

passion to succeed



passion | innovation | technology



THE HI-TECH GEARS LTD.

ENGINEERING
MANUFACTURING
ROBOTICS

ENGINEERING
CONVERGENCE
SOLUTIONS FOR
A LEAN WORLD

36th
ANNUAL REPORT
2021 – 2022



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, 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. The Messages, Management Discussion Analysis, Board's 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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**Registered Office & Plant II**

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

Corporate Office

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

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
ICICI Bank Ltd.
HDFC Bank
Bajaj Finance
The Federal Bank Limited

Registrar & Transfer Agent

M/s MAS Services Limited
(Unit: The Hi-Tech Gears Limited)
T-34, 2nd 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 Talaular
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. Rajiv Batra
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)
21st Floor, DLF Square Jacaranda Marg,
DLF Phase-II, Gurugram-122002, India

Secretarial Auditors

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 Commencement of Production and Company 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 Manufacturing
- 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,

I hope you and all your loved ones are keeping well and staying safe.

I am delighted to interact with you in a safer year after a gap of two years when the world was faced with an unprecedented challenge posed by COVID-19 pandemic which by threatening the very existence of human lives changed the world order for all times to come. The spread of COVID 19 represented not just a public health crisis, but also an economic crisis. The global economy was in big trouble than at any time since the 2008 financial crisis. The spread of the virus interrupted international supply chains, forced workers to remain at home and resulted in scaling down of operations in different industries across the world. Hopefully and thankfully, with the waning of the disease, one can see the normalcy returning in all walks of life, though by no means we should be complacent in following the COVID appropriate protocols as the disease is not fully routed.

Global and Domestic Economic Affairs

The world economy was showing the signs of recovery from the brunt of COVID-19 pandemic, the war in Ukraine has triggered a costly humanitarian crisis that demands a peaceful resolution. At the same time, economic damage from the conflict will contribute to a significant slowdown in global growth in 2022 and add to inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries the hardest.

As per the latest estimates of the World Bank, situation has deteriorated, it sharply downgraded its outlook for the global economy, pointing mainly to

Russia-Ukraine conflict. The prospect of widespread problem above stated has caused the serious concerns about the potential return of “stagflation” — a toxic mix of high inflation and sluggish growth unseen for more than four decades. It projected that world economy will expand 2.9% this year. That would be down from 5.7% global growth in 2021 and from the 4.1% it had forecast for 2022 back in January.

War-induced commodity price increases and broadening price pressures have led to 2022 high inflation projections of 5.7% in advanced economies and 8.7% in emerging market and developing economies—1.8% and 2.8% points higher than projected last January. Multilateral efforts to respond to the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change, and end the pandemic are essential. Unfortunately, the projections do not foresee a much brighter picture in 2023 and 2024: It predicts just three per cent global growth for both years.

The economic impact of second wave of COVID-19 was not greater than that during the full lockdown phase in 2020-21, though health impact was more severe. My heart and thoughts go out to the loved ones of those who untimely lost their lives. Government of India's unique response comprised safety-nets to cushion the impact on the vulnerable sections of the society and the business sector, significant increase in capital expenditure to spur growth and supply side reforms for a sustained long term expansion.

Despite the headwinds Indian economy grew by 8.7% in FY 2021-22, had the omicron variant not hit and Russia- Ukraine have not clashed in the last quarter, the results would have been better. Indian Economy is projected to grow by 7.5% in real term in 2022-23 which is comparable with World Bank and Asian Development Bank's latest forecasts for real GDP growth. This is mainly due to back of better agriculture production and improved economic activities.

Macroeconomic stability indicators suggest that the Indian Economy is well placed to take on the challenges of 2022-23. As per the Ministry of Health and Family Affairs, ₹ 200 crores plus doses of COVID 19 vaccines were administered till mid-July 2022, with a large as 98% of the population has at least got the single shot and 90% has both doses. India is only the second country, after China in the world to achieve this mark. Vaccination not only suppressed the spread of the disease but also boosted the confidence of the people at large to look up to the future with optimism.

