

ANNUAL
REPORT

TRITON
VALVES LTD

Challenging Excellence



TOUCHING LIVES.
MOVING INDIA.



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Forward-looking Statements

This Annual Report contains forward-looking statements to enable investors to comprehend our future plans and prospects. These statements spell out anticipated results based on the management's plans and assumptions. Such statements can be identified with the use of words like 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and other words of similar meaning. The Company does not guarantee that these forward-looking statements will be realized, although the management believes that they have been prudent in their assumptions. The achievement of the Company's results is subject to risks, uncertainties and even inaccurate assumptions. The actual results, performance or achievements of the business could, thus, differ materially from those anticipated, estimated or projected in the Report. Readers should bear this in mind that the Company will undertake no obligation to publicly update or modify any forward-looking statements, on the basis of subsequent developments, information or future events. The Company has sourced the industry information from publicly available resources and has not verified this data independently.

An aerial night photograph of a city coastline. A multi-lane highway runs along the water, filled with cars whose headlights and taillights create a streak of light. The city skyline is visible in the background with numerous lit-up buildings. The sky is dark blue.

TOUCHING LIVES. MOVING INDIA.

In our journey through four decades, Triton Valves has played a silent but important role in the lives of people. Our range of products perform safely and efficiently in all types of vehicles, starting from mopeds, scooters and motorcycles to passenger cars, trucks, earthmovers and even aircraft. Triton Valves have a critical task in tyre inflation, ensuring that vehicles function smoothly, safely and with control. Our focus on consolidation and diversification has taken us a step closer to people through our new range of valves for air-conditioners. At Triton, business is not just about growth by numbers, it is about touching lives and contributing our mite to the cause of safety.

Our objective is to contribute to society by producing the best quality and the safest, most reliable tyre valves and cores which in turn will ensure safety in the movement of people and goods in India and around the world.

About the Company



Corporate Snapshot

Incorporated in 1975 by our visionary founder M.V.Gokarn, Triton began manufacturing valves for the tyre and inner tube industry in 1978 and quickly emerged as a market leader in India. With the advent of tubeless tyres, Triton began manufacturing tubeless tyre valves and evolved from a Tier 2 to a Tier 1 supplier to the automobile industry.

With its strong focus on product quality and R&D, Triton has now evolved into a precision manufacturer and critical supplier of valves and components to a diverse range of customers and industries from air-conditioning and hydraulics to aerospace, mining, defence and industrial HVAC & R.

We are headquartered in Bengaluru, India and our manufacturing facilities and R&D Center are located in Mysuru. We also operate warehouses in Bengaluru, Chennai and Delhi in order to serve our customers with Just-In-Time deliveries. All our facilities conform to IATF 16949, ISO 14001 and BS OHSAS 18001 standards.

Our Vision

To set global benchmarks of excellence in every aspect of business.

Our Mission

We don't just manufacture tyre valves. Our greater cause is safety in the movement of people and goods in India.

Our Values

PEOPLE

At Triton, we have travelled many a mile on the rough road to success. But we have raced past every frontier and milestone, riding on the unparalleled strength of our people. As the most important force of our business, we have always endeavoured to respect and empower them, thereby bringing out the best in each.

CRAFTSMANSHIP

At Triton, the spirit of craftsmanship is at the heart of all that we do. Paying attention to the smallest details and being meticulous and thoughtful in our daily activities means that our valves and cores are precision-crafted products.

EXCELLENCE

We have an innate desire to excel in whatever we do, however small or big the task might be. Always on the trail of newer frontiers and benchmarks, philosophies like 'get it right the first time', 'zero defect' and 'customer comes first' are a way of life with us.

PASSION

We wear the Triton badge of passion on our hearts and it is this passion that allows us common people to attain uncommon results every time. Team Triton has always been about coming together, sharing together, working together and succeeding together.



CUSTOMER SUCCESS

At Triton, we don't aim to merely satisfy our customers. It is the success of our customers for which we strive. We truly believe that our customers' success is our success.

ETHICS

At Triton, uncompromising ethics is rooted in our very DNA. We are committed to being transparent, fair and honest and we work with the highest level of integrity with respect to our people, the environment and society at large.

JOY OF LIFE

The smile on a customer's face, the thrill of solving a problem and the sheer joy of success. At the end of the day, enjoying what we do is why we go to work. We strive to build an ecosystem called Triton based on this Joy of Life.

The Company is certified for the IATF 16949 Quality Standard, ISO 14001 Environment Management Standard and BS OHSAS 18001 Occupational Health and Safety Standard.

Competitive Strengths

Triton's reputation for quality, delivery and customer service has earned the Company the trust of leading Original Equipment Manufacturers (OEMs). Its philosophies like 'get it right the first time', 'zero defect' and 'customer comes first' have become a way of life for our employees. It has enabled us to carve out a prominent position in every segment in the markets in which we operate. Further, the Company enjoys a distinct advantage due to its superior technology, large installed capacities in all product categories, competitive pricing and approvals from almost every tyre and vehicle manufacturer in the country. These strengths can be leveraged to further widen the customer base, increase the product offerings and improve the Company's overall performance.



