

## **HITECH CORPORATION LIMITED**

(Formerly known as Hitech Plast Limited)

### **26<sup>th</sup> ANNUAL GENERAL MEETING**

**(Wednesday, 2<sup>nd</sup> August, 2017)**

#### **CHAIRMAN'S SPEECH**

**Dear Shareholders,**

On behalf of the Board of Directors, I am happy to extend a warm welcome to all of you at this 26<sup>th</sup> Annual General Meeting of your Company. I thank all of you for your presence here today as well as for your continued support and trust in the Company.

The Audited Annual Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2017, along with the Board's report, Auditors' report and Management Discussion and Analysis report have already been circulated to you. With your kind permission, I would like to take them as read.

I take this opportunity to share with you the highlights of the progress made by Hitech in the current economic environment and prevailing Industrial scenario.

#### **YEAR 2016-17 PERSPECTIVE:**

Against the backdrop of uncertainties in the global market, the year was marked by two major domestic policy developments, the passage of the Constitutional amendment, paving the way for implementing the Goods and Services Tax (GST), and Demonetisation of the specified notes. As the Indian economy is largely cash driven the immediate impact of Demonetisation was clearly visible on the GDP growth which slowed down from 7.6% in FY 2015-16 to 7.1% in the FY 2016-17. Shortage of cash in the economy post demonetisation during the second half of year also affected the purchasing power of the consumers negatively. However, the same was offset by low inflation and supportive monetary policy to some extent.

The per capita consumption of plastic products in India is growing and is moving towards 8% GDP growth. Crude prices have remained low globally, helping Indian manufacturers to reduce costs and better control the trade deficit, easing inflation. This has also benefited the packaging industry since

the price of polymer, the basic raw material utilized by your Company has remained subdued.

The performance of the Company slowed down following reduction in demand in specified sectors viz Paints, FMCG etc. This together with no operations at Rohtak impacted the financial performance of the Company. Whereas the impact of demonetisation gradually calmed down, the uncertainties of GST impact and lower demand by customers has continued even during the current year affecting the volumes.

### **REBUILDING ROHTAK FACTORY:**

Post fire in end FY16, the Company faced with the herculean task of rebuilding the new factory at Rohtak Haryana. Finally your company completed the task and the operations resumed in March 2017. It is expected to bring back the normalcy over a period of 6 months as it is difficult to achieve lost business quickly.

However the assets were fully insured and the Company has submitted its claim on reinstatement basis which is under active consideration by Insurers & Surveyors.

### **MACRO ECONOMIC OUTLOOK 2017-18:**

Despite lingering uncertainties surrounding the global recovery, Indian Economy continues to be labelled as the “fastest growing major economy” in the world. India is expected to achieve the projected growth rate of 7.4 per cent in 2017 and further up 7.6 per cent next year on strong consumption demand coupled with good monsoon. India has posed a beacon of hope with ambitious growth targets, supported by a bunch of strategic undertakings such as the Make in India and Digital India campaigns.

The rollout of GST will bring about significant gains to the country's economy and advantages for the stakeholders, while easing the burden of taxpayers in understanding and complying with various tax laws. Removal of tax barriers with seamless credit will make India a common market leading to economies of scale in production and efficiency in supply chain. The new tax regime holds great promise however may take more time to stabilise in terms of sustaining growth for the Indian economy.

This together with enormous thrust by the Government on setting up good Infrastructure across the country will help in achieving the targeted growth.

#### **BUSINESS OUTLOOK 2017-18:**

In the above environment of Growth, your Company plans to move towards more advanced technologies, automation of jobs and focus on innovative product creation through Research & Development. Hitech is developing business models to serve expanded sectors and customers in new geographies. Hitech has been continuously investing in expanding its manufacturing footprint to serve customer demands.

Your Company plans to enter untapped markets in the northern Indian states by adding capacity at its Rohtak plant, this would give us the advantage of being close to our customers to increase market share. Hitech's continuous focus on its Research & Development facility has expanded the design and development of innovative products to serve its unique range of customers in various business segments. The Goods & Service Tax (GST) is likely to facilitate handling of the products of your Company across the country.

With regard to future growth although the land has been procured at two locations, the Company is keeping a close watch on prevailing industrial scenario wherein demand is subdued in specified sectors; before going ahead to determine the time, size & phase of the new projects.

#### **DIVIDEND:**

Against a challenging business environment, the Board of Directors of your Company has recommended to maintain dividend of 9%, i.e. Rs. 0.90 per equity share, for the financial year ended 31<sup>st</sup> March, 2017. It would be my pleasure to receive your approval for the dividend payment, as recommended by the Board.

#### **CORPORATE SOCIAL RESPONSIBILITIES:**

In addition to our business goals and commitment to drive shareholder value, our company is focused on playing its role as a responsible corporate citizen. We continue to contribute towards initiatives that drive societal change in the communities where we operate, while ensuring that our

growth is sustainable. The Company has set-up a registered charitable public trust namely; Sab Ka Mangal Ho Foundation for undertaking its CSR activities. During the year, several CSR activities were conducted directly by the Company and through the said trust. The Company conducted a tree plantation drive in close proximity of Company's areas of operations in Sriperumbudur (Tamil Nadu), Sitarganj (Uttarakhand) and Rohtak (Haryana) with an aim to contribute towards preserving and promoting environmental sustainability and while sensitizing the local communities about its importance. Supporting Mid-day Meal Programme for Under-privileged Children, Promoting Life Skills Value Education and supporting river cleaning projects were some other initiatives undertaken by your Company during the year.

### **ACKNOWLEDGMENTS:**

Before I conclude, I would like to sincerely thank all my colleagues on the Board for their continued support and wise counsel. I am thankful to the company's employees for their dedication and commitment. I would also like to take this opportunity to express my gratitude to all stakeholders, namely our customers, suppliers and banks for encouraging us to climb great heights. Most importantly, I want to thank you, our shareholders, personally and on behalf of the Board, for your sustained faith and confidence in the management of your Company. I look forward to your continued support and best wishes.

### **Chairman**

Place: Mumbai

Date: 2<sup>nd</sup> August, 2017

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