

passion to succeed



passion | innovation | technology



THE HI-TECH GEARS LTD.

ENGINEERING  
MANUFACTURING  
ROBOTICS

35<sup>th</sup> ANNUAL REPORT  
2020-2021

ENGINEERING  
CONVERGENCE  
SOLUTIONS FOR  
A LEAN WORLD



## Vision

Be a global footprint Company and a benchmark for world class manufacturing systems

## Mission

We will be the preferred partner in delivering engineering products and design solution through lean philosophy with a focus on:

- Building a customer centric Organization
- Rapid development of products and innovative solutions
- Ensuring cost effectiveness
- Developing competent and committed people

### Forward Looking Statement & Disclaimer

In our report we have disclosed forward looking information so that investor can better understand the company's future prospects and make informed decisions. This Annual report and other written and oral statements that we make from time to time contain such forward looking statements that set out anticipated results based on management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'projects', 'intends', 'plans', 'believes', and words and terms of similar substance in connection with any discussion of future operating or financial performance. We cannot guarantee that any forward looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate assumptions, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

The financial statements have the figures in millions unless specifically mentioned. Similarly, the Messages, Management Discussion Analysis, Directors' Report together with its Annexures are the statement of the financial figures, hence are provided in Rupees in million, unless specifically mentioned.

Source of information: we have consulted RBI, SIAM, ACMA, industry associations, fellow industry members, Industry journals, various ministries sites for the information set in this Report and some international sources sites such as IMF, World Bank etc. We have tried, wherever possible, to identify and authenticate the such information, however we undertake no obligation for its correctness and its updates.

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### Corporate Office

14<sup>th</sup> Floor, Tower – B,  
Unitech's Millennium Plaza,  
Sushant Lok – 1, Sector – 27,  
Gurugram,  
Haryana - 122002  
Tel : (0124) 4715100,  
Email : [secretarial@thehitechgears.com](mailto:secretarial@thehitechgears.com)

### Registered Office & Plant II

Plot No. 24,25 & 26,  
Sector -7, IMT Manesar, Gurgaon,  
Haryana – 122050,  
Tel: (0124) 4715200,

### Plant I

A-589, Industrial Complex,  
Bhiwadi – 301019,  
Dist. Alwar, (Rajasthan),  
Tel: (01493) 265000/265199

### Plant III:

SPL – 146,  
Industrial Complex,  
Bhiwadi – 301019,  
Dist. Alwar, (Rajasthan)

### Plants of Subsidiary Companies

#### The Hi-Tech Gears Canada Inc.

(Formerly known as Teutech Industries Inc.)

361, Speedvale Avenue W,  
Guelph, ON N1H 1C7, Canada

#### Teutech LLC

227, Barton Street, Emporium,  
PA, 15834, USA

### Bankers

Standard Chartered Bank  
Citi Bank  
State Bank of India  
ICICI Bank Ltd.  
Kotak Mahindra Bank  
HDFC Bank  
Bajaj Finance

### Registrar & Transfer Agent

M/s MAS Services Limited  
(Unit: The Hi-Tech Gears Limited)  
T-34, 2<sup>nd</sup> Floor Okhla Industrial Area,  
Phase-II, New Delhi – 110020  
Tel : + (011) 26387281, 82, 83  
Fax: (011) 26387384

### Cost Auditors

M/s Kabra & Associates  
Cost Accountants  
552/1B, Arjun Street Main Vishwas Road  
Vishwas Nagar, Delhi-110032

### Board of Directors

Mr. Deep Kapuria  
Executive Chairman

Mr. Anant Jaivant Talaulicar  
Vice Chairman

Mr. Pranav Kapuria  
Managing Director

Mr. Anuj Kapuria  
Executive Director

Mr. Anil Kumar Khanna  
Independent Director

Mr. Sandeep Dinodia  
Independent Director

Mr. Bidadi Anjani Kumar  
Director

Mr. Vinit Taneja  
Independent Director

Mr. Krishna Chandra Verma  
Independent Director

Mr. Ramesh Chandra Jain  
Director

Ms. Malini Sud  
Independent Director

Mr. Neville D'Souza  
Independent Director

### Key Managerial Personnel

Mr. Vijay Mathur  
Chief Financial Officer

Mr. Naveen Jain  
Company Secretary

### Statutory Auditors

M/s O.P. Dadu & Co.  
Chartered Accountants  
24/4834, Ansari Road, Darya Ganj  
New Delhi-110002

### Internal Auditors

M/s Grant Thornton Bharat LLP  
(formerly known as Grant Thornton India LLP)  
21<sup>st</sup> Floor, DLF Square Jacaranda Marg,  
DLF Phase-II, Gurugram-122002, India

### Secretarial Auditor

M/s Grover Ahuja & Associates  
Company Secretaries  
302, Third Floor, Gagandeep Building  
Rajendra Place, New Delhi-110008



THE HI-TECH GEARS LTD.

