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**Hind Rectifiers Limited**

**PERFECTLY ENGINEERED POWER CONVERSION SYSTEMS**

# **ANNUAL REPORT**

**2019-2020**



## Hind Rectifiers Limited

**62nd Annual Report 2019-2020**

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## Board of Directors

**S. K. Nevatia**  
Chairman & Managing Director

**Akshada Nevatia**  
Executive Director

**Pawan Kumar Golyan**

**V. K. Bhartia**

**Binod Kumar Patodia**

**Pradeep V. Goyal**

**Parimal Merchant**

**Vandan Shah**

**Ashlesha Bodas**  
(Additional Director)

**Suramya Nevatia**  
(Additional Director)

## Key Managerial Personnel

**S. K. Nevatia**  
Chairman & Managing Director

**Suramya Nevatia**  
Chief Executive Officer  
(Appointed as Joint Managing Director and  
CEO w.e.f.17th August, 2020)

**A. K. Nemani**  
Chief Financial Officer

**Meenakshi Anchlia**  
Company Secretary & Compliance Officer

## Bankers

**ICICI Bank Ltd.**

**Standard Chartered Bank**

**TJSB Sahakari Bank Ltd.**

**Apna Sahakari Bank Ltd.**

## Statutory Auditors

**M/s Ravi A. Shah & Associates**  
Chartered Accountants

## Secretarial Auditors

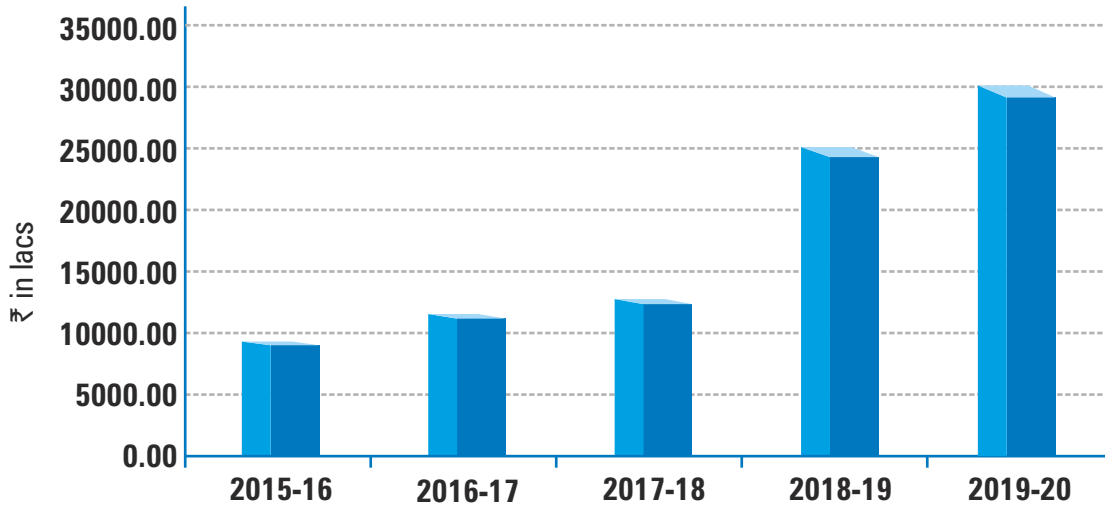
**M/s GMJ & Associates**  
Company Secretaries

