

USHA MARTIN 2.0

Resilient & Sustainable



ANNUAL REPORT
2020-21



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KEY HIGHLIGHTS OF FY 2020-21

REVENUE (RS. IN CRORE)

1345.60
Standalone

2097.28
Consolidated

EBITDA (RS. IN CRORE)

205.52
Standalone

312.56
Consolidated

PAT (RS. IN CRORE)

100.52
Standalone

151.50
Consolidated

MANAGEMENT'S MESSAGE

Ready for our next chapter

The year under review proved to be most challenging in living memory as COVID-19 brought economies and businesses to a grinding halt. India was hit hard by the pandemic. Lockdown measures and restrictions on mobility impacted both consumer demand and supply channels. However, as a nation, we continue to stand together in this critical hour, and we are grateful to our frontline workers and other healthcare professionals for risking their own lives in order to save the lives of millions of people.

The Government's large-scale vaccination initiative has ushered in a measure of optimism, even as India continues to grapple with the headwinds posed by the second COVID wave. While a large section of the population has already been vaccinated, there has been further ramping up of the vaccination drive. The Indian economy is gradually opening up. Although FY 2020-21 saw the Indian economy contract by 7.3%, the second half of the year witnessed momentum in key frequency indicators such as power consumption, GST collections, E-way bills, railway freight, and so on.

After the second COVID wave gradually tapers off and localised lockdowns are eased across states, the economy is expected to rebound on the back of pent-up demand across sectors, Reserve Bank of India's (RBI) monetary stimulus and the Government of India's fiscal measures to bring the economy to a sustainable positive territory. We believe that the substantial budgetary outlay on infrastructure by Government of India will augur well for our business. Our international business also is expected to gain momentum as most countries where we are present have returned to near normalcy.

As you might have noticed, the theme of the report is 'Usha Martin 2.0'. This is not just a catchphrase, but a literal depiction of the

Company's state. When we exited our steel business, there might have been some scepticism on the future path of the Company but it has proved to be a strategic move, enabling us to significantly de-leverage our balance sheet and free up critical cash pool, which we could invest in our profitable and sustainable wire rope business. The result of such divestment resulted in enhanced fiscal stability and allowed us to focus primarily on our core business.

We recorded a consolidated revenue of Rs. 2,097.28 crore, compared to Rs. 2,153.82 crore in the previous year. Our consolidated EBITDA stood at Rs. 312.56 crore compared to Rs. 284.96 crore in the previous year. Despite the shrinkage in revenue, there was a marked improvement in the EBITDA margin from 13.23% to 14.90%. During the year, we had adequate working capital and liquidity, which ensured that our operations went on smoothly.

Going forward, enrichment of product mix will continue to be a key value driver, by gradually reducing dependence on low-contributory items and increasing focus on value-added products. There will be concerted effort on maintaining fiscal solidity with focused capital expenditure. We will continue to place greater emphasis on implementing digitalisation across the organisation.

During this critical period, we focused on the safety and well-being of our employees. We ramped up our employee engagement initiatives to keep them motivated during the once-in-a-century crisis. In line with the guidelines issued by the Government, we adhered to social-distancing measures and safety protocols in our production facilities and offices. We continued to encourage our employees, customers and other stakeholders to follow COVID protocols diligently.

Community initiatives continued to be our priority during the year. As always, we stayed true to our values and distributed free masks, sanitisation material and conducted COVID tests for the villagers living in and around our factories. Besides, we created awareness and educated the villagers about the benefits of social distancing and regular sanitisation, alongside our other CSR initiatives.

Before we conclude, we thank all our team members for their indomitable spirit and our stakeholders for their faith in the Company. We remain committed to create sustainable value for our shareholders, customers, employees and other stakeholders.

CORPORATE SNAPSHOT

Experience and expertise hold us in good stead

Usha Martin is one of the world's leading manufacturer of wire rope. With over six decades of experience, we have established ourselves as a globally recognised multi-unit and multi-product organisation through consistent delivery of superior quality products and services.

1 VISION

TO BE THE GLOBAL LEADER OF THE WIRE ROPE INDUSTRY BY DELIVERING CUSTOMER DELIGHT, ADOPTING MODERN TECHNOLOGY AND ENSURING SUSTAINABLE, INCLUSIVE GROWTH FOR ALL OF ITS STAKEHOLDERS.

2

Expertise

We embarked on our journey in 1960 and possess 60+ years of industry experience in the manufacturing of wires and wire ropes.

>60

YEARS OF EXPERIENCE
IN THE INDUSTRY

3

Manufacturing units

We possess six manufacturing facilities located in Ranchi, Hoshiarpur, Silvassa, Dubai, Bangkok and the United Kingdom, which produce one of the widest range of wire ropes in the world.

6

MANUFACTURING
FACILITIES

4

Research and development

We have always put significant emphasis on the continual improvement of our products and are actively engaged in designing wire ropes through our internally developed software and optimising our processes, ensuring that our products are at par with global benchmarks. We also have two comprehensive R&D centres: one in Concesio, Italy and the other in Ranchi, Jharkhand.