# MILESTONES

## 1986 ONWARDS...

- 1986 Incorporated as a Public Limited company
- 1988 Production Commencement & became single source supplier to Hero Honda
- 1989 Product Indigenization
- 1992 Technical Tie-up with Kyush Musashi, a subsidiary of Honda Motors, Japan
- 1993 Backward Integration into Precision Forgings
- 1995 Selected as single source supplier to Honda Power, Tata Cummins Ltd.
- 1996 Technology Agreement with GETRAG, US
- 1996 Certified as ISO 9002, BPR launched
- 1997 Selected as a global source to Cummins, US
- 1998 Certified as QS 9000
- 1999 Separate Division to handle high-end design and CAD Services established, under the name of Hi-Tech ESoft.
- 2002 Launches Initiative of Lean Manufactured
- 2003 Certified for:-
  - Integrated Quality Management Systems
  - TS 16949 for quality & obtained Environment Certification ISO 4001:
  - Occupational Health & Safety Certification OHSAS 18001:1999
- 2004 Prototyping/Productionsing Precision Components for Robert Bosch, GM, Volvo and Daimler Chrysler
- 2005 State-of-the-art Manufacturing Facility set up at Manesar
- 2007 Hi-Tech eSoft (division of HGL) Certified for ISO 9001:2000
- 2008 ACMA Export Award 2006-07
- 2009 Excellence Award for Manufacturing and Export
- 2010 TPM Excellence Awards Category A & Shingo Silver Medallion
- 2011 New State of Art "ECOFAC" Plant setup in Bhiwadi
- 2012 Award for excellence in Consistent TPM Commitment
- 2013 ACMA Export Award
- 2014 ACMA Export Award (Large Category)
- 2015 Name of the Company changed to "The Hi-Tech Gears Ltd."
- 2017 Acquisition of Teutech Industries INC, Canada and Teutech LLC, USA.
- 2019 Achieved a Turnover of INR 9,000 Million (on Consolidated Basis)

# CUSTOMERS







## CHAIRMAN's MESSAGE



### Dear Shareholders,

The F.Y. 2020-21 was eventful and most challenging in terms of humanity as well as at economic activities. Let me begin by extending my sincere concern towards all those who have been impacted by this pandemic. I am deeply worried and pray to God to ease the situation and face the challenges posed with combined strength. I would also take this moment to extend my deepest condolences to the families of the departed souls across the nation, who lost their lives in this pandemic and pray for the well-being of their families.

I hope and believe that we shall come out of this pandemic with strong force and grit.

### Global and Domestic Economic Affairs

The outbreak of the Covid-19 pandemic is an unprecedented shock to the entire world, including Indian economy. The world trade was already in a parlous state before Covid-19 struck, however during the second wave, the situation got worsened. The global pandemic has turned into world's blistering hotspot of pandemic with virulent whirlwind crippling the life.

The Covid-19 pandemic is inflicting high and rising human costs worldwide. Protecting lives and allowing health care systems to cope have required isolation, lockdowns, and widespread closures to slow the spread of the virus. The health crisis is therefore having a severe impact on economic activities.

There is an extreme uncertainty around the global growth forecast. The economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions

of the dramatic tightening in global financial market conditions, shifts in spending patterns and volatile commodity prices. Many countries face a multi-layered crisis comprising a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals and a collapse in commodity prices.

Effective policies are essential to forestall worse outcomes. Necessary measures to reduce contagion and protect lives will take a short-term toll on economic activity but should also be seen as an important investment in long-term human and economic health. The immediate priority is to contain the fallout from the Covid-19 outbreak, especially by increasing health care expenditures to strengthen the capacity and resources of the health care sector while adopting measures that reduce contagion. Economic policies will also need to cushion the impact of the decline in activity on people, firms and the financial system, reduce persistent scarring effects from the unavoidable severe slowdown and ensure that the economic recovery can begin quickly once the pandemic fades.