## Registrar And Transfer Agent

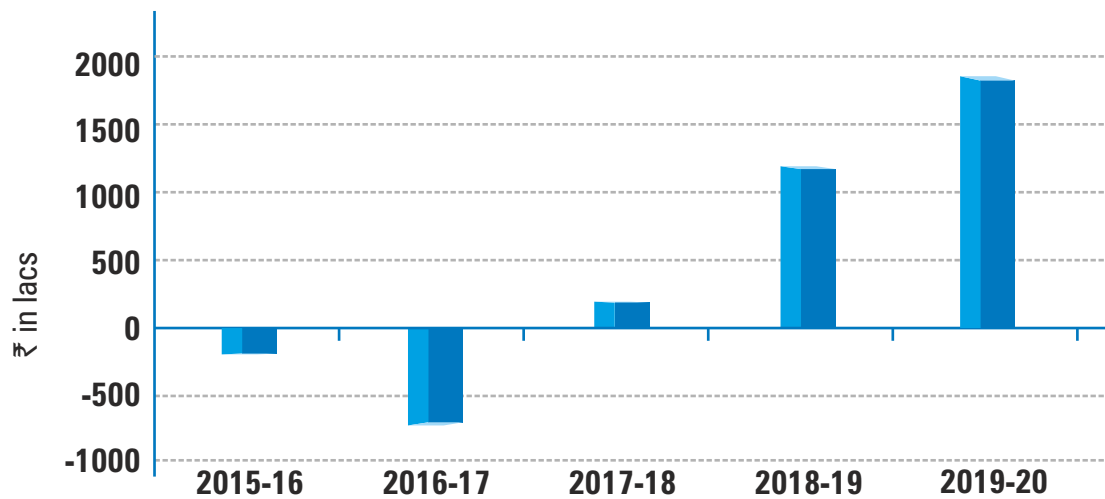
**M/s Adroit Corporate Services Private Limited**  
19-20, Jafferbhoy Industrial Estate,  
1st Floor, Makwana Road, Marol Naka,  
Andheri (East), Mumbai 400059.



