



Manali Petrochemicals Limited

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CIN : L24294TN1986PLC013087

Ref: MPL / Sect1 / BSE & NSE / E-2 & E-3 / 2018
7th August 2018

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 32nd Annual General Meeting of the Company was held on 6th August 2018 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.



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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 2017-18
2. Declaration of a dividend for the year 2017-18
3. Re-election of Mr. C Subash Chandrabose (DIN: 06586982) as a Director of the Company liable to retire by rotation.
4. Fixing remuneration to the Auditors of the Company for the year 2018-19
5. Ratification of remuneration to the Cost Auditor for the year 2017-18
6. Appointment of Mr. Thanjavur Kanakaraj Arun (DIN: 02163427) as a Director of the Company
7. Approval for appointment of Mr. Govindarajan Dattatreyan Sharma (DIN: 08060285) as an Independent Director of the Company for a period of five years from 5th February 2018.

The following item was transacted as a Special Resolution at the meeting

8. Approval for increase in remuneration to Mr. C Subash Chandrabose (DIN 06586982) with effect from 1st April 2018

After completion of the casting of votes by the Members, the meeting concluded around 11:50 AM with a vote of thanks to the Chair.

M/s B Chandra & Associates, Practicing Company Secretaries, the Scrutinizer for both e-voting and polling at the venue submitted their consolidated Report on 7th August 2018 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

Encl.: As stated

Ladies and Gentlemen,

I welcome you all to the 32nd 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 2017-18. With your permission, I shall consider the Financial Statements as read.

Members might have noted that during the year the Company has adopted the Indian Accounting Standards, popularly called as IndAS, in compliance with the regulatory requirements and the figures for the previous year have also been restated. It could be seen that the change has had no major impact on the financials.

ECONOMIC OVERVIEW

The year 2017-18 witnessed important changes in indirect taxation in the country which played a significant role in the performance of the economy. Though the annual GDP growth was slower than 2016-17, it may be recalled that the previous year had a head-start, but ended with just 6.1% growth in the last quarter. On the contrary, during the year under review there has been a steady progression from 5.6% in the first quarter to 7.7% in the fourth quarter. The decline during the preceding year was attributed to the currency exchange programme, followed by the impending introduction of Goods and Services Tax in July 2017.

It may be recalled that the impact of demonetization started fading towards the end of 2016-17. However, there were some apprehensions about the effects that the imminent GST implementation slated in the following year would have on the business activities in the country. The traders and manufacturers unsure of the outcome resorted to inventory reduction actions, constricting the recovery process further and this continued during the first half of the year 2017-18. Added to this, the sudden spurt in non-performing assets of banks has also impacted credit deliveries and the economy.

In spite of the adverse conditions, signs of acceleration were evident from figures for the last quarter of the year under review, which have exhibited all-around progress in agriculture, manufacturing, construction and services. Economists view that the improvement in the gross fixed capital formation by about 14.4% towards the close of the year augurs well for the economy in the coming months.

At the global level it has been reported that the growth at 3% in 2017 has been the highest since 2011 and is

expected to remain steady in 2018. This could help countries to focus on policies for long term developments. However the UN's report on World Economic Situation and Prospects for 2018 brings out that the recent improvements remain unevenly distributed across the globe. One may be pained to note that the increase in per capita GDP of several parts of Africa, Western Asia, Latin America and the Caribbean would remain negligible, without any relief to more than 275 million people living in extreme poverty. According to the UN, to achieve the goals of eradicating poverty and creating decent jobs for all, it is essential to address the longer term structural issues that hold back a faster progress towards sustainable development. It has been indicated that the services sector could provide key opportunities in this direction. So, it is expected that India would have a major role in the medium and long term for energizing the global economic activities.

MARKET SCENARIO AND COMPANY'S PERFORMANCE

The performance of the Company reflected the phenomena of the Indian economy during the year under review. The sales and profitability were low in the first quarter, but improved in the subsequent periods and the year ended with a record turnover and highest ever profits. Though the large scale imports of polyols continued, the sales of propylene glycol was impressive during the year due to demand-supply mismatch in the overseas markets. This helped the local players to have a say on the pricing and consolidate their positions in the domestic market.

The Net Revenue from operations improved by about 10%, from Rs. 577 crore to Rs. 634 crore. The product margins also improved significantly mainly on account of better pricing and lower cost of operations achieved through various internal actions. The EBIDTA for the year under review was about Rs. 95 crore, 29% more than the previous year. The profits before and after tax also registered impressive growths by 34% and 30% respectively.

PERFORMANCE OF THE SUBSIDIARIES

As you may be aware, the Company has a Wholly Owned Subsidiary, AMCHEM Speciality Chemicals Private Limited, Singapore, primarily to hold all the overseas assets of the Company. The WOS established AMCHEM Speciality Chemicals UK Limited as its wholly owned subsidiary, which acquired Notedome Limited, UK effective 1st October 2016.

