

2020-21

ANNUAL REPORT



S | Annual Report 2020-21



Perfection is not attainable, but if we chase perfection we can catch excellence.

Vince Lombardi

CONTENTS



Introduction

| | |
|-----------------------------------|----|
| Managing Director's Communique | 02 |
| About Us | 04 |
| Manufacturing Locations | 05 |
| Business Verticals | 06 |
| Product Range | 08 |
| Awards & Certificates | 10 |
| Customers | 11 |

Statutory Reports

| | |
|--|----|
| Corporate Information | 12 |
| Notice | 13 |
| Board's Report | 30 |
| Management Discussion & Analysis Report | 41 |
| Report On Corporate Governance | 47 |
| Secretarial Audit Report | 79 |

Financials

| | |
|-----------------------------------|-----|
| Independent Auditors' Report | 89 |
| Balance Sheet | 96 |
| Statement of Profit and Loss | 97 |
| Statement of Cash Flow | 98 |
| Statement of Changes in Equity | 99 |
| Notes to Financial Statements | 100 |

FROM THE DESK OF

MANAGING DIRECTOR

With rapid globalization and foreign direct investment inflow into the Indian automotive industry, the auto components sector is set to create newer opportunities and verticals for further growth.

Dear Stakeholders,

I hope that each one of you and your family members are safe and healthy and are heeding the advisories of the respective governments and taking all necessary precautions.

The year 2020-21 was like no other. It has been amongst the most challenging to-date, with the COVID-19 pandemic causing a scale of suffering that is hard to comprehend. At this difficult moment, our thoughts and prayers extend to all those who have been impacted by this pandemic.

Our main focus during this pandemic year was to ensure the safety and well-being of everyone in the ecosystem. As things stand today, we continue to keep health and safety as our top priority. We have always been people centric and know that our people are our family. We are also of the firm belief that our relationships are the key to our success.

I am confident, however, that with the learnings of the previous wave, the mass vaccination effort and with greater awareness for preventive actions in the society, we will once again overcome this challenging time.

POWER BY RESILIENCE

FY 2020-21 was one of the toughest years for the Automobile Industry. The lockdown caused a cascading effect on the revenue and supply chain processes. While the first half of the year was severely impacted, the second half witnessed a revival in sales owing to the regained consumer confidence and pent-up demand.

With an EBITDA of Rs 26.1 Cr (EBITDA margin 19.7%), Rs 31.8 Cr (EBITDA margin 20.6%) and Rs 30.5 Cr (EBITDA margin 18.9%) in Q2FY21, Q3FY21 and Q4FY21 respectively, Shivam Autotech has delivered astounding results to showcase an industry turnaround and signals positive change for all its shareholders.

The growth reflected is an outcome of Shivam Autotech's strategic business initiatives including new business contracts and investments, an indication of the organization's grit and result-oriented resolve despite the challenges of the last two years. From facing uncertainties like recession in the auto industry on account of BS-VI adoption, followed by the pandemic lockdown, increase in steel prices, supply chain disruption and the overall impact of COVID-19 on the economy, this turnaround is an encouraging



signal for all and I am positive that we will continue with this growth momentum and sustain it in future while we create value for all our stakeholders.

The business diversification strategy devised and implemented to manufacture components for new business verticals like off road vehicles, steering components and construction equipment have been encouraging.

In alignment to PM Modi's vision of Atmanirbhar Bharat, Shivam Autotech has taken multiple initiatives to build a self-reliant infrastructure. To increase the liquidity in the system, the Company has also availed Emergency Credit Line Guarantee Scheme (Scheme) issued by the National Credit Guarantee Trustee Company Limited ("NCGTCL"), a wholly owned Trustee Company of Government of India. Further, the company's focus on building infrastructure to indigenize manufacturing processes has given rise to scope for future exports and saving valuable foreign exchange for India.

The Company also took some Cost saving measures such as merging the Manesar plant with Rohtak plant for operational synergies and cost reductions and optimization of manpower cost by reductions in manpower gradually in non-productive areas.

Shivam Autotech's investments are also focused on the global market to propel growth. Considering the results of Shivam Autotech, its product diversification

to tap newer potential and an upbeat industry scenario, I have no doubt about our ability to materialize our vision and to work strongly towards creating immense value for you, our stakeholders.

