

CHAIRMAN'S MESSAGE

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Dear Shareholders,

FY 2021 was the 60th year of the Company having been incorporated on April 20, 1961. During these last 60 years, your Company crossed several milestones, successfully steered through several challenges, strengthened its operations and financials with several good returns on investments. In this report, we have tried to bring to the you some of these achievements and photographs of yester years.

Last year (FY 19-20) we navigated the pandemic situation well, thanks to our dedicated officers and staff. FY 21-22 started with the second wave of COVID 19. To mitigate, the Government imposed lock down and containment in several locations which affected the supplies from vendors, availability of manpower at several of our locations. The Management has been able to minimise impact and meet customer commitments to the best of their ability. With the vaccination drive gaining momentum and availability of vaccines improving, 3rd wave of COVID, if any, is expected to be mild in nature.

The GDP growth projection for FY 2021-22 is expected to be

around 9.5% as per RBI. Thanks to the Government's initiatives in energising the economy there are several green shoots emerging under the Indian economy since April 2021. Exports have started rising, Forex reserves have increased to \$ 625 billion. GST collections have become stable, and the manufacturing sector has increased its share of GDP. The external value of the Rupee Vs the Dollar has also shown stability over the past several months. All these point to a GDP growth of 8 – 9.5% as per World Bank and IMF estimates.

Your Company and its subsidiary, IDL Explosives Ltd., being under the essential services categories operated during lock downs with limited manpower. Yet it was able to maintain commitments. During the pandemic period the metal and infrastructure sectors, aided by policy initiatives by the Central and State Governments helped to maintain demand for energetic and explosives products. The defence sector was a major contributor to the results of the Company in FY 21. We express our gratitude to our biggest customers like Coal India Limited, responsible for nearly 45% of our output, continued to repose their faith and confidence in us.

Your Company has also identified certain niche areas for future growth such as Electronic Detonators Systems having applications in Commercial Mining, Defence and Aerospace sectors, Electronics Assemblies and Metal Cladding.

To offset the cyclical variations in the revenue and profits from its core businesses, your Company had been able to establish steady income streams leveraging its land properties. However, despite the waning of the covid waves and state governments lifting lock down curbs, the adoption of work from home arrangement, over the last year and a half by IT/ITES companies has affected the commercial realty sector. New lease arrangements could not be finalised. Opportunities for monetization of properties are also being actively looked into.

Overseas Investments

After its earlier success in the acquisition of Houghton International Inc, HGHL Holdings Limited (HGHL), the UK based wholly owned subsidiary of your Company, has also undertaken another project by way of stake in a luxury hotel and residences project in London with Raffles (Accor Group). In the meantime, HGHL has been encashing its beneficial holding in Quaker Chemical on a tax-free basis in the UK and has been paying considerable amount of dividends to the Company which is being distributed to its Shareholders since FY 20. Thus, your Company continues to venture into new areas to enhance shareholder value.

With an encouraging order book, modernisation of facilitates at the major plants and an efficient workforce, your Company is confident of a better future.

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I, on my behalf and on behalf of the entire Board of Directors of the Company, thank the Bankers, Auditors, other stakeholders, and appreciate the commitment, resilience and the spirit of innovation displayed by the employees of your Company and its subsidiaries for the commendable performance during the year in spite of the Covid-19 constraints in sustaining the business activities in the pandemic year.

We welcome you to the 60th Annual General Meeting scheduled on 27th September 2021.

Ajay P Hinduja
Chairman