



TRITON

Touching Lives. Moving India.®

Preparing for the ***FUTURE***

18-19

Annual Report

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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.

Preparing for the *FUTURE*

Since inception, we at Triton Valves have been playing a significant role in peoples' lives. We have been on a constant endeavor to produce the safest, most reliable and best quality tyre valves and cores for all types of vehicles. Along with this, our goal is to also ensure complete safety in the movement of people and goods. We've had a truly remarkable journey so far, celebrating 40+ years of producing the best quality, safest and the most reliable tyre valves.

However, the future holds more potential and optimism as we presently stand at an inflection point. As technology evolves swiftly, causing disruptions across industries and redefining customer expectations, it is leading to a fast-growing market for newer products and services. Triton, too, is leveraging the benefits of technology. We are cognizant of the changing trends and are prepping up to capitalize on the emerging and new growth opportunities through development of new lines of businesses. Going forward, we are well capitalized on growth. Our focus for a promising future is what has enabled us to diversify into online retail and the consumer durables space.

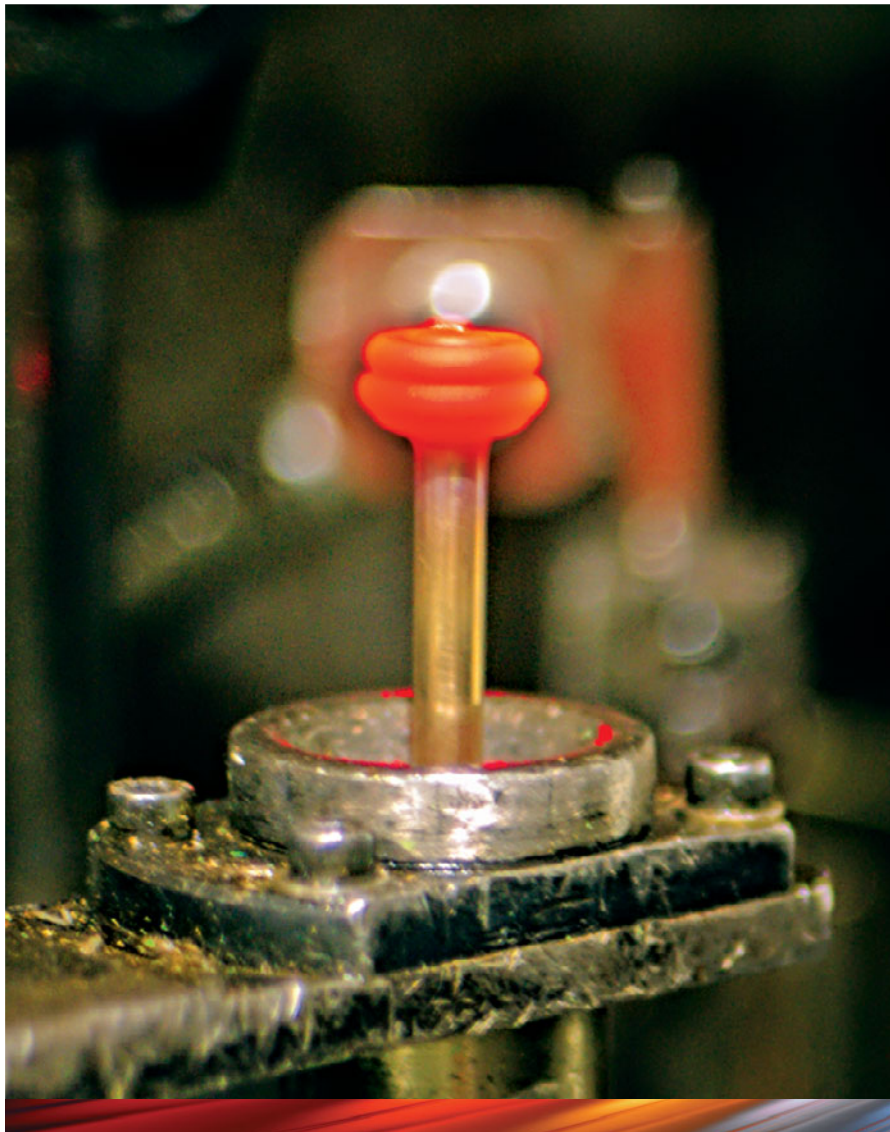
We are on a journey of planned transformation. With a solid belief in our products, value-added capabilities and continuous perseverance, we are preparing ourselves for the next phase of growth. We are leveraging our decades of experience, technology, R&D capabilities and market understanding to make our business future-ready.

