

Hydro S & S Industries Limited

Annual General Meeting - 18th September, 2013

Speech of the Chairman of the Meeting

Ladies and Gentlemen:

It gives me immense pleasure to welcome all of you to the Twenty Ninth Annual General Meeting of your Company. The Annual Report for the year ended 31st March, 2013 has already been circulated and with your permission I will take it as read.

Economic issues like high inflation, poor export demand, adverse performance of the rupee continue to bog the country into the second year running. A favourable monsoon this year is a positive factor whose other signals like the industrial growth are forbidding.

These multiplicity of problems have been reflected in the demand scenario which continued to remain soft with the passenger vehicle growth dropping below 5% year on year. This grim scenario is continuing during the current year as well with volume off-take remaining somewhat flat.

A Major development in the history of the Company has been the acquisition of the erstwhile promoter's holding of the Company by Kingfa Sci. & Tech. Co., Ltd., China on 3rd July, 2013. This acquisition by a strategic Global player from the Industry will be in the best interest of the Company. Consequent to the above acquisition, members are aware of a recast of the Board of Directors. I take the privilege of thanking the earlier Board of Directors of having steered the Company successfully over the last three decades.

As reported in the Annual Report, the revenue from operations recorded an increase of 4% over the previous year though volumes remained flat. The year continued to witness rising inputs prices of the major raw material Polypropylene, though for a brief period there was a period of hold.

Your Company, continued to aggressively pursue cost rationalization and customer diversification in order to deal with the challenges of tight contribution margins. At the same time, we are faced with rising input costs which are not fully being able to be passed on to customers. To offset this, the company is vigorously working to reducing your company's dependence on specific models/OEM's.

As indicated in the speech last year, the redeployment of its manufacturing capacity was undertaken during the last year and a new facility was commissioned at Manesar, Haryana to cater to the auto hub there. This we feel will help us to consolidate our position in that area.

Going forward, the Company looks forward to active support from its Chinese parent in many fields in order to consolidate its position in the Indian market.

I also wish to acknowledge with gratitude the contribution of each and every employee, the stakeholders including the customers, vendors, bankers and most importantly, you the Shareholders in standing by the Company during these trying times.

Let us now proceed to take up the business of today's meeting.

Chairman of the Meeting