With the enhanced borrowing on account of COVID-19, the Central Government debt has gone up but it is expected to follow a declining trajectory with the recovery of the economy. The sustained revenue collection and a targeted expenditure policy has contained the fiscal deficit. While India's external debt rose in 2021-22, the foreign exchange reserves crossed US\$600 billion in the first half of 2021-22 and touched US\$ 633.6 billion as of December 31, 2021. As of the end of 2021 India was the fourth largest forex reserves holder in the world after China Japan and Switzerland, though this has taken a dip during the recent months due to the ongoing Ukraine war. I am confident that the Indian economy is on the road to recovery and we all can look forward to a robust economy in the coming years riding on the motto of “ATMANIRBHAR BHARAT”.



Indian Automotive Sector and Future Outlook

The Automobile Sector plays an important role in the manufacturing and nation's GDP in our country. The Government is looking to increase the contribution of the automotive sector to India's GDP to 12% from the present 7.1% and grow employment generation to 50 million from the current 37 million. The automobile industry is a vital player in India's vision to become a US\$ 5 trillion economy. It is the responsibility of leadership in various areas to accept these goals and help achieving them by working as a single nation team. It is not easy for any nation to become a globally competitive manufacturing country but this is possible if all subscribe to the end objective that is to be achieved and work towards the same.

The decision of Government to allow 100% foreign direct investment under the automatic route in the automobile sector is showing the results in recent years. In the Union Budget 2022-23, the Government introduced a battery-swapping policy, which will allow drained batteries to be swapped with charged ones at designated charging station, thus making Electric Vehicles (EVs) more viable for potential customers. India's National Highways would be expanded by 25,000 km in 2022-23 under the Prime Minister's Gati Shakti Plan. Such initiative will not only boost the economy but also help in accelerating the growth in the automobile industry.

The Government has opened a number of opportunities for the auto-industry. With the extension of FAME-II Scheme till 2024, enhancement of incentives for two wheelers and the Government has introduced the Production Linked Incentive ('PLI') Scheme for automobile and auto components worth ₹ 25,838 crore. The PLI scheme is expected to bring investments of over ₹ 42,500 crore by 2026 and create 7.5. lakh jobs in India. We are pleased to inform that your Company has received Government Approval for the PLI Scheme.

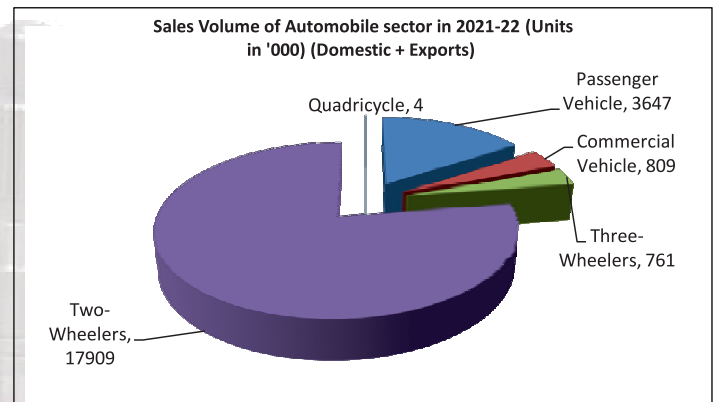
The auto industry facing a high volatility due to unstable global trends. I penned this in my earlier messages about the global uncertainties due to unprecedented events, where even the major economies are adversely impacted. This leads to stoppage and shortage of supplies, primarily for the steel, chips and crude. The increase in the commodity prices impacted the steel prices adversely, causing severe availability challenges of the steel to support the running of manufacturing lines by the auto component manufacturers. This created chaos in the supply chain and also resulted in steep hike in raw prices, low margins for manufacturers, logistic issue and much more adverse positions impacted the business.

According to the data released by SIAM, in F.Y. 2021-22, the industry manufactured a total 22,933,230 vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycles, recording a growth of 1.23% over the previous year (2,26,55,609 vehicles). The production trends reveal that there is positive growth in all categories from passenger vehicles, commercial vehicles, three wheelers except decline in two wheelers segment.