As a result of the pandemic, the global economy is projected to contract sharply to almost 4% in 2020, much worse than during the 2008-09 financial crisis. The contraction for 2020 is 1.25% points smaller than projected in the October 2020 World Economic Outlook (WEO), reflecting the higher-than-expected growth outturns in the second half of the year for most regions after lockdowns were eased and as economies adapted to new ways of working. However, emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses. Similarly, output losses have been particularly large for countries that rely on tourism and commodity exports and for those with limited policy space to respond. Income inequality is likely to increase significantly because of the pandemic. Moreover, learning losses have been more severe in low-income and developing countries, which have found it harder to cope with school closures. In a baseline scenario, which assumes that the pandemic fades in the second half of 2021 and containment efforts can be gradually unwound, the global economy is projected to grow by 6% in 2021 as economic activity normalizes, helped by low base and policy support by respective governments.

Unfortunately, the other contributors of slow growth in international trade prevailing in the previous years are common beside the severe impact of Covid-19 such as sluggish investment, low reforms, availability of capital, geo-political cross border tensions, trade war between world's biggest economy and terror-activities.

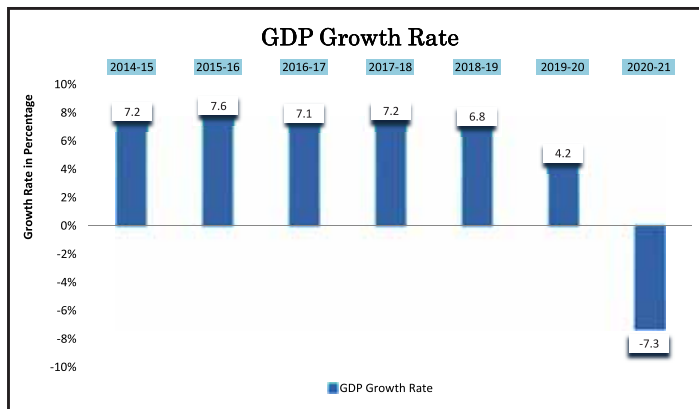
India amidst the ongoing pandemic is audaciously moving forward by taking all possible measures to combat this lethal virus. The second wave is very different from the first wave with exponential spread of disease and painful loss of several lives. After one full year from the time when stringent lockdown was first put in place, various States had to again impose restrictions, curbs and curfews to restrict interaction as a measure to stop spread of the disease, which mounted 4 lac a day during its peak. Disruption of work, academic pursuits and loss of employment/professional opportunities are a few concerns which many people in economy are facing. There are various measures that India as a country taking to curb the spread of the Pandemic, including the complete lockdowns. Fortunately, various measures undertaken by government till now are bringing positive results and in the past few days there has been gradual reduction in number of daily Corona positive cases.

During previous year, India's economic slowdown showed good signs of abating, with a sizeable number of indicators of domestic demand flashing green during Q3 and Q4. Consumption has always been a strong and major driver of growth in the economy. The overall scenario remained



unchanged despite some improvement on the external front largely because of fresh incoming data on the current account balance trade as a share of GDP, which narrowed sharply to around \$ 100 Bn.

Despite the above and headwinds from almost three years, India still have the potential to have the tag of the fastest growing economy. India's gross domestic product (GDP) is estimated to have contracted to have record low of 7.3 % in F.Y. 2020-21, mainly due to reasons discussed above in my report from 4.2 % in F.Y. 2019-20. This is nevertheless a marginal improvement from the earlier estimates of 8% to 14% by different organisations.



The uptick was mainly in third and fourth quarters driver by manufacturing in addition to the agricultural activities, though the service sector remained sluggish.

After a long period of strong control by government, the inflation is increasing, causing another reason of concern. On the other side, even after having great concerns, Indian foreign exchange reserves stood at \$ 618 bn with per capita income at \$ 2,191.

The long term growth prospects of the Indian economy remain positive due to the strong demand post listing of lockdowns, robust vaccination programs, people understanding their obligations towards covid appropriate behaviour, supportive fiscal policies, various reforms including the "Atma Nirbhar Bharat" launched by the government. Improved business processes also make a difference for doing business in India. India is now at the 63rd position as per World Bank's Ease of Doing Business rankings.

### Fiscal Policies Going Forward

We have discussed the impacts of pandemic on the entire globe. The growth of emerging & developing economies were brought to halt due to sluggish investment and risks. These risks include rising trade barriers, renewed financial stress, currency depreciations as well as sharper than expected slowdowns in several major economies. Sharp currency depreciations are more common in emerging and developing economies like India than in advanced economies and central banks are often required to respond to these fluctuations to maintain price stability.

