



— Since 1983 —

Annual Report 2016-17

**A
Giant
Leap**

Forward-Looking Statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Read between the pages...

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Clarity purveys focus. It eases growth.

Because when there is clarity,
there is always a way of doing
things better.

Two years back, we targeted to achieve a top-line of ₹ 1000 crore by 2018. However, the unanticipated and challenging global economic situations in 2015-16 impacted our performance and profitability.

But, that could not hold us back!
**Because, a clear vision makes every
challenge irrelevant.**

The tough encounters made us explore new possibilities and the underlying potential in the domestic market. This is how we responded:

- ⚙ Reorganised and realigned business priorities
- ⚙ Adapted smarter growth strategies
- ⚙ Redefined process parameters
- ⚙ Undertook cost rationalisation measures
- ⚙ Enhanced efficiencies

And what did we achieve?

15% increase in domestic volumes (15,985 MT)
70% increase in operational profitability ₹ 35.81 crore
Turned losses into profits: ₹ 6.28 crore post-tax
profit, against ₹ 9.56 crore loss in the previous year.

And in the process, we grew even stronger.

The journey of making our vision a reality helped us discover a new identity. It emerged from the courage within and allowed us to position ourselves for a **giant leap** ahead.



Years of industry
presence



BSE Code



NSE Symbol



Market Capitalisation
as on March 31, 2017



A sneak-peek into our business

India's largest Electrical Steel Laminations, Motor Cores, Sub-Assemblies, Die-Cast Rotors and Press Tools manufacturer.

India's only end-to-end product and service provider in the electrical lamination segment.

India's pioneer traction motor subassemblies manufacturer.

Possess India's only indigenously developed tool room with a portfolio of over 3,400 tools.

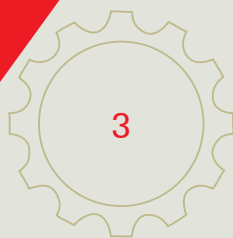
India's first commercial laminations manufacturer certified by BVQI of UK for ISO 9002 and in process of being certified to ISO-14001.

India's largest laminations exporter.

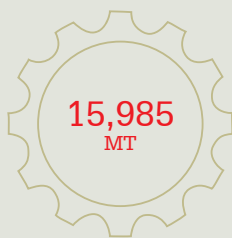
Possesses diversified manufacturing forte within the group comprising Castings, Steel Fabricated Parts and Machined Components, Stator and Rotor assemblies with a possibility of venturing into forgings.

Offers products that find application in capital goods products like motors and alternators, used in any process engineering.

Equipped with world-class lamination and machining combined with stringent quality systems that have helped building long-term customer relationships with reputed clienteles like Crompton Greaves, Siemens, GE, ABB and Suzlon, among others.



Manufacturing
Facilities



Domestic Volumes



Export Volumes



Revenue as on
March 31, 2017



In diversity lies true strength

Diversified product mix for varied applications.

What is lamination in our business?

Laminations are the steel elements/parts of the stator and rotor comprising thin electrical steel sheets stacked together. These laminations can be stacked, kept loose, welded, or bonded together depending upon application.

Given below is a pictorial presentation of how these stators and rotors find its application in a basic motor:



Stator

Stator is one of the most critical motor components manufactured by the Company. The electrical field is generated around this stator and copper coil is wound on the laminated stack. The stack is made of electrical steel across various forms – this is the key product manufactured by the Company, sold in the form of single sheet or assembled.

Rotor is a moving component of an electromagnetic system in the electric motor, electric generator or alternator. It consists of a multi-pole electromagnet which induces output voltage in the stator of the generator when it is rotated by the engine.



Basic Motor



Single Sheet



Welded Together



Electrical Steel Laminations

- ⚙ Laminations from 50 mm to 1,250 mm outer diameter
- ⚙ Pacer/vent and glued laminations for hydro / thermal power equipment

Die Cast Rotors and Assemblies

- ⚙ Skew angle rotors upto 540 mm OD & 1,000 mm height including end rings and fins
- ⚙ Riveting or bolting the rotor stacks under hydraulic pressure

Stator Core Assemblies

- ⚙ Assemblies upto a diameter of 2,000 mm with circular and segmental laminations and cleating / welding / riveting of assemblies

Rotor Core Assemblies

- ⚙ Supplies ready-to-use assembled rotor cores

Pole Assemblies

- ⚙ Assembled pole bricks with stacking under hydraulic pressure and welding / core bolting with end castings.

Casting and Machine Components

- ⚙ Machine shop that can handle range of precision machined components for different applications



Chairman's message

Dear Shareholders,

Our most significant opportunities are often found in times of greatest challenge. Because, we don't grow when things are easy, we grow when we face challenges. It is true that every challenge comes with an opportunity. The unfavourable economic situations of 2015-16 made us reorganise our strategic priorities for 2016-17. We were clear about our end goals and made strategic changes in our key business areas. This has helped the company emerge stronger and has positioned itself for a giant leap in the coming years.

Economic and industrial activities

The global economy witnessed a 3.1% annual growth. The modest recovery in the developed countries got largely overshadowed by deceleration in key emerging markets and developing economies (EMDEs). This was accompanied by a moderate increase in commodity prices, subdued global trade, financial market volatility and weakening capital flows.

India emerged amongst the fastest growing economy in the G-20 nations. Even though the demonetisation exercise temporarily threw a challenge, the medium-term growth prospects were favourable. The growth momentum is expected to rise with Government's policy initiatives such as taxation (GST), foreign direct investment (FDI) and the ease of doing business, among others. The coming fiscal is anticipated to drive an economic growth with the implementation of key reforms, loosening of supply-side bottlenecks and appropriate fiscal and monetary policies.