About the Company

As Triton, we are the leading manufacturer and a critical supplier of valves and components to a diverse range of applications in India and overseas ranging from automotive, air-conditioning and hydraulics to aerospace, mining, defense and industrial HVAC & R. Our enormous determination and our strong R&D base coupled with unwavering focus on quality has made us a long-term player in every domain that we operate in.

Led by an experienced leadership team, Triton was incorporated in 1975 in Bengaluru, India, by our visionary founder M. V. Gokarn. Within a short span of three years, we attained specialization in manufacturing valves for the tyre and inner tube industry and rapidly emerged as a market leader in India.

New innovations in the tyre industry and an in-depth understanding of technology emboldened us to enter into the manufacture of tubeless tyre valves and we soon leaped from being a Tier-2 to being a Tier-1 trusted supplier to India's growing automobile industry. Today, we have earned a strong and reputable position in the domestic market and have established our presence in the overseas markets of the Middle East, the Americas, Africa and Asia-Pacific.



WHAT SETS US APART:



Up-to-date manufacturing plants in Mysuru and in Gujarat and a state-of-the-art R&D Center in Mysuru.



Warehouses equipped with modern storage facilities in Bengaluru, Chennai, Gujarat and Delhi catering to customers with shortest delivery times.



All manufacturing units are certified with IATF 16949 Quality standard, ISO 14001 Environment Management standard and BS OHSAS 18001 Occupational Health & Safety standard.



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

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 and bring out the best in each of them.

CRAFTSMANSHIP

The spirit of craftsmanship is at the heart of all that we do and remains our Number One priority. Paying attention to the smallest details and being meticulous and thoughtful in daily activities is what transforms our valves and cores into precision-crafted products.

EXCELLENCE

We have an innate desire to excel, 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. 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

We do not strive to merely satisfy our customers. It is the success of our customers that we painstakingly look to achieve. We truly believe that our customers' success is our success.