To my view, future developments will depend on the path of the health crisis, including whether the new Covid-19 strains prove susceptible to vaccines or they prolong the pandemic, the effectiveness of policy actions to limit persistent economic damage, the evolution of financial conditions and commodity prices and the adjustment capacity of the economy. The flow of these drivers and their interaction with country-specific characteristics will determine the pace of the recovery and the extent of medium-term scarring across countries. In many aspects, this crisis is unique.

Considering the large uncertainty surrounding the outlook, policymakers should prioritize policies that would be prudent, regardless of the state of the world that prevails, such as strengthening social protection with wider eligibility for unemployment insurance to cover the self-employed and informally employed, ensuring adequate resources for health care, early childhood development programs, education and vocational training and investing in green infrastructure to hasten the transition to lower carbon dependence. Moreover, they should be prepared to flexibly adjust policy support.

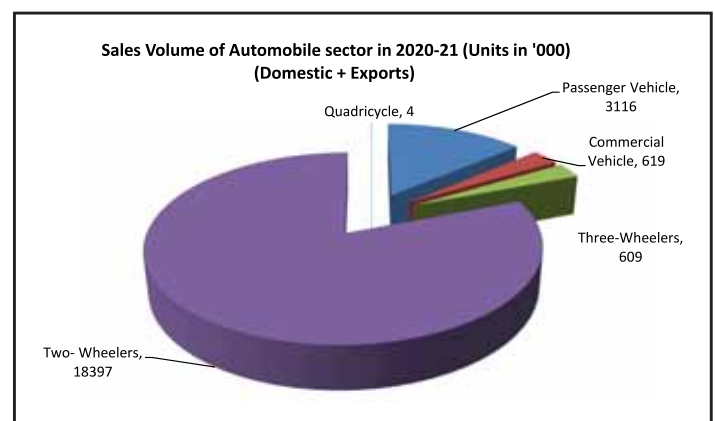
### Indian Automotive Sector and Future Outlook

The Automobile Sector in our country is one of the major contributors in manufacturing and nation GDP. It is also providing employment to over 30 million people through direct/indirect opportunities. India has become a preferred place for world OEMs for production of their vehicles due to many cost benefits, such as skilled labour, availability of raw material and world class equipment beside incentives and encouragement from the State and Central Government.

Given the current scenario, the automotive industry under performed in F.Y. 2020-21; the situation improved in the second half, in which the Two wheeler as usual took the lead. As I referred in previous messages, not only the Indian auto industry but the entire industry at the world level needs to prepare itself for a paradigm shift and be agile and flexible to face growing uncertainties in various spheres. The industry is at an inflection point where both opportunities and challenges abound in equal measure and will shape the direction of future events in the industry, including smooth transition to EV.

According to the data released by SIAM, in F.Y. 2020-21, the industry manufactured a total 22,652,108 vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycles, recording a decline of 14.04% over the previous year (26,353,293 vehicles). The production trends reveal that there is negative growth in all categories from passenger vehicles, commercial vehicles to two wheelers.

In terms of total sales including both domestic and export, the industry sold a total 22,744,516 vehicles in F.Y. 2020-21; out of this passenger vehicles declined by 9.31% (3,115,857 vehicles). Also, in commercial vehicle, there is a degrowth by 20.45% (618,893 vehicles). Scooters/ Scooterette sales declined by 20.62% (4,711,820) while all time favourite, Motorcycles and Mopeds also registered a negative growth of 9.00% (13,057,275 vehicles) and 3.86% (625,560 vehicles) respectively, taking the total two wheeler sales decline to 12.13% (18,397,111 vehicles) for the year. Also in Quadricycle vehicle category, there was decline of 42.60% from 6127 vehicles to 3517 vehicles in this financial year.





Due to the disruption caused by Covid-19 pandemic, the overall automobile exports declined by 13.05% (4,128,928 vehicles). Passenger vehicles and commercial vehicle export decreased by 38.92% (404,400 vehicles) and 16.64% (50,334 vehicles) respectively. The exports of three wheelers declined by 21.67% (392,941). Similarly, export of two wheelers decreased by 6.87% (3,277,724 Vehicles).

As per the current data, automakers are counting on a rebound towards from Q2 onwards and foresee strong growth with easing of lockdown and the support of demand. Those hopes rest in large part on the expectation that the distribution of Covid-19 vaccines will accelerate in the coming months after a slow start in the recent weeks. I also expect that slowing spread rate and restarting of economic activities, supported by government should enable consumers and businesses to return to a more normal range of activities, lifting the job market, consumer sentiment and auto demand.

