





TRITON VALVES LIMITED | ANNUAL REPORT 2020-21

Inside the Report

01-09

Corporate Overview

Triton Valves:	02
Precision Engineering Excellence	
The Triton Group Operating Structure: Built for the Next Level	04
Message from the Chairman	06
Board of Directors	08
Corporate Information	09

11-53

Statutory Reports

Board's Report	11
Management Discussion and Analysis	37
Corporate Governance Report	42

54-140

Financial Statements

Independent Auditors' Report	54
Balance Sheet	62
Statement of Profit and Loss	63
Cash Flow Statement	64
Notes forming part of the Financial Statements	67



FOR OVER FOUR DECADES, WE, AT TRITON VALVES, HAVE ESTABLISHED A SOLID FOUNDATION WITH OUR PRECISION ENGINEERING EXCELLENCE.

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.

We have consistently invested in R&D to make breakthrough products that meet safety and performance requirements of customers globally across diverse industries. We have modernized our manufacturing facilities to set new benchmarks in quality and operational excellence. We have scaled capacities to address the ever-growing demand. We have built a solid team of skilled technicians, engineers and managers who are enabling us to meet the everchanging needs of our customers.

The result:

Today, we have emerged as India's largest manufacturer of automotive tyre valves, valve cores and accessories and a critical supplier of valves and components to world's leading companies. And this helped us to deliver a resounding performance even in a challenging FY 2020-21 when the world was impacted by the COVID-19 pandemic and automotive industry bottomed.

7.4% **T**

Revenue

5.9% **T**

EBITDA

43.2% **1**

PAT

It is now time that we take our growth ahead to the NEXT LEVEL...

By venturing new horizons (new technologies and product applications across industries) through our subsidiaries

By leveraging their expertise to strengthen our global market and widen customer base



Triton Valves: Precision Engineering Excellence

Largest manufacturer of automotive tyre valves, valve cores and accessories in India

Profile

A part of Triton Group, Triton Valves was established in 1975 by a visionary founder Late M. V. Gokarn and is headquartered in Bengaluru, India. We ensure world-class manufacturing standards with ISO/TS 16949:2009, ISO 14001:2004 and BS OHSAS 18001:2007 certified manufacturing facilities. Equipped with automatic lines for valve stems, rubber moulding and assemblies enabling, these facilities operate at high productivity levels and enable just-in-time deliveries to customers. Presence of robust testing facilities and laboratories further ensure world-class quality standards and thus high customer satisfaction. We are listed on the BSE Ltd.



Our Vision

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



Our Mission

We do not just manufacture tyre valves. Our greater cause is safety in the movement of people and goods in India.



People

We have journeyed many a mile on the rough road to success. But we have raced past every edge and breakthrough, riding on the supreme strength of our people. As the most important force of our business, we have always undertaken to respect and empower them and bring out the best in each of them.

Craftsmanship

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

Excellence

We have an instinctive desire to excel, however small or big the task might be. Always on the route of newer frontlines 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 enthusiasm 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 endeavor to merely satisfy our customers. It is the success of our customers that we meticulously look to achieve. We truly believe that our customers' success is our success.

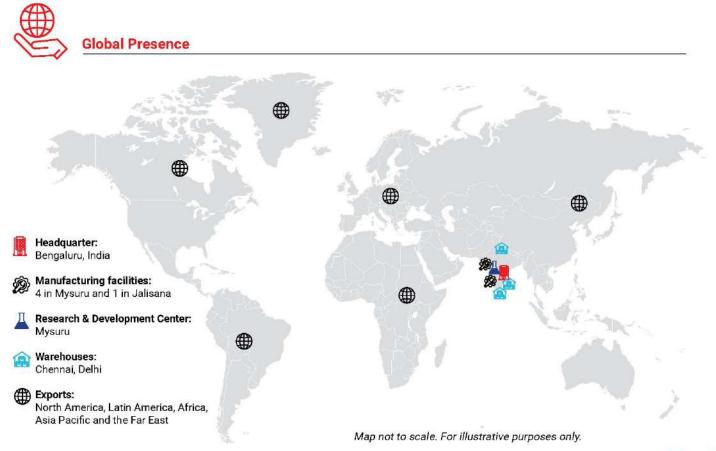
Ethics

At Triton, unbending ethics is entrenched 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 pleasure of solving a problem and the absolute joy of success. At the end of the day, this is what gives us supreme satisfaction. We enjoy what we do and that is why we go to work. We endeavor to build the ecosystem "Triton", based on this Joy of Life.