During FY2017, the index of industrial production rose by 5% while the capital goods sector rose by 3% annually. The industrial activities is projected to experience an expansion in FY2018. This will mainly be due to improvement in demand across various segments. Increased government expenditure with improvement in private sector investment will give an impetus to the industrial sector.

Performance

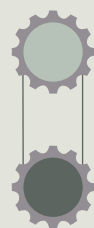
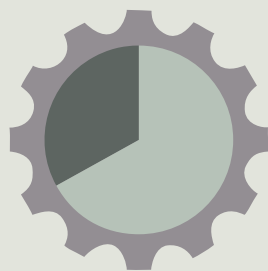
Last fiscal, our Company achieved impressive numbers:

- ⚙ 18,775 MT of sales volume
- ⚙ YoY domestic volume growth of 15% to 15,985 MT
- ⚙ YoY EBIDTA growth of 72% to ₹ 32.78 crore
- ⚙ Recorded PAT of ₹ 6.28 crore as against a loss of ₹ 9.56 crore in the previous year

We are happy that our performance was in sync with our strategy of focusing on domestic markets. Better product mix and improved price realisations resulted in strengthening the margins. Moreover, facility reorganisation and higher operational efficiencies aided cost rationalisation. We also started our commercial delivery to GE India for the Indian Railways project. It is noteworthy to mention that this delivery was a year ahead of its expected schedule.

Expansions and relocation

The expansion at Hyderabad (plant IV) for machining of castings for GE Locomotives, Gamesa and Siemens orders, are going as per the



67%
Domestic
Revenues

33%
Exports



FOR STRENGTHENING
OPERATIONAL EFFICIENCIES,
THE COMPANY IS
TAKING INITIATIVES FOR
MODERNISATION AND
TECHNOLOGY UPGRADATION
ACROSS FACILITIES.

schedule. The commercial production is expected to commence by the first half of FY2018. We are also in the process of shifting our Pune facility to Aurangabad and expect to start operations from FY2018. The results from our Pune operations were quite satisfactory. However, the cost of setting up a facility in Pune was significantly higher than Aurangabad. Hence, we took the conscious step of creating our own facility at Aurangabad. Our Aurangabad facility has been granted the 'Mega Project' status by Government of Maharashtra.

Strategic priorities

We are taking cautious-yet-proactive measures to leverage upon the industrial opportunities. I would also like to highlight the key strategic priorities for the next fiscal:

- ⚙ Stabilise the investments in capex through timely commencement of production and consolidation of capacities
- ⚙ Explore inorganic growth opportunities by merging our foundry unit into our main business
- ⚙ Enhance our focus on value-added machine casting and assemblies to leverage the domestic market opportunities
- ⚙ Include additional products to portfolio, identify new growth engines – fabricated and forged – for cross-selling opportunities and broadening our customer base
- ⚙ Leverage domestic opportunities in infrastructure and capital goods sector, specially from the railways and wind energy segment

Where are we heading?

Two years back, we had committed ₹ 1000 crore revenue mark. The same holds good even today. With a unique mix of talent, innovation, experience and a long-standing clientele, we believe nothing should hold us back. With an optimistic environment around, our business outlook for the next fiscal looks positive. Our robust order book further projects an impressive performance over the coming years. With the beginning of consolidated entities contribution, we are anticipating a quantum growth leap in business.

Acknowledgements

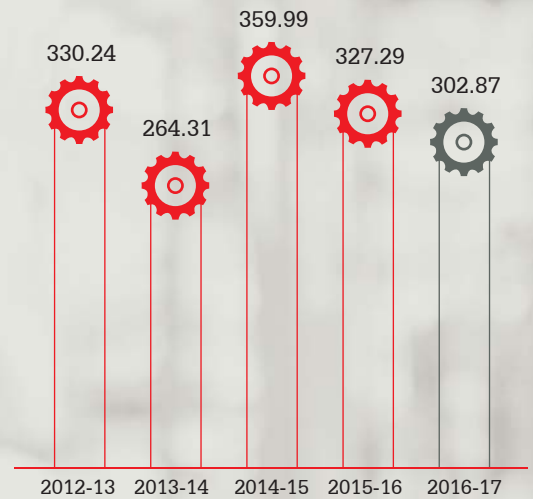
I would like to express my gratitude and extend my sincere appreciation for the sound guidance and contribution of my fellow Directors. I would like to commend the efforts of our employees, their commitment, dedication and sheer hard work that has contributed to the Company's growth. I would further like to thank our investors, bankers, customers and all our stakeholders for their continued support. As we continue to navigate our journey, we are certain of overcoming every challenge, create shareholder's value and take the Company to the next level of growth.

Regards,
Sharad B Pitti
Chairman and Managing Director



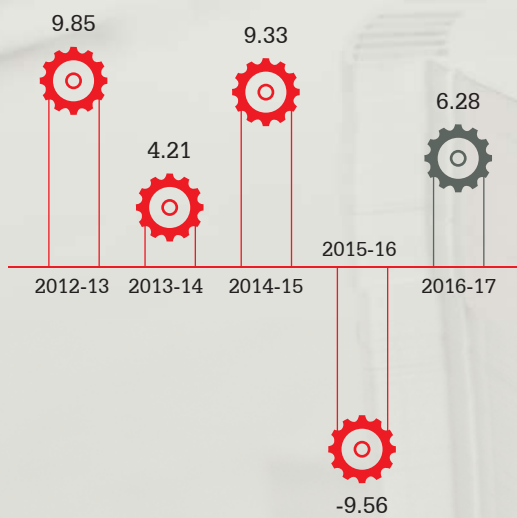
Our performance trend

Revenues* (₹ in crores)



* Gross revenue from operations

PAT* (₹ in crores)



* Profit After Taxes

Networth (₹ in crores)