In terms of total sales including both domestic and export, the industry sold a total 2,31,30,842 vehicles in F.Y. 2021-22; out of this passenger vehicles growth was 17.06% (36,47,374 vehicles). Also, in commercial vehicle, there is a growth of 30.70% (8,08,863 vehicles). Scooters / Scooterette sales declined by 7.53% (43,59,406) while all time favorite,

Motorcycles registered a marginal growth of 0.02% (1,30,66,628 vehicles) and moped registered degrowth of 22.73% (4,83,396 vehicles), taking the total two wheeler sales decline to 2.69% (1,79,09,430 vehicles) for the year. Also in Quadricycle vehicle category, there was growth of 26.53% from 3517 vehicles to 4450 vehicles in this financial year.

In spite of the disruption caused by Covid-19 pandemic and Global disturbance, the overall automobile exports increased by 35.88% (56,17,246 vehicles). Passenger vehicles and commercial vehicle export increased by 42.90% (5,77,875 vehicles) and 83.37% (92,297 vehicles) respectively in comparison with previous financial year 2021. The exports of three wheelers increased by 27.16% (4,99,730). Similarly, export of two wheelers increased by 35.34% (44,43,018 Vehicles) in comparison with previous financial year 2021.



As Richard Branson says '*Business opportunities are like buses, there's always another one coming*', the focus is shifting to electric vehicles to reduce emissions. The electric vehicles industry is likely to create five crore jobs by 2030. India could be a leader in shared mobility by 2030 providing opportunities for electric and autonomous vehicles (IBEF). We should therefore look forward to future with optimism and confidence and be ready to explore the opportunities.

Company Performance and Strategy

The Fiscal year 2021-22 was a remarkable period of learning and delivering. The first Quarter witnessed the second Covid-19 wave, which shook the entire nation. But in spite of all the challenges, your Company continued to deliver. The year under review has been about change, resilience, about resetting priorities and the drive towards the achievement of our dreams. We navigated through a difficult environment and unforeseeable circumstances during the more intense second wave of the pandemic. Your Company proved its resilience with prudent leadership and the tremendous hard work of our colleagues through FY 2021-22.

I am happy to share that your Company has done well in all spheres, despite the tough time due to Covid-19. We were able to shown better performance in terms of turnover and with record profits, mainly due to our operational competence. There were some constraints in performance of subsidiary companies in US and Canada for which the leadership team is committed to perform in the coming years.



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. 2021-22, I must mention that there was growth in all the key areas. The standalone turnover of the Company grew significantly by 22.36 % and touched ₹ 6,517.49 million. As a result of this and our enhanced operating efficiencies, the standalone profit before tax grew even higher to ₹ 536.63 million. After consolidating the financials of the Company with its subsidiaries, the consolidated turnover stood at ₹ 9785.09 million. Impressed with the performance, the Board has recommended a final dividend of 15% for your approval with a total payout of ₹ 28.15 million.

In F.Y. 2021-22 the Company had an export income of ₹ 1872.67 million (standalone), which was significantly increased by 50.34% over the previous year. The Company is further focussing on export programs and expected to gain more momentum in coming years. Going forward, the overall focus will continue to be on manufacturing with 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 has been further strengthened.

The Vedic Philosophy of "Sarva Loka Hitam" i.e., "the well being of all" has regained importance in the current business environment. CSR is on the noble practice of doing "Hitam". We have taken up deep impacting initiative in line with society. To exhibit the commitment your Company has contributed ₹ 7.46 Million for betterment of Society during the FY 2021-22 which is in line with CSR Regulations. The Complete details of the CSR spend is attached to the Annual Report, You may observe that your Company spent most of the funds for sustainability of humanity and in fight against Covid - 19.

Before concluding, I would like to place on record my sincere gratitude to the entire Hi-Tech Family for their dedicated and relentless hard work in the year that has gone by to enable the Company to achieve the success that it has despite all odds. My sincere thanks to all our customers, our supply chain partners, our bankers, and my Board colleagues for their wise guidance from time to time. I am confident that this journey will continue to be equally exciting and rewarding as we move ahead.