No doubt, an environment of fear is eclipsing the industry. But it is equally true that the industry is all set to become the third-largest in the world by 2025, and globalization is considered auspicious rather than a menace.

Shivam Autotech Limited has planned its growth trajectory in the coming quarters by planning product launches. This include differential axles used by the three-wheeler EV segment, currently undergoing trials, besides other products for the aftermarket in both two-wheeler and four-wheeler category viz. filters for two-wheeler, Front axle for tractors & Hybrid kit to convert an ICE car into Hybrid car. The product and vehicle category application mix is as per below table:

| Product | Vehicle Application Category |
|--|--------------------------------------|
| Integrated Differential Axle – 33" / 35" | Electric Rickshaw / E-Cart |
| Integrated Differential Axle – 46 " | L5 3W EV |
| EV Gearbox | 2W EV Scooter + L5 3W EV + 4W EV LCV |
| Mechanical CBS | 2W EV (Drum – Drum System) |
| Hydraulic CBS | 2W EV (Disc – Disc System) |
| Split Service Braking System | L5 3W EV |
| Independent service braking system | Quadricycle + L2 3W EV (Export) |
| Tractor Front Axle | 18 – 30 HP 4WD Tractor |

With rapid globalization and foreign direct investment inflow into the Indian automotive industry, the auto components sector is set to create newer opportunities and verticals for further growth.

This is a moment to celebrate the trust you have endowed on Shivam Autotech Limited and I look forward to our journey together.

Before I end, I extend my appreciation to the Members of the Board for their support and guidance during this challenging year. I also thank all our suppliers, lenders, colleagues and my leadership team for their relentless effort in achieving our objectives during this difficult times. I would also like to thank you shareholders for your continued trust, confidence, and support in the coming years.

Stay Informed! Stay safe!

Thank you.

Neeraj Munjal
Managing Director

ABOUT THE

COMPANY

“Despite the challenges posed by the pandemic, export sales for the FY 2020-21 was Rs. 1,769.62 lakhs as compared to Rs. 894.85 lakhs, registering an increase of 97.76%.”

Shivam Autotech Limited, is one of the largest and most renowned manufacturers of transmission gears and shafts in India. The company has been serving a large number of automobile manufacturers as their strategic and supply chain partners for the past 20 years. Since inception, the Company has undergone a multi-phased development and evolution journey.

Being an integral part of the ‘Make In India’ initiative of the government, we see ourselves as a global manufacturing solution in the auto component segment, and on this note we are proud to mention that apart from 2 wheeler components, we diversified our manufacturing into various verticals and have developed and customized products for automobiles, off road vehicles, aerospace and initiated exports too.

Headquartered in Gurugram, Haryana, the company at present employs 3000+ people and qualifies its capabilities to grow and sustain in the fast changing auto component business environment.

The Company’s principles: Respect, Integrity, Passion, and Excellence, form the core of its strong foundation and commitment. Being a Munjal Group entity, these principles act like the guiding light that have enabled the Company to widen its spectrum of offerings.

The Company strives to build a high-performance organization supported by the trust of all stakeholders and envisions strengthening its presence by solidifying its global footprints.

With experience and expertise par excellence, the company values its customers by delivering value

for money both in the national and international auto component markets. Being a leader within the industry having profound experience of two decades, the company manufactures a comprehensive range of auto components and accessories that primarily include transmission gears, transmission shafts, alternator components, starter motor components, magneto components, steering components and various precision engineering components.

Today, the company’s infrastructure spans pan India across 4 strategic locations including Gurgaon, Haridwar, Bengaluru and Rohtak. An IATF 16949, ISO 45001 & ISO 14001 Certified Company, Shivam Autotech’s Unique Selling Proposition lies in the fact that it is among the very few auto component manufacturers in the country today that makes use of the Near Net Shape Technology for Cold and Warm Forging.

Shivam Autotech Limited employs a stringent quality policy that includes practices like 5S, Kaizen and Poka Yoke as an intrinsic part of its work culture. With robust in-house design and R&D capabilities and continuous collaboration with worldwide manufacturing leaders who are technologically advanced, we have been able to build capacities and capabilities to create indigenous customized products to meet our customer’s need.