ETHICS

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

JOY OF LIFE

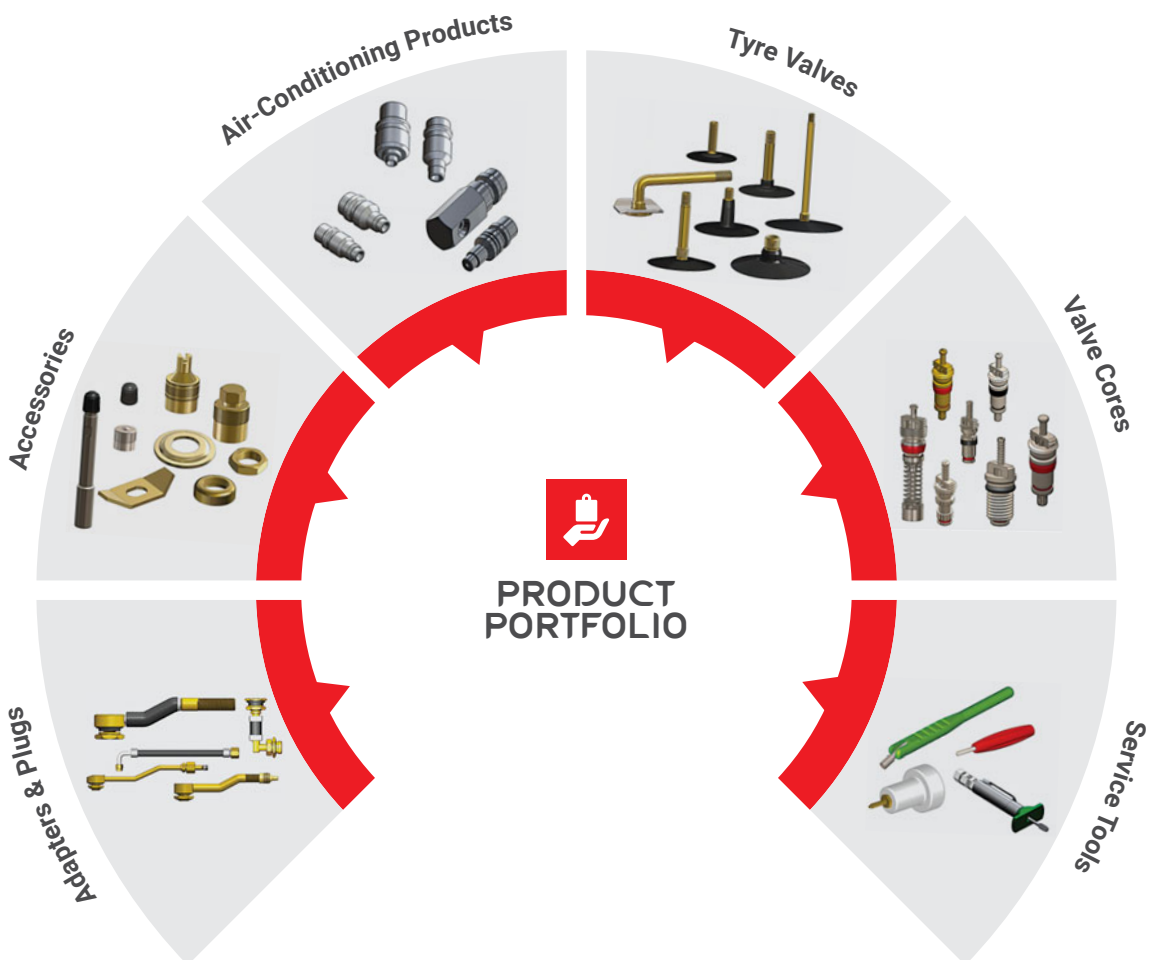
The smile on a customer's face, the thrill of solving a problem and the sheer joy of success. At the end of the day, this is what gives us utmost satisfaction. We enjoy what we do and that is why we go to work. We strive to build the ecosystem "Triton", based on this Joy of Life.



COMPETITIVE STRENGTHS

An impeccable reputation for quality, delivery and service has led to Triton earning the trust and confidence of leading Original Equipment Manufacturers (OEMs). Our teams have in their DNA philosophies of 'getting it right the first time', 'zero defect', and 'customer comes first'.

Advanced technology, large installed capacities in all product categories, competitive pricing and approvals from most of India's major tyre and vehicle manufacturers makes us a distinct leader. It is these competitive strengths that enables us to widen our customer base, increase our product portfolio and enhance our overall performance.



Board of Directors



S K Welling
Chairman

Mr. S.K. Welling is the Chairman of the Board. Mr. Welling is a graduate in Mechanical Engineering from Karnataka University and holds a Master's degree in Business Administration from the University of Leeds, UK. He was the former Executive Director of HMT Ltd. Mr. Welling has rich and wide industrial experience of over 35 years spanning several functional areas such as Strategic Planning, Corporate Restructuring, Industrial Engineering, Project Management, Technology Management, International Marketing and Human Resources Management.



Aditya M Gokarn
Managing Director

Mr. Aditya M Gokarn is the Managing Director. Mr. Gokarn holds a Bachelor's degree in Mechanical Engineering from RV College of Engineering Bengaluru and a Certificate of Business Excellence from the University of California Berkeley. Mr. Gokarn has varied experience in business development, project execution and new product development. He has been instrumental in executing the capacity expansion and technology upgradation programs of the Company over the last 10 years.