Deep Kapuria
Chairman





MANAGING DIRECTOR'S MESSAGE



I am happy to be with you once again to share the health and performance of the economy, our industry and your Company through this 36th Annual Report of the Company.

After two years of facing the COVID-19 pandemic which devastated the world health causing loss of lives, suffering, grief, myriad disruptions to lives and livelihood, hopefully the worst is behind us and we can look towards the future with renewed energy, hope and optimism.

Macroeconomic Scenario

While the world economies were struggling to come to terms with the impact of COVID-19 which resulted in the negative growth in the last two years, the ongoing war in Ukraine has caused further economic damage besides humanitarian crises and would contribute to a significant slowdown in global growth in 2022. The global growth closed at 2.9%, however, the World Bank even does not foresee a much brighter picture in 2023 and 2024 and it predicts just same numbers both years.

The gravity of aftermaths of geo-political reasons can be ascertained with the fact that for the United States alone, the World Bank has slashed its growth forecast to 2.5% this year from 5.7% in 2021 and for 19 European countries that share the euro currency, it downgraded the growth outlook to 2.5% this year from 5.4% last year. Even, in China, the world's second-biggest economy after the United States, the World Bank expects growth to slow to 4.3% from 8.1% last year. Similarly, emerging market and developing economies are collectively forecast to grow 3.4% this year,

decelerating from a 6.6% pace in 2021.

However, as opposite to world scenario, the Indian economy is projected to have growth at 7.5 -8.0% in 2022-23, making India the fastest growing major economy in the world.

Macroeconomic stability indicators suggest that the Indian economy is well placed to take on the challenges of 2022-23. The combination of high foreign exchange reserves sustained foreign direct investment, and rising export earnings, stable demand will provide adequate buffer against the possible global liquidity tapering in 2022-23. The economic shock of the pandemic has been weathered well by the commercial banking system with the liquidity in the system remained in surplus and year on year bank credit growth accelerated gradually in 2021-22 from 5.3% in April 2021 to 9.2% in December 2021. However, Indian economy shall also be impacted by the ongoing Ukraine war and the first signs are visible in the form of increasing fuel prices which have put the pressure on the foreign exchange reserves and the consequent inflation. Inflation, like in many other countries, has been hard on Indian consumers, with low-income households getting disproportionately impacted. The peaceful and early solution to the conflict is the crying need for the world peace and prosperity.

On the positive side, the government's capital spending share is going up even it slow down revenue expenses in shorter period, gross tax collection of both direct and indirect taxes, have knocked all expectations due to improved economic activity and better compliance efforts. Simplified tax regime with low rates, comprehensive review and rationalization of the tariff structure, and digitization of tax filing, support from government, improved earnings from exports are likely to support further growth in the future, unless we again see some unprecedented situation.

The Automotive Sector & Growth prospects

The Automotive sector plays a vital role in India's economy contributing 49% to India's manufacturing GDP and 7.1% of India GDP. The importance of automotive sector in Indian economy can be gauged from the fact that the 2nd Automotive Mission Plan released by the Government outlines the plan to elevate the Automotive Industry to world class levels. As per Invest India the Automobile industry of India is expected to be the world's third largest automotive market in terms of volume by 2026.

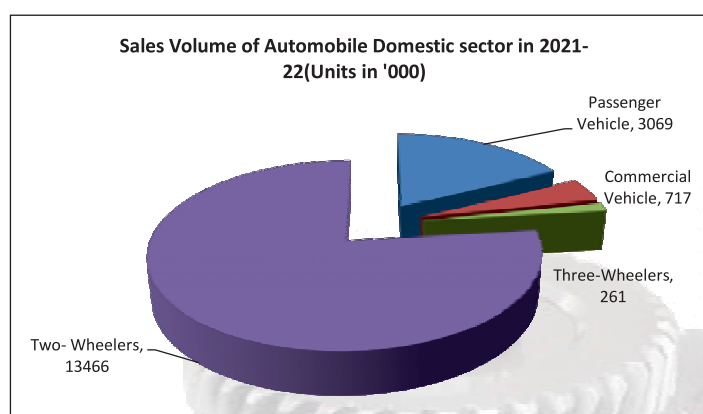
The automotive industry is however still struggling to overcome the impact of COVID-19 and aftermath thereafter. There have been many challenges which the industry is facing including supply side issues of availability of semiconductors, increasing input costs, rising logistics costs and availability of freight containers, among others, but the industry displayed remarkable resilience, increased value addition to meet regulatory compliance and fast recovery in external mark.