All these unique attributes not only set the company apart in India, but also bring an international recognition to it.



Rohtak Plant

MANUFACTURING LOCATIONS



Kolar Plant



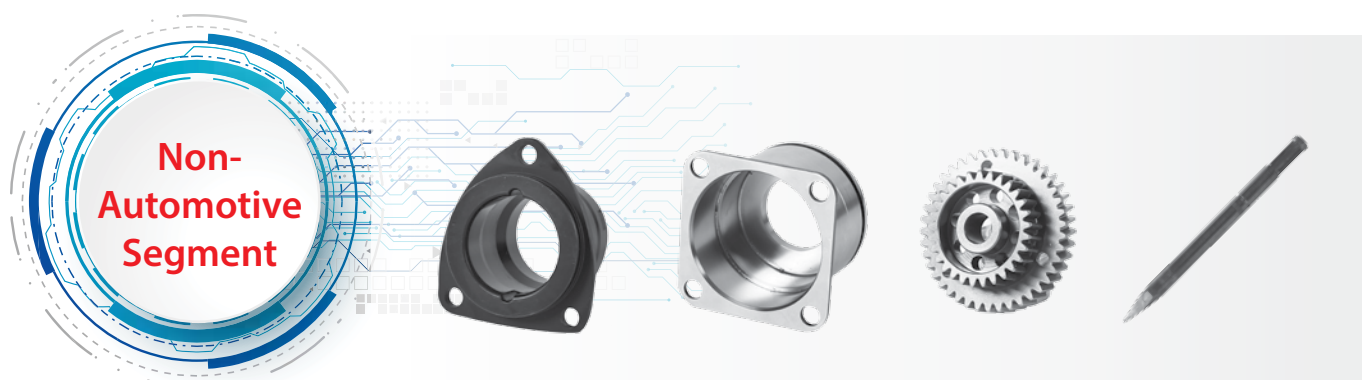
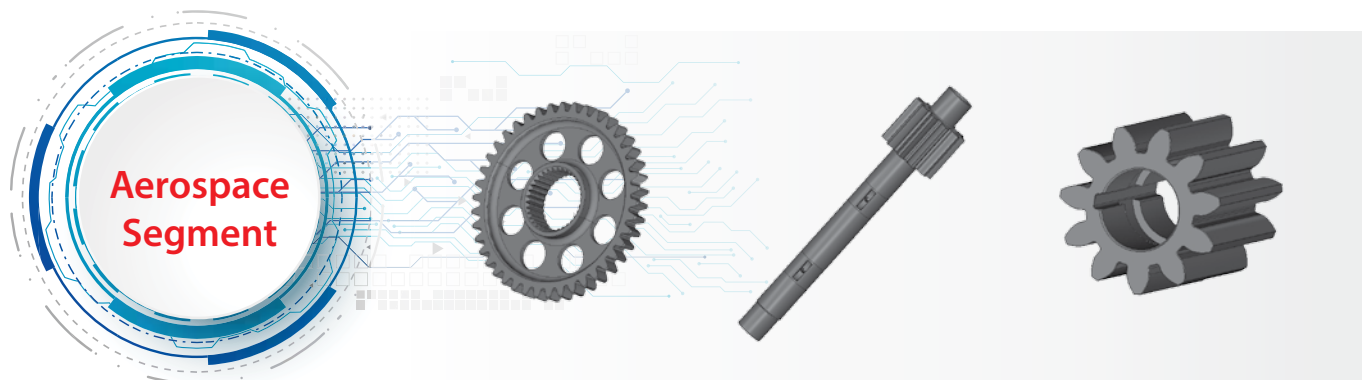
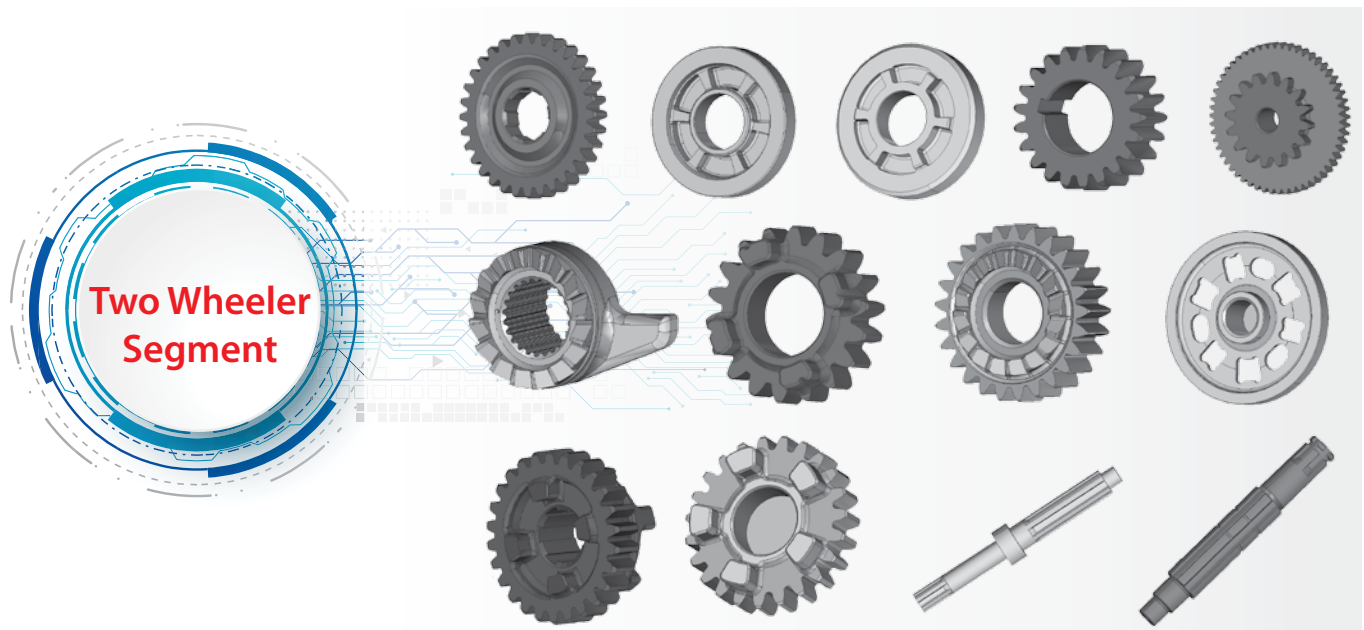
Binola Plant