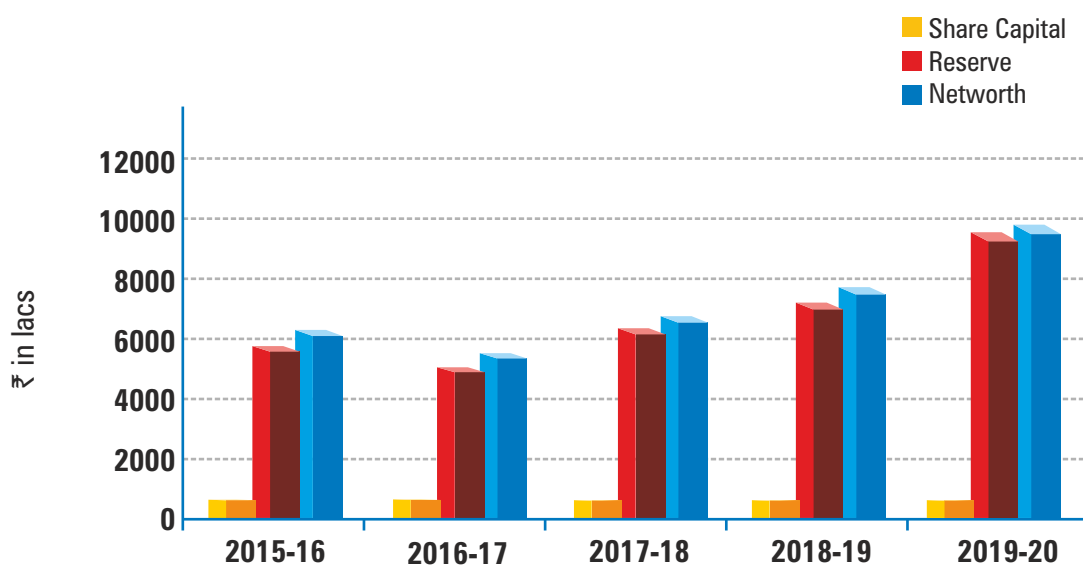
## SALES



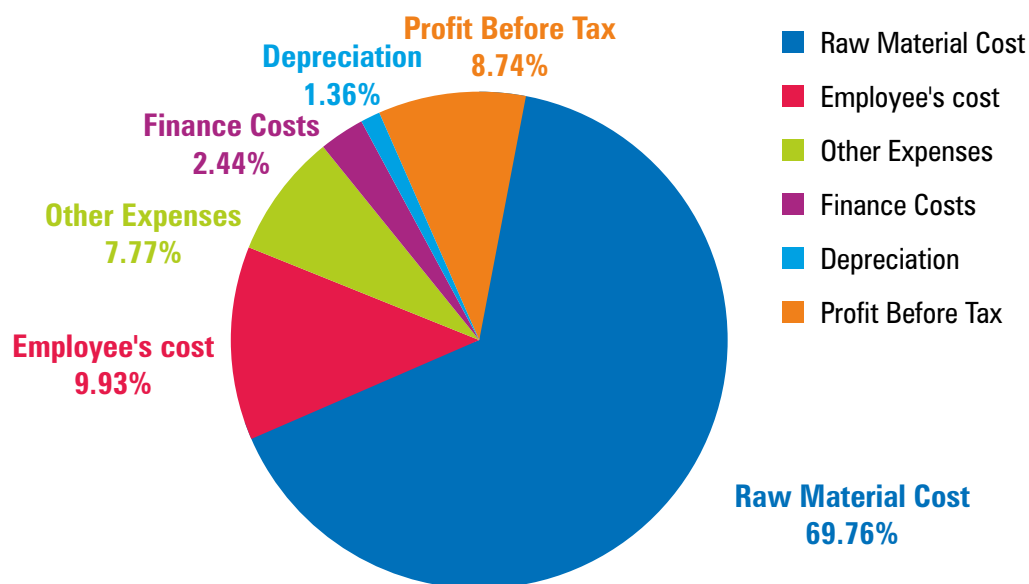
## NET PROFIT AFTER TAX



## NET WORTH



## PERCENTAGE OF RUPEE SPENT DURING 2019 - 2020





## HIGHLIGHTS

			2019-20	2018-19	2017-18	2016-17	2015-16
INCOME :							
1	Net Operational Income	(₹ in lacs)	29962.05	25514.29	12,569.20	11,148.49	9,393.59
2	Profit before Finance Cost, Depreciation & Tax	(₹ in lacs)	3762.96	2591.96	962.23	517.34	266.63
3	Finance Cost	(₹ in lacs)	731.63	700.24	529.74	516.14	327.47
4	Depreciation	(₹ in lacs)	407.26	271.86	230.73	199.75	157.53
5	Gross Profit after Finance Cost & Depreciation but before Tax	(₹ in lacs)	2624.07	1619.86	201.76	(198.55)	(218.37)
6	Exceptional Items	(₹ in lacs)	-	45.05	-	(779.33)	-
7	Profit after Tax	(₹ in lacs)	1847.91	1179.08	131.45	(712.20)	(150.98)
EQUITY SHARE DATA :							
8	Sales & other Income per equity Share	(₹)	181	154	76	74	63
9	Earnings per equity share	(₹)	11.16	7.12	0.79	(4.63)	(1.00)
10	Book value of equity share	(₹)	57.74	47.17	40.02	35.33	41.07
11	Networth	(₹ in lacs)	9563.82	7813.53	6628.85	5,320.68	6,183.79
12	Market Price :						
	a) High	(₹)	269.95	165.00	164.00	114.30	100.00
	b) Low	(₹)	89.00	95.90	75.19	61.00	52.55
13	Dividend	(%)	40	20	-	-	-
RATIO :							
14	PBT / Net Operational Income	(%)	8.76	6.35	1.61	(1.78)	(2.32)
15	Profit after Tax / Networth	(%)	19.32	15.09	1.98	(13.39)	(2.44)
16	Total Liabilities / Total Assets	Times	0.61	0.58	0.57	0.53	0.50
17	Total Debt / Equity	Times	0.94	0.81	0.77	0.77	0.51
18	Total Outside Liability / Total networkth	Times	1.54	1.32	1.26	1.08	0.97
19	Current Ratio	Times	1.38	1.49	1.39	1.40	1.69
20	PBDIT / Finance Costs	Times	5.14	3.70	1.82	1.00	0.81



## CHAIRMAN'S STATEMENT

Dear Shareholders,

I'm pleased to inform you that your company has achieved a 20% growth in terms of top line during the last financial year.

This gives us immense confidence in our R&D roadmap which includes new products being developed and already developed products being commercialised. With new projects and opportunities coming our way in the Railways we continue to be heavily invested in technology that is both created and manufactured in India.

Like the rest of the world, we too, have been negatively affected by the pandemic, which has resulted in a slow first quarter, however we have survived the quarantine period and we are confident to recover from here onwards.

On behalf of the entire Management Team, I would like to thank you for your continued belief and trust in Hind Rectifiers Ltd.

Best Wishes.

**S. K. Nevatia**  
Chairman & Managing Director

**DIRECTORS' REPORT**

Dear Members,

Your Directors present the 62nd Annual Report together with the Audited Financial Statements for the year ended March 31, 2020.