Anuradha M Gokarn
Non-Executive Director

Mrs. Anuradha M Gokarn holds an M.Phil. in English Literature from the University of London. Mrs. Gokarn took over the reins of the Company at a time of crisis when her husband and the Founder Managing Director, Mr. M V Gokarn passed away. She served as the Managing Director of the Company for a period of 26 years – from 1986 to 2012, during which she successfully steered the Company to a market leadership position and built a strong foundation on which the Company continues to grow till date.



Dr. B R Pai
Independent Non-Executive Director

Dr. B R Pai completed his B.Tech from IIT Madras and went on to obtain a Ph.D. from Imperial College, London. He holds an M.Sc in Engineering and a Diploma from the Imperial College. He retired as Director of NAL in the year 2004. Dr. Pai is an expert in the field of combustion, heat transfer, airbreathing propulsion systems and Computational Fluid Dynamics, has several patents and over a hundred papers and publications to his credit.



Tamhant Jain
Independent Non-Executive Director

Mr. Tamhant Jain completed his B.Tech from IIT Kanpur. He had a distinguished academic record at IIT and received the Director's Letter of Recognition for Research Excellence, the Dean's Merit Scholarship & the Certificate of Merit for Academic Excellence. After his graduation, he went on to obtain an MBA with Distinction from Harvard Business School. Mr. Jain is the co-founder of Northwest Executive Education which provides executive education in leadership and management in collaboration with globally renowned international institutions like Chicago Booth, Yale and Berkeley.



Prashanth Nayak
Independent Non-Executive Director

Mr. Prashanth Nayak is the CEO of Yazaki India Private Limited. Prior to his current position, Mr. Nayak served as the CEO of Jai Group, a strategy consulting firm that focuses on BRICS economies and specifically on the Brazil-India corridor. Mr. Prashanth Nayak is a graduate of the National Institute of Technology Karnataka from where he received his Bachelor of Engineering degree in Electronics and Communication. He also holds an MBA from the Indian Institute of Management Kolkata.

Chairman's Message



Net sales stood at ₹ 242.53 crore, up 7.08% from the previous year

DEAR SHAREHOLDERS,

I am pleased to present to you our Annual Report for the Financial Year 2018-2019. The year under review witnessed Triton Valves aggressively pursuing its planned strategies, even as it envisioned a promising future to build a strong and stable business. Product diversification and market expansion were the clear focus areas during FY 2018-19. Towards this objective, the Company undertook a slew of initiatives to build a dynamic and resilient business model.

The Company launched an e-commerce platform to ensure the availability of best quality OEM specification products to the smallest tyre shops across India. This has expanded its channel base and strengthened its presence in the aftermarket segment for tyre valves and accessories. The Company also forayed into the development of products for

the air-conditioning industry across the industrial and home segments. This is what led to enlarging of its product portfolio and broadening its reach in the segment. In addition, the Company filed several new patent applications in key new products which will further strengthen its competitiveness in the market in the future.

OEMs have been confidently choosing Triton Valves for its superior quality, reliability and technical expertise. This is what motivates the Company to constantly evaluate its key capabilities and make investments towards increasing its capacities to best serve its customers. Towards this direction, Triton commenced manufacturing operations at its Gujarat facility during the last quarter of the year, primarily to serve customers in the western and northern regions.

During the year, the Company set up a subsidiary in Hong Kong. This is aimed at increasing the Company's footprint in the high potential Southeast Asian market and efficiently managing foreign exchange exposure. This is yet another initiative which will give the Company a competitive advantage in the future.

PERFORMANCE DURING THE YEAR

The year under review was a very challenging one for the Company. While there were many positive takeaways from the year, raw material cost spiraled beyond budgeted levels and had a severe impact on the Company's profitability. Coupled with this, a sudden downtrend in the automotive and tyre industries during the last quarter pushed the bottom-line down further.