As per SIAM, the automotive industry witnessed a de-growth of (-) 6% in the Financial Year 2021-22. All segments are facing supply side challenges and the industry is yet to see complete recovery following the disruptions it has been facing since early 2020. Passenger vehicles, commercial vehicles and three wheelers have witnessed a growth compared to allow base of the industry in 2020-21 but the two wheeler segment further declined by (-)11% from the previous year. As against the total production of 2,29,33,230 vehicles which was marginally higher than in the previous year, the total



number of vehicles sold during the year was 1,75,13,472 as against 18,615,588 vehicles sold during 2020-21 registering a decline of 6% .

The domestic industry sold a total 1,75,13,596 vehicles in F.Y. 2021-22, out of this passenger vehicles sales increased by 13.20% (30,69,499 vehicles). Also, in commercial vehicle, there is a negative growth by 26.03% (7,16,566 vehicles). Two wheelers have always had a major share of volumes in the total output, however this segment registered a de-growth. Scooters / Scooterette sales declined by 10.56% (4,009,076 vehicles). Similarly, Motorcycles and Mopeds also registered a negative growth of 10.35% (89,84,186 vehicles) and 23.35% (4,73,150 vehicles) respectively, taking the total two wheeler sales decline to 10.94% (1,346,64,12 vehicles) for the year. Overall, three wheelers sales also registered a growth of 18.93% (2,60,995 vehicles), while Passenger Carrier sales increased by 35.59% (1,83,607 vehicles).



In my last year's interaction with you I had mentioned that it would be the decade of the Electrical Vehicles (EVs). Focus is shifting to electric vehicles to reduce emissions. The pace was taken place in higher gear, but due to the pandemic, attention was diverted to sustainability in last two years. Nonetheless, India could be a leader in share mobility by 2030 providing opportunities for electric and autonomous vehicles. The Government targets 30% electric vehicles by 2030. Your Company is committed to be future ready to embrace the change in technology and contribute to achieving this goal.

In order to give a boost to the automobile and auto components sector, the Government has launched a Production Linked Incentive ('PLI') Scheme under which incentives worth ₹ 26,058 cores will be provided to industry over a period of five years. The Scheme will bring fresh investments of over ₹ 42,500 crores in five years. The Scheme will facilitate the creation of a state-of-the-art automotive value chain and develop India into an attractive alternative source of hi-end auto components. .I am pleased to share with you that your Company has been selected to receive the incentive under the PLI Scheme.

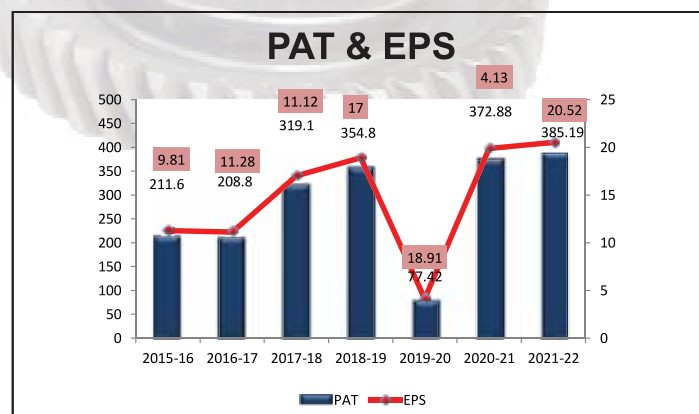
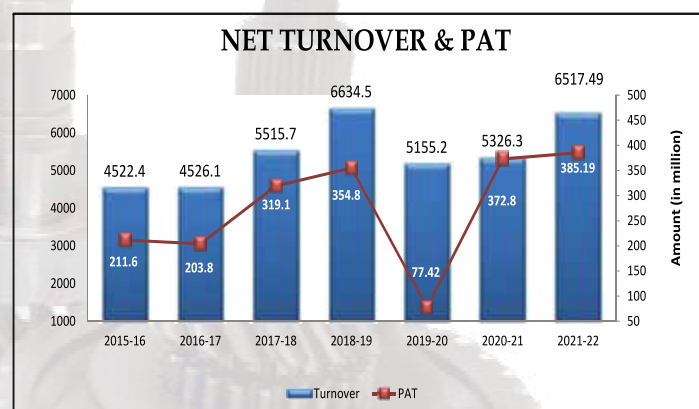
Your Company's Performance