(₹ In lacs)

<b>FINANCIAL RESULTS</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Revenue from Operation	<b>29962.05</b>	25514.29
Other Income	<b>48.16</b>	61.55
Total Revenue	<b>30010.21</b>	25575.84
Profit Before Interest, Tax, Depreciation and Amortization (PBITDA)	<b>3762.96</b>	2591.96
Less: Finance Cost	<b>731.63</b>	700.24
Profit/Loss before Depreciation and Tax	<b>3031.63</b>	1891.72
Less : Depreciation	<b>407.26</b>	271.86
Profit/(Loss) before Exceptional Item	<b>2624.07</b>	1619.86
Exceptional item	-	45.05
Profit/(Loss) before Tax	<b>2624.07</b>	1664.91
Less : Provision for Taxation - Current	<b>634.45</b>	-
Deferred	<b>141.71</b>	485.83
Profit/(Loss) after taxes	<b>1847.91</b>	1179.08
Other Comprehensive Income (Net of Tax)	<b>(17.76)</b>	5.60
Total Comprehensive Income for the year	<b>1830.15</b>	1184.68

**OPERATIONS**

Turnover of the Company during the year 2019-20 was ₹ 29962.05 lacs as compared to ₹ 25514.29 lacs in the year 2018-19. Profit before interest, depreciation and tax was ₹ 3762.96 lacs compared to ₹ 2591.96 lacs.

The Company continues to focus on development of new products for Railways and also for other applications. The Company also continues to expand its product range by way of developing the product in house, this will help for further improving the performance.

On account of the spread of COVID 19 virus, the Central / State Government had imposed a Lockdown in the month of March, 2020 leading to shut down of the Company's manufacturing facilities and operations. The Company has resumed its operations in a phased manner as per directives from the Government and at present, Nashik and Dehradun plants are working with full capacity, however, Mumbai plant is working with limited operations. The Company has evaluated impact of this pandemic on its business operations and based on its review of current indicators of future economic conditions, there is no significant impact on its financial results as at 31st March 2020 however the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly, the impact may be different from that estimated as at the date of approval of these financial results. The Company believes that the pandemic is not likely to impact the recover ability of the carrying value of its assets. The Company will continue to monitor any material changes to future economic conditions.

Demand from Railways continues to be good and the Company has healthy order bookings for the financial year 2020-21.





Keeping in mind the future growth, the Company has accepted the offer made by MIDC, Nashik for allotment of land admeasuring to 26930 Sq Mtrs on lease at MIDC Sinner and is in the process for signing the final lease agreement.

### COVID-19

In the last month of Financial Year 2019-20, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees. In view of the announcement made by State/Central Government from time to time operations of the Mumbai plant was suspended w.e.f. 19th March, 2020 and operation at Nashik & Dehradun Plants was suspended w.e.f. 23rd March, 2020.

Further, considering the relaxation given by the Government, operations at Nashik Plant was started w.e.f. 27th April, 2020 and of Dehradun plant w.e.f. 6th May, 2020. Initially, both the plants were working with the capacity of 20% to 25%. Dehradun and Nashik Plants were fully operative from the 25th May, 2020 and 9th June, 2020 respectively. The Company is considering various possibilities for utilization of better capacity at Nashik as well Dehradun plants. Operations at Mumbai plant was started with the capacity of 10% with effect from 8th June, 2020.

In view of lockdown declared by Government, many of the employees are working from home only and ensures that required operations are not affected adversely.

Due to the suspension of the operations in all the plants, performance of the first quarter may affect adversely but the Company is of the view that it will be able to recover the same in balance three quarters, if lockdown is not further extended.

Demand for the Company's product is expected to be stable and there is no non fulfillment of any commitment by any of the party which will have a significant impact on the performance of the Company.

### DIVIDEND AND RESERVES

The Board of Directors of your Company are pleased to recommend a dividend of ₹ 0.80 (subject to deduction of tax) per equity share of the face value of ₹ 2/- each (@ 40 %), payable to those shareholders whose names appear in the Register of Members as on the Book Closures. Further, ₹ 300.00 lacs have been transferred to the General Reserve.

The final dividend on equity shares, if approved by the members would involve a cash outflow of ₹ 132.51 lacs.

### FINANCE AND ACCOUNTS

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended on 31st March, 2020 has been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 as amended from time to time. The estimates and judgements relating to the financial statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended 31st March, 2020. Notes to the financial statements adequately cover the Audited Statements and form an integral part of this Report.

