
Chairman's Speech

Good Morning,

Thank you, Members, for your time today and for your continued faith in us always.

The past financial year proved arduous; the 2019-20 GDP growth was a full two percent lower than the previous fiscal year. At 4.2%, after five consecutive quarters of declining growth, this was the slowest the country has grown in eleven years. The slowdown was unmistakable in agriculture and manufacturing. Gross fixed capital formation, including foreign direct investment, shrank, as did exports and imports. Credit conditions remained tight and domestic consumption teetered. Despite financial intermediation and policy changes, fiscal deficit soared to over 4.6% of GDP.

The significant drop in crude prices did not cause a drop in polymer prices as much as we expected. We worked hard to improve convertibility and EBITDA improved almost 2% over last year to INR 60 Cr. However, with our newest Mysore and Vizag facilities being fully operational, our finance and depreciation expenditure increased significantly, lowering our PBT to approximately INR 7 Cr. Additionally, a flood in Baddi during the monsoon last year caused supply disruptions for us.

The covid pandemic further slowed economic activity. Initial rounds of complete lockdown began late in March and continue to hamper daily operations six months on. Most of our plants were non-operational in April, partly operational in May and production returned to pre-lockdown levels only around June. We sought the opportunity to partner with our many large and small customers to make products for this new normal. There was a slew of activity for home and personal care products for a variety of end uses. We rose, as a team, to meet these time-bound critical demands from our long-term partners. The safety of our staff therefore is a priority as they brave contagion to serve the increased needs of our customers. In addition to following all government mandated regulations, we have stepped up our internal housekeeping and sanitization related activities.

We continually strive to seek efficiencies wherever we can. After much deliberation we closed our plant at Sarigam in Gujrat and consolidated its operations into our Naroli facility. We expect to capitalize on the synergies to lower our overall operating expenditure.

Against this backdrop, the Board has not recommended any dividend for the year ended March 2020.

Looking forward, we had expected the Indian economy to have bottomed out by now, but it still appears to be middling. Industrial output and purchasing power are still only lukewarm. We may expect a moderate recovery towards the end of the 2020-21 fiscal. While the recession may not be as severe as in advanced economies, the anticipation of a covid vaccine or further waves of infections will continue to add uncertainty to decision making at all levels. Supply side indicators and rural demand appear to be recovering but there may be a plateau before further improvement. Like other mid-to-large sized Asian states, India has mixed prospects in an increasingly less inter-dependant world. Relationships globally are fragile and shifts in world political and geographical tectonics will crucially define foreign policy with major trading partners in the mid-term.

We have crucially tempered our outlook for the fiscal year 2021. Our efforts to use alternate sources of energy and improving convertibility are being stepped up. The competitive landscape in our industry is getting more aggressive and we are making all efforts to maintain our market share. We are working to not only expand our top line by catering to a wider range of blow moulding products and industries but also being mindful of our bottom line in these involuted times.

Meanwhile, we continue to honour our social commitments through employee volunteers and our CSR foundation Sabka Mangal Ho. Our activities are geared towards democratizing yoga education, especially to the youth in orphanages. They are adapted to not only serve as an avenue for physical and mental well-being for the participants but also as a tool for their vocational training that can be used as an alternate career choice.

Before we conclude, I want to thank Ms Vaishali Sharma, who resigned from the Board late last year to tend to her increasingly demanding professional commitments. We want to wish her well and thank her again for her advice and support on all legal matters pertaining to Hitech. The Board has appointed Ms Kalpana Merchant as an Independent Director and seeks your approval for the same.

Finally, on behalf of the Board, I would like to thank all our employees, customers, suppliers, government authorities, banks and other stakeholders for their continued confidence, support and trust.