Board of Directors



S K Welling
Chairman



Anuradha M Gokarn
Non-Executive Director



Dr B R Pai
Independent Non-Executive Director



Aditya M Gokarn
Managing Director



Tamhant Jain
Independent Non-Executive Director



Prashanth Nayak
Independent Non-Executive Director



Chairman's Message



FY 2017-18 was primarily focused on consolidation and diversification,

Dear Shareholders,

Triton Valves continues to strongly maintain its motto of 'Touching Lives. Moving India' with the realization that its products play a significant role in the lives and safety of people. This motivates the Company to strive for perfection. Triton Valves play a critical role in tyre inflation and ensure that vehicles move smoothly, safely and with control. With the addition of products for the air-conditioning segment, Triton is now playing a silent but critical role in people's homes, providing high quality and leakage-free valves for air-conditioners.

FY 2017-18 was primarily focused on consolidation and diversification.

The Company has diversified into manufacturing valves for air-conditioners in both the industrial and home segments, thus growing in different domains and adding more products and applications to its portfolio. The Company has also formally entered the aftermarket segment for tyre valves and accessories and has significantly increased its presence at the tyre shop level across the country. An e-commerce application was also launched to enable the aftermarket to access Triton's wide portfolio of OEM quality products. Triton has also enlarged its footprint in the global market during the year with an ever-growing presence in the Middle-east and Southeast Asia.

GST Implementation and Macroeconomic Developments

A major milestone in the economic history of India was the implementation of GST from July 1, 2017. The Company successfully made the transition to GST having made all the necessary preparations. The Company has benefited by GST on three counts-firstly, tax compliance has been simplified, secondly supply chains have become more cost-efficient and competitive after removal of the cascading Central Sales Tax and lastly GST has created a level playing field for the industry with India becoming a single integrated market. The Government's move of raising import duties on tyres

and imposition of Anti Dumping Duties on Chinese tyres has helped reduce the import of tyres into the Indian market thereby boosting the domestic market. In light of these developments, the prospects for the tyre industry appear to be positive for the next few years.

Financial Highlights

Your Company has performed well in terms of top line growth during the year. Net sales increased by 9.3% to ₹ 226 crore in FY 2017-18. In spite of the best efforts of the management team, however, the Company's bottom line did not grow as expected on account of the steep increase in the cost of brass, the major raw material consumed by the Company. The global prices of copper and zinc have been continuously rising since September 2017 making it difficult to recover the increases from customers. In spite of this challenge, the management team has done a commendable job to control expenses and ensure that the profitability of the Company did not take a very significant hit.

The key financial indicators for the year were as follows:

- Net Revenue for the year from operations increased to ₹ 226.49 crore from ₹ 207.14 crore in the previous year
- Profit Before Tax decreased to ₹ 8.81 crore from ₹ 10.84 crore in the previous year
- Profit After Tax decreased to ₹ 6.64 crore from ₹ 8.42 crore in the previous year
- Earnings Per Share aggregated to ₹ 66.03 as compared to ₹ 87.69 in the previous year

Your Board of Directors having thoroughly reviewed the performance and having analyzed and assessed the future potential of the Company have recommended, subject to the approval of the shareholders, a dividend of ₹ 15 per equity share of ₹ 10 (150%) to the members, the same as in the previous year. This stable dividend recommendation reflects the confidence of the Board in the future potential and capability of the Company to improve and sustain a higher level of profitability.

Research and Development

The Company continues to invest in increasing capacities, improving manufacturing technology and developing new products. During the year, the Company incurred a capital investment including capital advances of ₹ 11 crore and an R&D expense of ₹ 3.35 crore. The R&D Center which is recognized by the Department of Science and Technology has performed well and has added significant value to the Company. During the year, several patent applications have been filed in line with the objective of creating a strong intellectual property base for the Company in future. The Company has also partnered with both industry and academia in not just developing new products but also in creating roadmaps and putting in place processes for developing new products in step with technological changes which are sweeping across the industry.

Outlook for the year ahead

The Company is confident about the year ahead. Internally, many initiatives taken during the previous year will manifest their full year impact in the year ahead, while the external environment in terms of market demand and economic factors are expected to be favorable.

The strategic direction of the Company can be encapsulated in the following four points:

- Focus on expanding customer base and increasing market share
- Strengthen competitiveness by strong focus on cost controls
- Improve financial discipline to improve operating margins and cashflows
- Streamline internal systems and processes to improve business efficiencies across the board

The Company continues to strive to achieve greater heights, delivering greater value not only to its customers and shareholders, but to all its stakeholders – employees, vendors, the environment and society at large. I thank all the employees for their hard work, dedication and unstinted support. Thank you dear stakeholders for your trust and faith reposed in the Company over the years. I look forward to interact with you in another positive and rewarding year ahead.

With Regards,

SK Welling
Chairman

Reaching Out, Transforming Lives



At Triton, our CSR initiatives focus on the integrated development of the communities in the vicinity of our plant in Mysuru. Towards this end, our flagship CSR initiative, Unnati, works through the medium of the local Anganwadis and government primary schools to drive change and create social impact. Several programs involving not just the children but their mothers have been conducted at two Anganwadis and one primary school.

The Company has also partnered with Swami Vivekananda Youth Movement (SVYM), a reputed and award-winning NGO for a project to develop the schools and Anganwadis into model ones over a period of three years. The key objective of this long-term project is to improve early childhood education with a focus on development of children through a dynamic and conducive learning environment. To achieve its objective, the project uses a four-point strategy as below:

- Promoting admission and regular attendance of all children
- Enhancing learning outcomes by training teachers in using child-centric techniques and promoting joyful learning
- Reducing malnutrition and incidence of waterborne diseases in children through awareness about nutrition and WASH (Water Sanitation and Hygiene)
- Strengthening community participation and involvement in school development activities to ensure sustainability