### Company Performance and Strategy

Till the Q1, we were in depressing state, due to the complete stoppage of business. However, as the time progressed, we worked very hard and God has been kind to us that the demand started showing growth. We responded in the same manner and due to our manufacturing excellency, we were able to sail through the tough time. Each one in the organisation contributed for the conservation of cash. Whole Time Directors renounced commission for the previous year, further did not draw any remuneration for the first half of the period under review and staff also agreed to sacrifice their part salaries. Achieving our goals with discipline has been our unchanging focus.

I am happy to share that your Company together with its subsidiary companies in US and Canada have done well in all spheres, despite the tough time due to Covid-19. We were able to match the previous year turnover and record profits, mainly due to our operational competence.

To make up the gap, your Company, in addition to tapping new markets, will leverage its position by building its relationships with its existing and new customers and focus on product development. Some new products are also under development in the field with the Company's expertise in gear & transmission manufacturing.

To summarise the financial results for the year F.Y. 2020-21, I must mention that there was growth in all the key areas. The standalone turnover of the Company grew marginally by 3.31 % and touched ₹ 5,326.38 million. As a result of this and our enhanced operating efficiencies, the standalone profit before tax grew even higher to ₹ 496.40 million. After consolidating the financials of the Company with its subsidiaries, the consolidated turnover stood at ₹ 7,560.33 million. Impressed with the performance, the Board have recommended a final dividend of 20% for your approval with a total

payout of ₹ 37.53 million.

In F.Y. 2020-21 the Company had an export income of ₹ 1,245.65 million (standalone), which was decreased by 6.65% over the previous year due to obvious reasons explained in this message. The export programs are also expected to gain momentum in coming years. Going forward, the overall focus will continue to be on manufacturing excellence and quality at optimum costs.

The Company continues to focus on cost reduction efforts and make improvements in operational efficiencies as well as value engineering activities to improve margins. Additionally, your company has made its mark as a leader of sustainable manufacturing. Our state-of the-art plants In Bhiwadi and Manesar are capable of manufacturing world class equipment.

It is now in the process of establishing another vertical which is part of a Global Value Chain (GBV) with an enlarged base and operations in an important and essential geography. With presence in other geographies, your Company's customer base and product portfolio have been further strengthened.

With the second wave abating in most parts of the country and state governments lifting the restrictions in phases, there are visible signs of economic rejuvenation since the second half of May. To conclude, I say that the economy and society are at a crucial inflection point where sustenance of economic recovery, vaccination progress and Covid-19 appropriate behavioural strategies are needed in close synergy with each other.

We are sure that India will also be able to withstand the economic fallout of the pandemic. Indian Economy is one of the most resilient, adaptable and robust economies, across the length and breadth of the globe with its indomitable spirit, fierce will and firm economic foundation. It has not only emerged as the fastest growing emerging nations but also paved its way to the fast recovery.

I, on my behalf and on behalf of my colleagues on the Board would like to thank and record our sincere gratitude to all our stakeholders for the confidence & trust reposed upon us and our deep appreciation to all employees of the Company for their hard work, commitment and whole hearted support for achieving company's goals and targets. I further thank all our customers, our supply chain partners and our bankers for reposing their confidence & support in us.

**Deep Kapuria**  
Chairman





## MANAGING DIRECTOR'S MESSAGE



This 35<sup>th</sup> Annual Report of the Company provides me another opportunity to interact with you and update you on the affairs of the economy, business and Company.

Before I start, I must mention that India is unarguably facing world's most severe health crisis since the beginning of the first wave of Covid-19 pandemic last year which impacted everyone and in April-May 2021 this year, the second wave struck like tsunami. The number of new cases broke historic global records each day. The numbers were stunningly high, i.e. to the extent of 4 lac cases per day. The enormous flood of infection put the healthcare sector under severe pressure, with shortages in hospital beds and oxygen cylinders, resulting severe fatalities. Government immediately flung into action, however due to its highly infectious character, it was difficult to control the pandemic. The Government put all its resources, including taking help from other countries and spending money heavily to contain the virus and help those who are infected. Luckily, situation was controlled once the cases started reducing and vaccination drive opened for all above 18 years of age.

I am deeply concerned about the health and wellbeing of all the people and wish that this period be over at the earliest.

### Macroeconomic Scenario

It is being almost one & half year into the Covid-19 pandemic, the accumulating human toll continues to raise concerns, even as growing vaccine coverage lifts sentiment. High uncertainty surrounds the global economic outlook, primarily related to the path of the pandemic. The contraction of economic activities resulting downward in all possible sectors in 2020 throughout the globe was unprecedented in living memory in its speed and synchronized nature.