2

R&D CENTRES



5

Market presence

Our products are globally marketed in six continents and 50% of our revenue is derived from our international sales. To ensure that our commitment to quality percolates through every sphere of our operations, we have built a strong worldwide network of capabilities to cater to global markets.

6

THE CONTINENTS WHERE OUR PRODUCTS ARE SOLD

Certifications and approvals

- ISO 9001: 2015
- ISO 14001: 2015
- API Monogram Licence
- DNV – GL Manufacturer Approval
- ABS Manufacturing Assessment
- China Classification Society – Product Approval
- Class NK Manufacturing Approval
- TPM Excellency Award – JIPM, Japan
- ACRS – Australia Technical Approval (Pre-stressing Stand)
- ACRS – Australia Product Certification (Manufacturing Standard)
- NABL Testing
- ABS Product Design Assessment
- Lloyd's Register – Manufacturer Approval
- Bureau Veritas Mode II (Marine & Offshore)

6

Customer-first

We have always believed that the success of our Company has been built around our ability to serve our customers. The phrase 'Globally Local' is what we live by. In order to ensure the smooth supply of our products and services, we have set up a worldwide network of 33 distribution centres.

33

TOTAL DISTRIBUTION CENTRES INCLUDING CHANNEL PARTNERS

OUR MAIN SUBSIDIARIES

- Usha Martin International Limited (UMIL)
- Brunton Wire Ropes FZCo (BWR)
- Usha Martin Singapore Pte Limited (UMSPL)
- Usha Siam Steel Industries Public Company Limited (USSIL)
- Usha Martin Americas Inc (UMAI)
- U M Cables Limited (UMCL)

AWARDS RECEIVED IN THE RECENT PAST

- Usha Martin Limited won the 'EEPC India National Award' for export excellence.
- Brunton Wire Ropes FZCo, Dubai won the 'Excellent Performance Award' from DP World Port, Dubai

OUR OFFERINGS



Steel Wire Rope



LRPC



Wire & Strand



Pre-stressing Accessories & Services



Rope Making & Allied Machinery



Telecom Cable

GLOBAL PRESENCE

Taking our differentiation worldwide

We are driven by the aspiration to consistently grow our global scale and scope. Our focus and proactive investments and measures have enabled us to emerge as one of the most trusted companies in our space. To closely cater to our customers in other continents, the Company has a wide network of offices in USA, Europe, UAE, South East Asia and Australia.

Global Presence



- | | | | |
|---------------------------|--------------------------|----------------------------------|-------------------------|
| 1. Aberdeen, UK 🏭 | 6. Dubai, UAE 🏭 | 11. Johannesburg, South Africa 🏭 | 16. Santiago, Chile 🏭 |
| 2. Almaty, Kazakhstan 🏭 | 7. Ho Chi Min, Vietnam 🏭 | 12. Moscow, Russia 🏭 | 17. Sao Paulo, Brazil 🏭 |
| 3. Bangkok, Thailand 🏭 | 8. Houston, USA 🏭 | 13. Netherlands 🏭 | 18. Singapore 🏭 |
| 4. Casablanca, Morocco 🏭 | 9. India 🏭 | 14. Nottinghamshire, UK 🏭 | 19. Sydney, Australia 🏭 |
| 5. Concesio City, Italy 🏭 | 10. Jakarta, Indonesia 🏭 | 15. Perth, Australia 🏭 | |