### SHARE CAPITAL

The paid-up Equity Share Capital as on 31st March, 2020 was ₹ 3,31,27,446. During the year under review, the Company has not issued shares or convertible securities or shares with differential voting rights nor has granted any stock options or sweat equity. None of the Directors of the Company hold instruments convertible into equity shares of the Company as on 31st March, 2020.

### EMPLOYEES' STOCK OPTION SCHEMES

The Company's Employees Stock Option Scheme viz. 'HIRECT Employees Stock Option Plan - 2018' was passed in the 60th Annual General Meeting for 250000 equity shares options. The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Plan of the Company. The Company has not yet approached the Stock Exchanges to obtain the scheme approval. Further, the Company has not made any grant under the scheme during the financial year 2018-19 and 2019-20. There is no change in the scheme. The scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulation, 2014 and Shareholders resolution passed in the 60th Annual General Meeting. The details under the SEBI (Share Based Employee Benefits) Regulation, 2014 are available on the Company's website at [www.hirect.com](http://www.hirect.com).

**Hind Rectifiers Limited**

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**DEPOSITS**

The Company has not accepted any deposits from public or shareholders and as such, no amount on account of principal or interest on deposits from public or shareholder was outstanding as on the date of the balance sheet. Although the Company had passed relevant resolution in 59th Annual General Meeting to invite deposit from shareholders but it has not started yet.

**BOARD OF DIRECTORS**

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Pawan Golyan, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, have offered himself for re-appointment. The Board recommends his re-appointment for the consideration of the members of the Company at the Annual General Meeting. Brief profile of Mr. Pawan Golyan has been given in the Notice convening the Annual General Meeting.

The members of the Company at its 60th Annual General Meeting held on 13th August, 2018 have approved the re-appointment of Mr. Sushil Kumar Nevatia as Chairman and Managing Director of the Company, w.e.f. 1st April, 2019 for a term of three years by way of passing special resolutions.

Further, the term of Mrs. Akshada Nevatia as Executive Director was expired on 14th January, 2020. The members of the Company at its 61st Annual General Meeting held on 8th August, 2019 have approved the re-appointment of Mrs. Akshada Nevatia as Executive Directors of the Company w.e.f. 15th January, 2020 for a further period of 3 (three) consecutive years.

The members of the Company at its 60th Annual General Meeting held on 13th August, 2018 have approved the re-appointment of Mr. V. K. Bhartia, Mr. Pradeep Goyal and Mr. B. K. Patodia as Independent Directors of the Company, w.e.f. 14th August, 2019 for a second term of 5 (five) consecutive years.

The Company is falling in top 1000 Companies on the basis of market capitalization list of National Stock Exchange of India Limited as on 31st March, 2020. According to the Regulation 17(1)(a) of Listing Regulations, the Company is required to appoint a Woman Independent Director on the Board. The Board has appointed Mrs. Ashlesha Bodas as Additional Director w.e.f. 26th June, 2020. Further, the Board has appointed her as Independent Director w.e.f. 26th June, 2020 for five consecutive years. The appointment was made based on the recommendation of the Nomination and Remuneration Committee. The appointment is subject to the approval of shareholders in the ensuing Annual General Meeting of the Company.

The Board has appointed Mr. Suramya Nevatia, Chief Executive Officer (KMP) as Additional Director w.e.f. 17th August, 2020. Further, the Board has appointed him as 'Joint Managing Director and Chief Executive Officer (KMP)' w.e.f. 17th August, 2020 for three consecutive years. The appointment was made based on the recommendation of the Nomination and Remuneration Committee. The appointment is subject to the approval of shareholders in the ensuing Annual General Meeting of the Company.

None of the Directors are disqualified under Section 164(2) of the Companies Act, 2013.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under the Companies Act, 2013 and the Listing Regulations. The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct. There has been no change in the circumstances affecting their status as Independent Directors of the Company. Further, they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence and that they are independent of the management.

In the opinion of the Board, the Independent Directors, fulfill the conditions of independence specified in the Companies Act, 2013 and the Listing Regulations. All the Independence Directors have complied with the code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses, if any incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

The familiarization program and other related information are detailed in the Corporate Governance Report, which forms part of this Report.