The Triton Group Operating Structure: Built for the Next Level

Triton Group comprises four companies. Triton Valves Ltd. is the holding company while TritonValves FutureTech Pvt. Ltd., TritonValves Climatech Pvt. Ltd. and TritonValves Hongkong Ltd. are wholly-owned subsidiaries. The Group is structured to unlock value for customers and stakeholders by creating focus on each business while utilizing the deep engineering expertise and competencies of the holding company to expand into new and futuristic business domains.

	Triton Valves (Holding Company)	Products
TRUCKING LIVES MICHING INSIS*	 Headquarters - Bengaluru Manufacturing Facilities - Mysuru R&D Center - Mysuru India's largest manufacturer of automotive tyre valves and valve cores 	 Valve for tubes Tubeless valves and valves for TPMS Valve cores Aircondition valves Industrial and home air conditioner valves Components & valves for CTIS Automotive charging valves Accessories Service products & tools
FUTURE TECH	 TritonValves FutureTech Headquarters - Bengaluru Manufacturing Facilities - Mysuru A technology platform for material science Engages in the manufacture of a wide range of brass solids in various forms, sizes and tempers 	 Products Range of brass solids - Free machining, hot and cold forging, grades of high tensile, super high machining, naval, dezincification resistance and lead free High grade brass for special applications Bronzes Special copper alloys
-	TritonValves Climatech	Products
CLIMATECH	 Headquarters - Bengaluru Manufacturing Facilities - Mysuru Manufacturer of service / charging valves for HVAC industry 	 Service Valves for residential and industrial HVAC & R Ball Valves for industrial and commercial HVAC Evaporator Valves for industrial and commercial HVAC Access Valves for industrial HVAC & R

Statutory Reports

Industries Served	Factory
 Automotive Truck and Bus Wheels Automotive Air-conditioning Tyre Pressure Monitoring Industrial and Home Air-conditioning Electric Vehicles Aerospace and Defense Mining and Construction 	
Industries Served	Factory
 Automobile Consumer durables Aerospace and Defense Air-conditioning Engineering and Industrial products Electrical components 	
Industries Served	Factory
 Industrial and Home Air-conditioning Automotive Air-conditioning 	

Message from the Chairman

Over the years, we have considerably improved our customer profile. We are today a preferred supplier to leading tier I automobile companies as well as air-conditioning, defense and aerospace companies.

The FY 2020-21 has been an unprecedented year. The COVID-19 pandemic has created a disruption of global magnitude, causing socio-economic crisis like never. A weak macro scenario in India was further impacted by pandemic and lockdowns, resulting in consumer spending largely limited to essential items. The automobile industry which is our key market bottomed during the year. It was already facing turbulences led by evolution towards optimising fuel consumption and reducing pollution, and the pandemic further weakened the demand.

While the challenges were many, I am happy to state that Triton Valves stood the test of time and delivered a solid performance. It is times like this that reinforce the strength of our business model and the reputation that our business has attained as a global supplier of precision engineered valves and accessories.

There were quite a few things we have done right in these times. The first and foremost being utilizing the lockdown, when plants were shutdown, as an opportunity to make our business leaner, reducing various costs and improving operational efficiencies. We maintained sharp focus on all receivables and cash flows. These helped improve profitability and ensured cash flows.

We also ensured that investments in newly seeded subsidiaries continued and successfully operationalized them during the year. These businesses are an important part of our growth strategy and will help us expand our product basket. TritonValves FutureTech will act as our technology platform for material science. Engaged in manufacturing diverse range of brass solids, it will explore new product opportunities in automobile, consumer durables, defense and aerospace in line with the industry's changing requirements. TritonValves Climatech, on the other hand, will explore product opportunities in air-conditioning and climate control systems and will be a single source of diverse such products for residential, commercial and industrial applications.