Different governments are tackling the situation through most suitable and tailored policies. The factors shaping the appropriate stance of policy vary by country, especially progress toward normalization. Once vaccination becomes widespread and spare capacity in health care systems is generally restored to pre Covid-19 levels, restrictions can be eased for the economic activities. Strong international cooperation is vital for achieving these objectives and ensuring that emerging market economies and low-income developing countries continue to narrow the gap between their living standards and those of high-income countries.

The global economy continues to struggle with heavy negative growth in the year gone by. The year observed life threat to humanity throughout with only limited economic activities. It was a year of mixed fortunes for the world economy at least as per my memory goes by. While advanced economies reflected a pick-up in growth in second half of the year, emerging market & developing economies witnessed a slowdown. China and India also saw a sigh of revival in second half of the year due to the internal demand and upon the lifting of lockdown. Further, the continued increase in oil prices, frequent quick adjustments in exchange rates and threat of terrorism in many countries had a major impact on global trade.

Almost all major economies gave fiscal stimulus in this era, responding to this the Indian economy performed comparatively well in later part of the year due to factors such as improvement in domestic demand and an accommodative monetary policy.

At the domestic front, growth in India contracted to 7.3% from positive growth of 4.2 % in previous year due to the reasons stated above. At the start of the F.Y. 2020-21, many international organizations were batting for much lower expectations, i.e. de-growth upto 14%. The RBI, however was optimistic with forecast of moderate contraction. Thanks to the internal demand and timely stimulus packages, supported by good monsoon and lifting of lockdown post first wave of Covid-19, the demand generated and growth came back and had some damage control by the Q4. It is projected to increase to 9.5% in F.Y. 2021-22, lifted by strong private consumption provided that the transitory effects of pandemic are faded. Over the medium term, growth is expected to gradually back and rise with continued implementation of structural reforms that raise productivity and incentivize private investment.

### The Automotive Sector & Growth prospects

The Automotive sector is one of the most vibrant sectors of the Indian economy. The sector was badly impacted with the first wave of Covid-19, however it still gave some chance to recovery but the second wave of the pandemic in the country has derailed the recovery momentum of the domestic automotive.

Auto manufacturers and auto ancillaries resorted to plant shutdowns as a restrictive measure. The automotive dealerships across regions were not operational in light of regional restrictions for a quite long time. The significant medical spends have eroded the purchasing power of individuals and families to a greater extent, which would impact large-ticket discretionary purchases like vehicles, at least over the near term in my view. Additionally, the rural spread of the pandemic would also act as a dampener. While growth prospects primarily hinge on how the monsoon would pan out and stable crop prices will offer some comfort regarding stability of farm cash flows.

Overall, it is expected that the auto sector to grow at least 5% due to the favourable low base in F.Y. 2020-21 and friendly policies by the government.

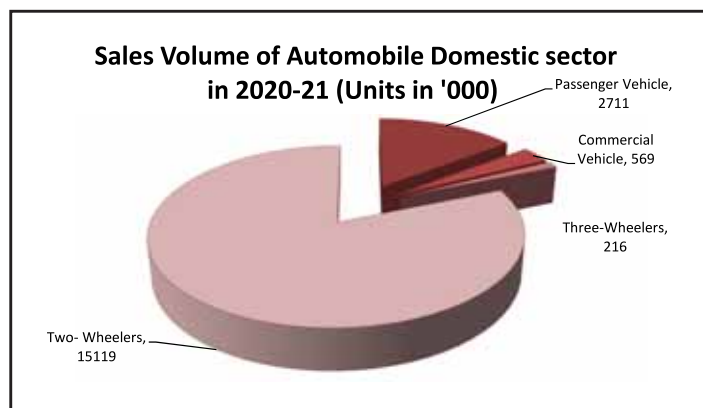
According to the data released by SIAM in F.Y. 2020-21, the industry manufactured a total 22,652,108 vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycles, recording a decline of 14.04% over the previous year (26,353,293 vehicles).



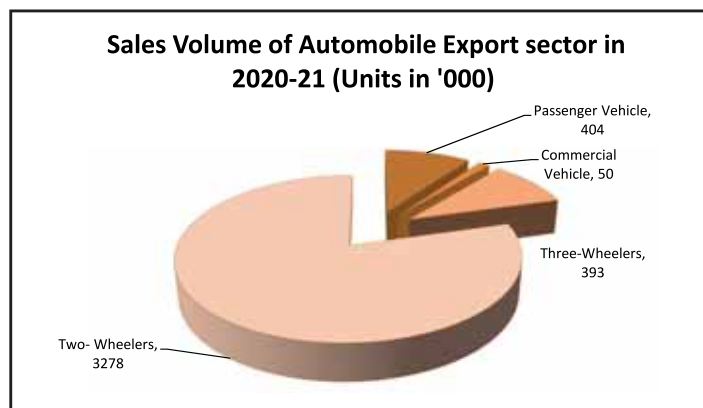


The production trends reveal that there is negative growth in all categories from passenger vehicles, commercial vehicles to two wheelers.