50%

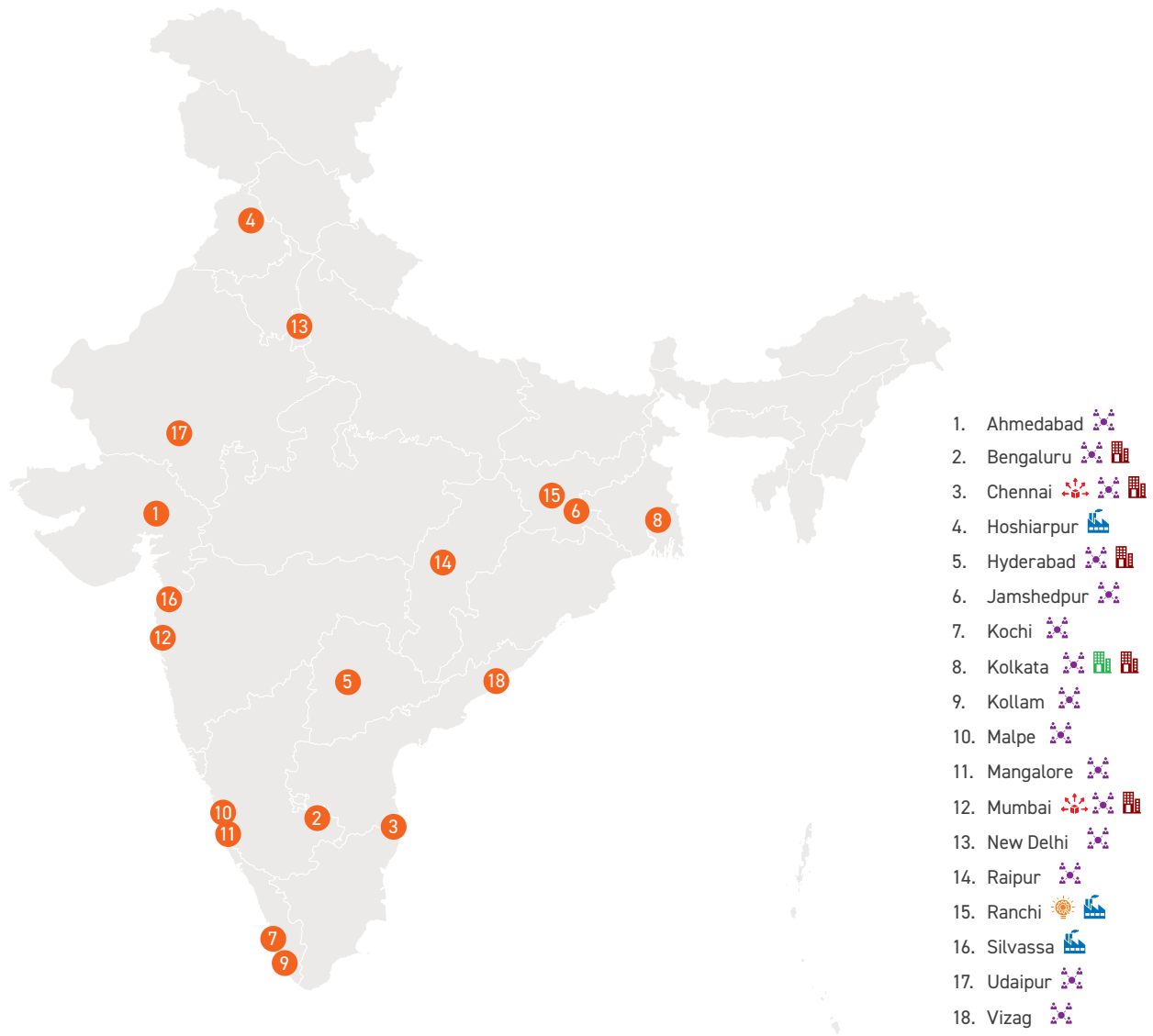
SHARE OF REVENUE FROM
INTERNATIONAL SALES

14

GLOBAL DISTRIBUTION CENTRES
INCLUDING CHANNEL PARTNERS



Pan India Network



Manufacturing Facility Group Distribution Centre Channel Partners Design Centre Corporate Office Sales Office

50%

SHARE OF REVENUE FROM
DOMESTIC SALES

19

DISTRIBUTION CENTRES INCLUDING
CHANNEL PARTNERS

KEY PERFORMANCE INDICATORS

A sustainable value-accretive business

Standalone

REVENUE (RS. IN CRORE)



FIXED ASSETS - GROSS BLOCK (RS. IN CRORE)



EBITDA* (RS. IN CRORE)



NET DEBT (RS. IN CRORE)



PROFIT BEFORE TAX (RS. IN CRORE)



DEBT EQUITY (X)



PROFIT AFTER TAX (RS. IN CRORE)



ROCE (%)



■ FY 2020-21 ■ FY 2019-20

* Continuing Business

Includes Rs. 556.52 Crore from profit on sale of discontinued business.



Consolidated

REVENUE

(RS. IN CRORE)



FIXED ASSETS - GROSS BLOCK

(RS. IN CRORE)



EBITDA*

(RS. IN CRORE)



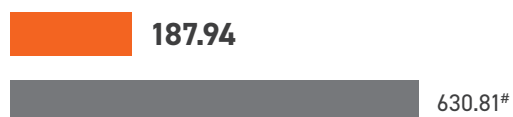
NET DEBT

(RS. IN CRORE)



PROFIT BEFORE TAX

(RS. IN CRORE)



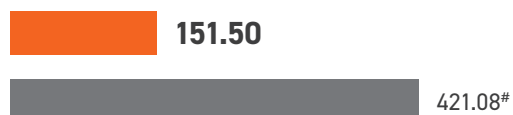
DEBT EQUITY

(X)



PROFIT AFTER TAX

(RS. IN CRORE)



ROCE

(%)



■ FY 2020-21 ■ FY 2019-20

* Continuing Business

Includes Rs. 556.52 Crore from profit on sale of discontinued business.

MANUFACTURING EXCELLENCE

Strengthening our capabilities

At Usha Martin, we have been able to solidify our leadership position through the delivery of industry-leading quality products across our state-of-the-art manufacturing facilities. Leveraging the capabilities of our R&D facilities in Italy and India, we are constantly striving to enhance manufacturing efficiencies and quality of our products. We continue to engage with our customers to deepen relationships with them and build our brand recall and respect.