Revenue

Performance review

Corning to the performance, we delivered growth across all parameters. On a consolidated basis, total revenues increased 7.4% to ₹ 229.62 Crores in FY 2020-21. Net Revenue increased by 3.42% to ₹ 181.26 Crores during FY 2020-21 compared to ₹ 175.27 Crores during FY 2019-20. EBITDA grew 5.9% to ₹ 24.86 Crores and PAT grew 43.2% to ₹ 7.80 Crores. The sharp growth in bottomline was a result of decline in finance costs and reversal of excess taxation of the previous year. I am happy to state that our performance was impressive on both domestic and international markets as we continue to make inroads in both these markets.

Led by the strong performance, the Board has recommended a dividend of 200%, i.e. ₹ 20 per equity share of face value of ₹ 10.

The Next Level

Over the years, we have considerably improved our customer profile. We are today a preferred supplier to leading tier I automobile companies as well as airconditioning, defense and aerospace companies. We now look forward to build on these relationships and support customers in their value-addition journey by introducing new line of products through our subsidiaries. The focus is more on the automobile industry where the vehicles are evolving towards e-mobility. We also look forward to enhancing the mix towards value-added products to drive profitability and enhance position in the customer's value chain.

Sustainable progress

Sustainable development has always been an important aspect of our growth. Our manufacturing facilities are already equipped with automation system which are enabling higher productivity alongside the safety of our people. We are also contributing towards a better world with our quality products that are facilitating improved safety performance and efficiency in vehicles, trucks, aircraft and air-conditioners among others.

Moving forward

We have successfully built a robust organization with solid portfolio and strong financials. Moving forward, our intent is to graduate to the next level with unwavering focus on R&D to widen portfolio for global and domestic customers as well as for aftermarket. With our capabilities, disciplined management and strong governance, I am confident that we shall gain market share and create value for all the stakeholders.

<u>43.2% | 5.9% | 7.4%</u>

EBITDA

I thank all our stakeholders for their continued support to us. The shareholders who have trusted us with their funds, the customers who continued doing business with us and the supply chain who have enabled us to ensure business continuity. Last but not the least, I thank the employees who have risen to the challenge and helped deliver resilient performance.

Thank You,

S. K. Welling Chairman

Board of Directors



Mr. S. K. Welling Chairman

Mr. Welling holds a Bachelor's degree in Mechanical Engineering from Karnataka University and holds a Master's degree Business Administration in (MBA) from the University of Leeds, UK. He was the former Executive Director of HMT Ltd. He has rich and wide industrial experience of over 36 years across strategic planning, corporate restructuring, industrial engineering, technology project management, management, international marketing and human resources management.



Dr. B R Pai Independent Non-Executive Director

Dr. Pai is a B. Tech from IIT Madras, an M. Sc in Engineering, a Ph. D. and a Diploma holder from Imperial College, London. He retired as Director of NAL in 2004. An expert in the field of combustion, heat transfer, air breathing propulsion systems and computational fluid dynamics, he has several patents and over a hundred papers and publications to his credit.



Mr. Aditya M Gokarn 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. He 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 11 years.



Mrs. Anuradha M Gokarn Non-Executive Director

Mrs. Gokarn holds an M. Phil. degree in English Literature from the University of London. She was the Managing Director of the Company for 26 years (1986 to 2012), during which she successfully steered it to a market leadership position and built a strong foundation on which the Company continues to grow.



Mr. Tamhant Jain Independent Non-Executive Director

Mr. Jain is a B. Tech from IIT Kanpur and an MBA with Distinction from Harvard Business School. He had a distinguished academic record at IIT having received the Director's Letter of Recognition for Research Excellence, the Dean's Merit Scholarship and the Certificate of Merit for Academic Excellence. He 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.



Mr. Prashanth Nayak Independent Non-Executive Director

Mr. Nayak is a graduate from the National Institute of Technology, Karnataka, a Bachelor in Electronics and Communication and an MBA from the Indian Institute of Management, Kolkata. He is the Managing Director of Yazaki India. Prior to this, he was the CEO of Jai Group, a strategy consulting firm focusing on BRICS economies and specifically on the India Brazil corridor. Earlier, he had joined Tata Administrative Service (TAS) in 1995 and served in the Tata Group for 14 years.