The domestic industry sold a total 18,615,588 vehicles in F.Y. 2020-21, out of this passenger vehicles declined by 2.24% (2,711,457 vehicles). Also, in commercial vehicle, there is a de-growth by 20.77% (5,685,598 vehicles). Two wheelers have always had a major share of volumes in the total output, however this segment also registered a de-growth. Scooters/ Scooterette sales declined by 19.51% (4,479,848 vehicles). Similarly, Motorcycles and Mopeds also registered a negative growth of 10.65% (10,019,836 vehicles) and 3.07% (617,247 vehicles) respectively, taking the total two wheeler sales decline to 13.19% (15,119,387 vehicles) for the year. Overall, three wheelers sales also registered a decline of 66.06% (216,197 vehicles), while Passenger Carrier sales decreased by 74.49% (134,087 vehicles).



Similarly, if we see exports in isolation, then 4,128,928 units were exported compare to 4,748,738 units in previous years, thereby recording a de-growth of 13.05%. The passenger vehicles's export dropped by 38.92% at 404,400 units in comparison to 662,118 units in the previous year. Similarly, the two wheeler export declined by 6.87% (3,277,724 vehicles) for the year. The commercial vehicles and three-wheeler vehicles also recorded a drop of 16.64% (50,334 vehicles) and 21.67% (3,92,941 vehicles) respectively.



### The Electric Revolution

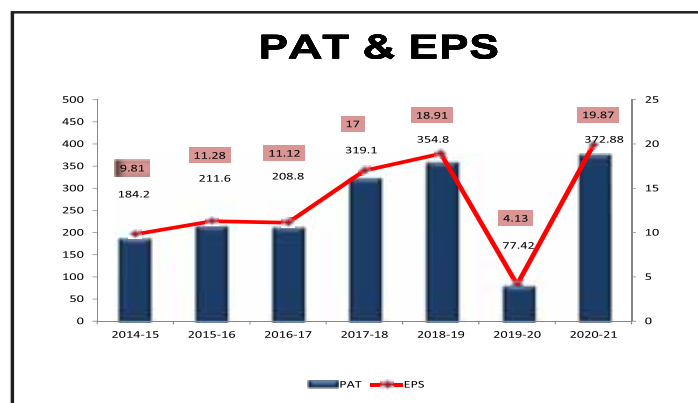
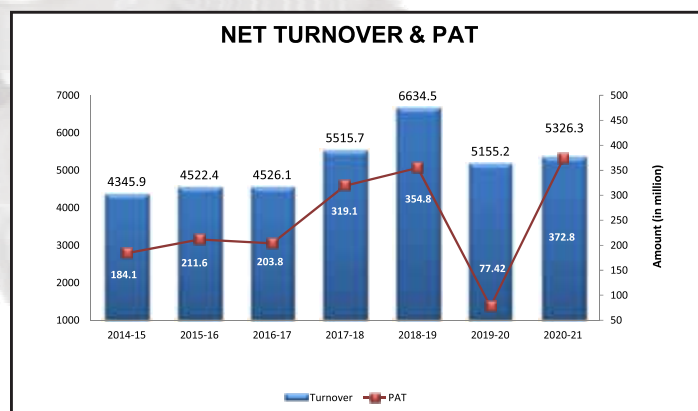
With lofty global zero emission goal, it will be the decade of the EV and 2021 is a critical year in that step change. We will see every major OEM begin or increase marketing EVs across their vehicle line-up, with many scaling and recalibrating their business models to sell EVs at scale. Both new and old automakers will launch much awaited vehicles in next two to

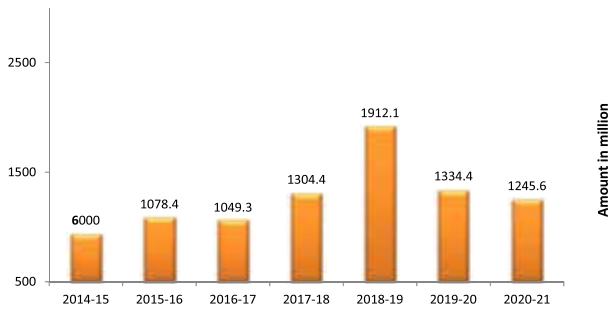
three years. The government is also supporting EVs by way of providing tax emptions, waiver of road tax on vehicle etc. However, due to limited technology and lithium battery cost, the initial price of the vehicle is high, though the running cost is economical. Your company is future ready and already keeping an eye on the development in the change of technology.