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

Notedome recorded a sale of GBP 1.20 million but the profitability was impacted due to unforeseen shut-down of major raw material suppliers. This resulted in sudden spurt in the feedstock prices, which could not be passed on to the customers immediately. However actions have been taken for cost reduction and staking price increase claims which are expected to materialize during the 2nd half of FY 2018-19.

You would be pleased to know that MPL has commenced replication of Notedome products for the Indian markets and in the first phase seven products have been identified. Depending on the market response the list would be expanded in the coming periods.

OUTLOOK AND FUTURE PLANS

Though the Indian economy slowed down from the 2nd half of 2016-17, it seems to be rebounding and so the prospects look to be better in the coming years. The World Economic Outlook for 2018 released by the World Bank (WB) recently has brought out that India has become the sixth largest economy in terms of GDP, surpassing France. The total GDP increased from US\$ 2.274 trillion in 2017 to US\$ 2.597 trillion in 2018, just below the UK at US\$ 2.62 trillion. It is expected that India would be able to grow further and overtake the UK to be the world's fifth largest economy in the near future.

In its Report the World Bank has stated that the various reforms measures taken by India in the recent past, especially the GST and Insolvency and Bankruptcy Code are directed towards ease of doing business. It may be pertinent to note that on 1st January 2018, India was ranked 100 in the Ease of Doing Business Index, up from 134 in 2017.

The Asian Development Bank, ADB, has endorsed World Bank's estimate of 7.3% GDP growth for India in 2018-19 but views it would be 7.6% in 2019-20, against 7.5% projected by the WB. In its Asian Development Outlook, the ADB has opined that the measures announced in the 2018 budget look to improve the rural economy through higher income from better prices for the agricultural produce, market reforms, crop insurance and focus on irrigation projects and logistics. The urban spending is expected to be less dynamic and it has cautioned that escalating trade tensions, rising US interest rates and accumulating domestic private debt are key risks to faster recovery which may be further impacted by the recent trade war opened up by the US through additional levies on imports, reinforced sanctions on Iran and the consequential increase in fuel prices.

With China projected to slow down to 6.6% and 6.4% in 2018 and 2019 respectively, the ADB has said India would remain the world's fastest growing major economy.

Your Company continues to be a major player in the Indian PU market, but its performance is influenced more by external factors. Started as an import substitute project 3 decades ago, today your Company is fighting imports due to changed market scenario. However, through sustained efforts, the Company has survived various adverse conditions and aims at consolidation through brown-field accessions. Your Company has successfully completed the debottlenecking of its production and effluent treatment processes during the year. This has paved way for increased capacity utilization of the derivative plants besides helping the Company to meet the prescribed environmental standards.

As higher purchasing power is anticipated in the rural India due to the focus of the Government on agricultural and related economy, your Company expects that the demand would go up further in the near future. The benefits of GST are shown to be improving and it is expected that this would further boost the business opportunities in the short and medium term. However, sustenance of the current initiatives by the Government, world oil prices and early resolution of the US-China trade issues could be the key factors to ensure continued growth while the Rupee weakening could also be a dampner.

As indicated earlier, the Company continues its pursuit for further overseas acquisitions to enhance stakeholder value. Also, the existing Plants may require to be reconditioned in phases for improved productivity and also to avoid stoppages. As in the past, the Company is keen to utilize the internal accruals for all its expansion and other capital proposals, mainly to avoid servicing cost. In the light of the above, your Board has recommended a dividend of fifty paise per share of Rs. 5/- each for the year 2017-18, maintaining the dividend track record unbroken for the 13th consecutive year and sustaining a judicious distribution policy.

CSR Activities

Your Company believes that in any society inclusive growth of all its segments is of paramount importance. The Company has taken CSR projects in two core areas viz., provision of safe drinking water and sanitation facilities to the needy. These initiatives are implemented through AM Foundations promoted jointly by the Company and other like-minded corporates.

The project for providing safe and sustained drinking water to three villages near Manali has been taken up

by the Foundation with the assistance of IIT, Madras who after survey of villages have identified the water sources, type and location of treatment plants, pumping stations, etc. The detailed engineering is in progress and the approval of the government authorities for the required land is awaited.

On the sanitation front, the Company through the Foundation has embarked on provision of toilets in 250 individual households in and around Manali, of which 192 have been completed during the year. Besides this, the Company has agreed to provide similar facilities in 56 households in the three villages where the water supply project is being implemented.

The Company has, through the Foundation taken up projects for provision of sanitation and drinking water facilities in five schools near Manali, benefitting thousands of children. The Foundation is also looking for similar projects in other schools.

Your Company has spent about Rs. 85 lakh in the past three years for the above activities.

It may be noted that though not mandatory under any 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. Towards this Rs. 3.65 crore has been earmarked for the ongoing and new projects.

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 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

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Plant - II

Sathangadu Village
Manali, Chennai - 600 068.

32nd Annual General Meeting
at **Rajah Annamalai Mandram**
on 6th August 2018

Speech by
Mr. Ashwin C Muthiah
Chairman