

Chairman's Speech in 46th Annual General Meeting

Dear shareholders,

At the very outset I on behalf of the Board of Directors of your company and on my personal behalf welcome you all to this 46th Annual General Meeting of the Company for the Financial Year 2016-17. I convey my heartfelt thanks and gratitude to all of you for being present in this AGM and support us. Your continued support and co-operation is very essential for growth and development of our company.

The Notice of the 46th Annual General Meeting, Directors' Report, Independent Auditors Report, the comments of the Comptroller and Auditor General of India and audited financial statements of the company for the financial year ending on 31st March, 2017 have been amongst you for some time, with your kind permission, I consider them as read.

The year 2016-17 was a year of recovery as the company turned it around by earning net profit i.e. PAT of ₹2.86 Crore after incurring heavy loss in previous two consecutive financial years. During the year 2016-17, the turnover of the company increased by ₹ 10.92 Crore over the previous year's turnover of ₹ 80.81 Crore. The company recorded growth in turnover by 13.5% mainly because of increase of Methanol price in the international market in the later part of the Financial Year 2016-17. I am happy to state that the present Methanol and Formalin market scenario in the country is better than the last year and we expect that same will continue till the end of this financial year. If same price continues, the company will perform quite well in the current financial year. Although the Methanol Plant of the company is 29years old and there had been frequent interruptions of power supply in the last year, the Methanol and formalin plants were operated at 97% and 104 % respectively. This was possible because of good maintenance and dedication of the employees of the company.

The members are aware that your company is presently implementing a 500 TPD Methanol and 200 TPD Formalin project at a project cost of ₹ 1337 Crore with equity participations of Government of Assam, Oil India Limited and Assam Gas Co. Ltd. The standalone 500 TPD Methanol project is implemented at

Namrup in the adjacent site of the existing plant. The Formalin project will be implemented in Baitamari, Bongaigaon. The project cost is being arranged at debt equity ratio of 2:1. The Government of Assam alongwith Assam Gas Co. Ltd. and Assam Industrial development Corporation Ltd. will hold 51% of equity and remaining 49% will be held by Oil India Ltd. Engineers India Ltd. (EIL) is the LEPCM contractor for the 500 TPD Methanol Project. The design and engineering job for the Methanol project is in advanced stage including commencement of procurement activities. The piling are under execution and contract for tankage works has been awarded and job will be started very soon.

The implementation of the 200 TPD Formalin plant in Baitamari, Bongaigaon has not been started. The company is in a process of getting a land in Baitamari, Bongaigaon District for setting up the plant at a cost of Rs. 52 Crore. The Government of Assam will hand over the land to the company very shortly and the implementation works of the Formalin project will very soon. The 200 TPD formalin plant will be set up on Lump Sum Turn Key (LSTK) basis.

Dear shareholders, we in the Board of Directors are presently working for preparation of a road map and vision plan for the company for next 10 years. A competent professional firm has been engaged to prepare the road map and vision plan for the company and the firm is working on the same. On receipt of their report the company will implement the same with the help of the Government of Assam and other stakeholders. I hope the new vision plan and road map will help the company establish itself as a major industrial establishment in the county.

In India, Methanol fills an important niche in the petrochemical market. Methanol is also used as alternative fuel which includes bio-diesel, gasoline blending & combustion, green cooking fuel and DME. The Methanol market is positioning as one of the largest and fastest growing market and expected to surge at a strong double-digit growth rate in coming years. One of the major end use of Methanol has been formaldehyde-based resins, and this is expected to grow further in coming years due to healthy demand from the flexible packaging sector.

Worldwide, fears over energy security and increasing uncertainty over the availability of crude oil in future have given a fresh lease of interest in Methanol globally. Presently, several countries are embarking on initiatives to introduce

Methanol blend in conventional fuels or to promote the use of dedicated Methanol vehicles. In India there has been a proposal of blending of Methanol in gasoline upto 15%. In this regard, media reports suggest that the Niti Aayog of the Central Government has submitted their recommendation to the Ministry of Transport etc., Government of India. The notification of the Central Government is awaited. Once, the Government of India notifies the blending of Methanol, there will be huge jump in demand of Methanol in the Country.

As you all aware that your company is the first petro-chemical company in the public sector of India, the first company in the North Eastern region to have a public issue and listed in the Bombay Stock Exchange (BSE) as well as Guwahati Stock Exchanges. In order to achieve its larger objectives in the coming years, Assam Industrial Development Corporation Limited, the promoter of the company and the Board of Directors of your company had decided to get the shares delisted from the stock exchanges and finally the shares of the company delisted w.e.f. 20th February, 2017 from BSE. According to Regulation 21 of the SEBI (Delisting of Equity Shares) Regulations, 2009, Assam Industrial Development Corporation Ltd. has given an exit opportunity to all the shareholders who didn't or couldn't participate in the bid for delisting of shares during the bidding period between January 10, 2017 and January 16, 2017. The exit option will be remain opened till 19th February, 2018.

Being a responsible corporate citizen, Assam Petro-Chemicals Limited recognizes its social responsibilities and discharges the same in letters and spirits. The company has been imparting free education to the needy students of the neighboring villages of the factory site in the schools run by the company for long. The company also continues the same during the FY 2016-17. In order to relief the people of the state affected by devastating floods this year the company contributed a sum of Rs. 15.00 lacs towards the Chief Minister's Relief Fund, Assam.

At the end, I alongwith my fellow colleagues on the Board would like to appreciate to all the members of APL family for their sincerity and devotion for completion another successful year.

I would also like to express our sincere and profound gratitude to the Government of Assam, Government of India, Assam Industrial Development

Corporation Ltd., Oil India Ltd., Assam Gas Company Ltd., Assam Power Distribution Company Ltd. for helping the company all possible way to complete the successful financial year 2016-17.

I also like to express sincere thanks to each and every shareholders of the company for reposing confidence and support to the company's Board and the Management.

At last not the least I convey my sincere gratitude to my predecessors, my colleagues on the Board of Directors the Company for their contributions and sincerity towards the company.

As I conclude, I sincerely thank each and every one of you, our stakeholders for confidence and trust bestowed upon us. We remain committed to sustain and continuously improve our performance and live up to your expectations.

Dated: 26th September, 2017

Place: Registered Office

(Jagadish Bhuyan)

Chairman, 46th AGM