### Your Company's Performance

The Automotive Industry has been ripe for disruption for many years, but the survival during the global pandemic means for us in implementing new processes and technologies that likely would not have been considered in normal times. Keeping this theory in mind, performance of the Company in F.Y. 2020-21 has proved to be satisfactory, despite the highly volatile spheres within and outside the macroeconomic parameters including the Covid-19 pandemic. This was made possible despite the many concerns being raised about the global and domestic economic environment.

In the first half of F.Y. 2020-21, the impact of the lockdown adversely affected sales of the Company. For almost 2 months there was hardly any movement, once the lockdown was eased, Company made reasonable progress in all verticals except in heavy vehicles and off-road vehicles vertical. However, the second half was highly volatile due to sudden demand, supportive government policies in the economic and business environment. The total sales turnover of the Company marginally increased to ₹ 5,326.38 million, registering a growth of 3.31%. Profit before tax ('PBT') was ₹ 496.40 million and profit after tax stood at ₹ 372.88 million compared to ₹ 153.02 million and ₹ 77.42 million in F.Y. 2019-20 respectively. Earnings per share (EPS) also increased tremendously to ₹ 19.87 from ₹ 4.13 in the previous year. Although the overall performance was quite well against the industry flow, however the Company recorded an export turnover of ₹ 1,245.65 million, compared to ₹ 1,334.44 million in the previous year, thus recording a decrease of 6.65%.



**Exports at F.O.B Value**

Post consolidation with the overseas subsidiaries, the turnover stood at ₹ 7,560.33 million compared to ₹ 7,334.94 million in the previous year, registering a minor growth of 3.07%. PBT on consolidated basis stood at ₹ 340.13 million.

The consolidated financials of the Company with its subsidiaries are attached to the 35<sup>th</sup> Annual Report with necessary disclosures as per the applicable accounting standards and regulations. Recognizing the importance of sharing the gains with shareholders, who have always placed their funds and trust in the Company, an amount of ₹ 37.53 million is recommended as final dividend by your Board for F.Y. 2020-21. The matter in this regard will be placed at the ensuing Annual General Meeting for your approval. Shareholders are requested to adhere to the new dividend guidelines issued by the government with respect to tax on dividend.

The performance of the Company in positive zone was made possible because of the operational superiority, we built over a period and your trust, you have in the promoters. Not only the whole-time directors, but even the workers at the shop floor contributed for the conservation of cash during the challenging time. We can proudly say that achieving our goals with discipline has been our unchanging focus.

Your Company has the capability to achieve excellence in the coming years, because it has both consolidated and diversified its production capacity

through significant internal re-organization in both its core and strategic areas to prepare for the future. Secondly, it has proved its excellence in cutting edge innovation and technology to cater to both its domestic and international clients. Most importantly, it has renewed its commitment towards green manufacturing with its Green 'ECOFAC' plant which has been awarded the Gold level of certification by the India Green Building Council.

As you may be aware your Company is among very few companies in the world which supply to OEMs manufacturing Two Wheelers to Commercial Vehicles, Tractors and Off-road vehicles in India and overseas. The Company's principal products include two-wheeler transmission components, engine and transmission components for commercial and passenger vehicles, precision forgings etc. Your Company is also making consistent efforts to strengthen the portfolio.

Further, I am pleased to inform you that the journey of growth which began in a small way has been gathering momentum with each passing day, adding new dimensions and venturing into pioneering pathways. In this eventful journey of 35 years, each year has been packed with achievements that underline our committed performance.

Given the success of our initiatives, I truly and sincerely hope and believe that our dedicated efforts towards skill upgradation, adopting new processes and structures, shall not only strengthen the foundation of our Company as well as our bonds with each other, but more importantly these shall contribute in building brand "The Hi-Tech". On behalf of Company, Directors and management team. I thank you for your continued support and assure you of our unceasing efforts to grow your Company's performance and image year after year.

I hope by the time we meet at the ensuing Annual General Meeting (AGM), more than half of the population will be vaccinated. Accelerated vaccinations coupled with a strict enforcement of masks and social distancing will soon bring this pandemic under control and to drive optimistic growth and recovery for the industry.

Stay safe and stay blessed.

**Pranav Kapuria**  
Managing Director