The Company reported a fair performance in terms of topline growth, all factors considered. Net sales stood at ₹ 242.53 crore, up 7.08% from the previous year. Exports witnessed 38% growth year-on-year which bodes well for the future. In spite of the challenges faced on the raw material side, the management continued to focus on optimizing purchasing and improving operational efficiencies. The strong cost controls exercised on other expenses like energy consumption and manufacturing costs helped the Company to limit the damage.

The key financial indicators for the year under review are:

- Net Revenue from operations increased to ₹ 242.53 crore from ₹ 226.50 crore in the previous year, registering a growth of 7.08%.
- Profit Before Tax decreased to ₹ 4.16 crore as compared to ₹ 8.82 crore achieved in the previous year.
- Profit After Tax decreased to ₹ 3.46 crore from ₹ 6.64 crore in the previous year.
- Earnings Per Share aggregated to ₹ 34.86 from ₹ 66.03 in the previous year.

The Board of Directors have recommended, subject to the approval of shareholders, a dividend of ₹ 12 per equity share (120%) on a face value of ₹ 10 each to members. The R&D team of the Company continues to develop new products and applications to de-risk the product portfolio and prepare for the long-term. During the year, the Company incurred an R&D expense of ₹ 3.23 crore and have filed 10 patents to bolster its intellectual property base.

The Company is also focusing on automation and emerging technologies, including the Internet of Things (IoT). With an aim to emphasize the importance of health and safety, the Company intensified its safety training programs to encourage employees to work towards the goal of zero injuries at the workplace. Additionally, the fire safety systems across all its centers and units were revamped during the year.

All the above initiatives reiterate the Company's commitment to building a safe and conducive work environment and boosting employees' morale. The year under review also saw the Company successfully upgrading its quality management system in line with the new quality standard IATF 16949 and implementing Ind AS. This was aimed towards strengthening the overall governance framework.

OUTLOOK FOR THE FUTURE

The Company is cautiously optimistic about the year ahead. The automotive business continues to face headwinds amidst a challenging business landscape. Higher fuel prices, increase in insurance cost, and lack of financing options from NBFCs following the recent liquidity crisis have crimped demand. Stricter regulatory norms in the automotive industry are expected to further increase the cost of vehicles.

Going forward, the Company remains optimistic that scaling its footprint in new business verticals will not only reduce its dependence on the automotive sector, but also make it better positioned for future growth. The Government's ambitious schemes for improving power availability, thrust on digitization and formalization of the

economy augurs well for the Company to grow further.

At Triton, the key aim is to maximize long-term growth potential and create value for its stakeholders. We thank all our shareholders and other stakeholders - employees, customers, vendors and partners for their continued trust and support.

Thank you for your confidence and for being a part of our family of stakeholders. We sincerely hope you will continue to repose your belief in the Company. We welcome you to be a part of this voyage of responsible growth and value creation.

We look forward to interacting with you in another positive year ahead.

With Regards,

S K Welling
Chairman

Nurturing Young Minds, Empowering Lives



At Triton, holistic development of communities surrounding its plant in Mysuru is at the heart of the Company's CSR initiatives. Its flagship CSR initiative, Unnati, envisions providing an enabling environment for early childhood education to help the young ones grow into responsible and capable citizens.

The Company has embarked on a key project to develop Government primary schools and local Anganwadis into model ones over a period of three years. This initiative is being taken up in partnership with Swami Vivekananda Youth Movement (SVYM), a renowned and award-winning NGO. The primary objective of this program is to improve early childhood education, with a strategic focus on integrated development of the child through a dynamic and conducive learning environment. Numerous educational and awareness generation activities were undertaken at two Anganwadis and one primary school. This involved children, teachers and the community stakeholders.

KEY OBJECTIVES OF THE PROGRAM:



Promoting admission and regular attendance of children



Enhancing learning among the students through joyful and child-centric activities



Reducing incidence of water-borne diseases and malnutrition in children through awareness on nutritional diets & WASH (Water, Sanitation and Hygiene)



Strengthening community participation and involvement in school development activities and ensuring sustainability