The period under review was very challenging as if we look at the global macro environment, the post-pandemic recovery started taking shape from the second quarter of FY 2021-22, which was subsequently impacted by the escalation of geopolitical tensions during the third and fourth quarter of

the year. The pandemic has put us on a steep learning curve, wherein we have strengthened our business model by focussing on cost and capex as well as ensuring risk mitigation, basic hygiene to ensure good health and safety of our teams.

During the year under review, we continued to leverage operational efficiency to navigate through the challenges faced by auto industry. We focussed to create a strong order book, elevate operating efficiency, strengthen cash flow and work towards disruptive technologies.

During FY 2021-22, we made continued progress across all verticals. Your Company met all expectations and did well on all fronts with exceptional growth in export front. The total sales turnover of the Company increased significantly to ₹ 6517.49 million, registering a growth of 22.36%. Profit before tax ('PBT') was ₹ 536.63 million and profit after tax stood at ₹ 385.19 million compared to ₹ 496.40 million and ₹ 372.88 million in F.Y. 2020-21 respectively. Earnings per share (EPS) also increased to ₹ 20.52 from ₹ 19.87 in the previous year. The overall performance was quite well against the industry flow and your Company recorded an export turnover of ₹ 1872.67 million, compared to ₹ 1245.65 million in the previous year, thus recording a tremendous increase of 50.34%.



Post consolidation with the overseas subsidiaries, the turnover stood at ₹ 9785.09 million compared to ₹ 7560.33 million in the previous year, registering a growth of 29.40%. PBT on consolidated basis stood at ₹ 109.10 million.



The consolidated financials of the Company with its subsidiaries are attached to the 36th 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 ₹ 28.15 million is recommended as final dividend by your Board for F.Y. 2021-22. 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, and 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.

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.

While the Indian economy was coming out of Covid-19's second and third wave with a minimal shock and a better outlook for the future, the global geo-political environment took a turn for the worse & the current scenario on our raw material front is highly volatile. The net impact on auto component business is severely impacted due to steep hike in the iron

ore, crude oil metallurgical coke, inbound and outbound logistical prices and other connected reasons.

We also could not escaped with the aforesaid impacts; however as a responsible supplier we tried to balance the impact among customers, suppliers and other stakeholders, but for the obvious reasons operations remained unstable.

We have been able to successfully navigate the challenges posed by COVID -19 with the resilience and determination. The commitment and grit shown by employees during these testing times has been exemplary. While COVID crises, though waning, is far from over and we need to continue be of our guard, your Company cannot escape from the effects of the ongoing Ukraine war on our business. I have no doubt that your Company will sail through this challenge too and will use the recovery from these crises as an opportunity to accelerate growth. With the government aiming to increase the contribution of the automobile sector to India's GDP to 12% and employment generation to 50 million under the Automotive Mission Plan and the initiatives like PLI Scheme for automobile and auto components sector, the future of the industry looks bright.

Your Company is fortunate in having a dedicated and loyal family of employees who have carried out their duty devotedly through the trying times and look towards the future with positivity in its journey of growth. I would like to express, on your behalf and on behalf of the management, our sense of appreciation and gratitude for their contribution in a trying year.

Pranav Kapuria
Managing Director