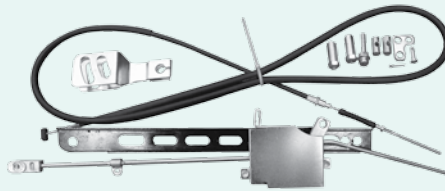


Haridwar Plant

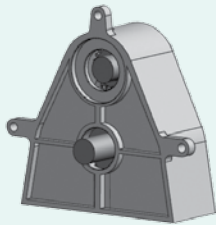
BUSINESS

VERTICALS

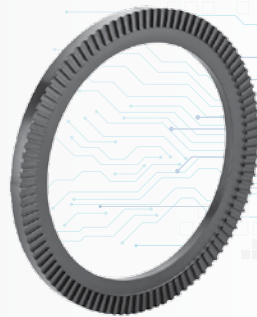




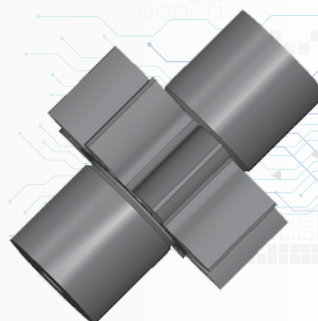
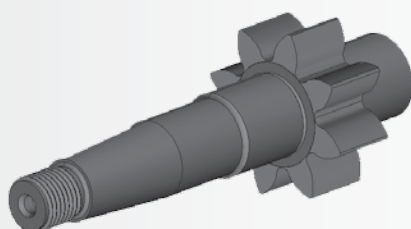
Future Products



Automobile
Segment



Commercial
Vehicle



Off-Road
Segment
(4 wheeler)

PRODUCT RANGE

PRECISION
ENGINEERING
COMPONENTS
AND
ASSEMBLIES



TRANSMISSION
GEARS AND
SHAFTS

