 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, though it is not mandatory now.

The Board has approved Rs. 4.47 crore towards drinking water project in three villages, provision of toilets in households and the school projects. A total of Rs.2.20 crore has been spent for these proposals, including Rs.1.35 crore in 2018-19. The other approved projects would be implemented in the current year.

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 unreserved appreciation for the guidance and support of my colleagues on the Board. Finally, on behalf of the Board, I wish to reaffirm our commitment for creating shared value with all our stakeholders.

Thank you,

This does not purport to the proceedings
of the Annual General Meeting



Manali Petrochemicals Limited

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Ponneri High Road,
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Plant - II
Sathangadu Village,
Manali, Chennai - 600 068.

**33rd Annual General Meeting
at Rajah Annamalai Mandram
on 5th August 2019**

**Speech by
Mr. Ashwin C Muthiah
Chairman**