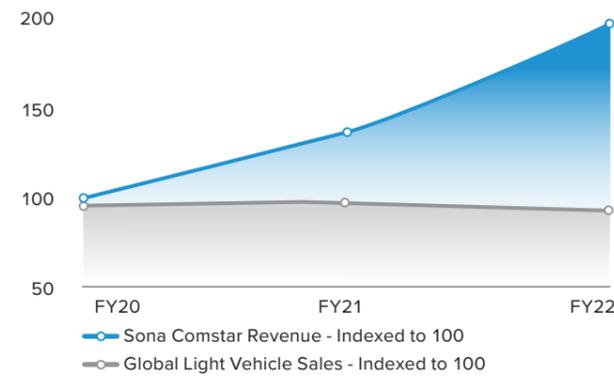


Managing Director and Group CEO's message

Rising against the tide

ROBUST PERFORMANCE AGAINST ALL ODDS

A picture, it is said, is worth a thousand words, and so I will let this simple chart show how we have risen against the adversities that have impacted our industry.



Any company's performance only has meaning when seen in the context of the industry it operates in. Being a global company with majority of our revenue coming from light vehicles, the best benchmark for us is global light vehicle sales. Since the onset of the pandemic in early 2020, the automotive industry has been under enormous pressure, shrinking ~7% in the last two years, while our sales have grown nearly 75% during the same period and registered a 5-year CAGR of 34.2%.

Our performance is even more remarkable considering headwinds like the Russia-Ukraine crisis, renewed Covid lockdowns in China, increasing material and energy prices and rising inflationary pressure. Despite all these challenges, we recorded a 36% increase in revenues to INR 21,306 million during the year and an EBITDA of INR 5,591 million, an increase of 27% y-o-y. Our profit after tax was INR 3,615 million, a staggering increase of 68%. Excluding one-time exceptional items contributing to our net profit, we still registered PAT growth of ~37%.



OUR ACTIONS SHOULD SPEAK LOUDER THAN OUR WORDS, AND HENCE OUR NUMBERS SHOULD DO MOST OF THE TALKING. DESPITE STRONG HEADWINDS FROM MULTIPLE DIRECTIONS, WE HAVE DELIVERED AN IMPRESSIVE PERFORMANCE, VALIDATED BY THE SIGNIFICANT GROWTH IN OUR REVENUE AND PROFITS."

Vivek Vikram Singh
Managing Director and Group CEO



ELECTRIFYING OUR FUTURE

As a company, intent on becoming one of the leading global providers of automotive technology solutions, our biggest strategic priority is to be at the forefront of electrification of mobility worldwide. In this regard, we have increased our BEV revenue share from 14% in the previous year to 25%, with a 1.5x growth in absolute revenue to surpass the INR 5 billion mark. I envision this number to increase exponentially over the foreseeable future as we have doubled the number of EV programmes to 30 over the previous year and now serve 19 electric vehicle customers across the globe.

PROGRESSING ON OUR TECHNOLOGY ROADMAP

The future of mobility will only be achieved by product innovation. We introduced three new products in FY 2021-22 and have a pipeline of new products in various stages of R&D. The advent of Electrification, and Autonomous Vehicles brings us many interesting and challenging opportunities. One of them is around smarter suspension, and our most important new product, the integrated motor controller module or IMCM. This futuristic suspension system with our IMCM senses every bump and speed breaker and independently responds to all external disturbances. This new product not only validates our faith in the power of innovation but with almost 2 million lines of code per IMCM; it also validates our belief that the ability to integrate hardware and software will keep gaining importance as vehicles and the systems inside them get increasingly smarter and more autonomous. Another milestone that we are incredibly proud of is the order win for a new driveline product called spool gear from a major global EV customer. This order win is perhaps one of our most significant achievements as it demonstrates our R&D capabilities to develop and manufacture products for all powertrain architectures, even beyond our domain of traditional differential assemblies. In addition to this, to fortify our position in the EV segment, we have entered three strategic partnerships with IRP Systems, Enedym Inc and C-Motive Technologies. All three partnerships are intended to develop motors for different end segments and eventually offer the right motor, made using the right technology, to each vehicle application.

STRENGTHENING OUR GLOBAL SIGNIFICANCE

Another area that we place immense focus on is our global significance. During the year, we were able to acquire two of the top 10 global passenger vehicle manufacturers as our customers and are proud to say that as of today, we serve seven of the top 10 global carmakers. Our global market share of differential gears and starter motors increased to 6.3% and 4.6%, respectively, while we continue to dominate the Indian market for differential gears with 50-90% market share across vehicle categories. Our pursuit for global significance is also reflected in the additions of new programmes and new customers in our net order book. At the end of FY 2021-22, our net order book stood at INR 186 billion, of which 62% is contributed by EV.

BROAD-BASED DIVERSIFICATION TO BALANCE RISK

Strategically, we have been undertaking initiatives to ensure that we are able to accomplish diversification across powertrains, products, geographies and vehicle segments. Predominantly, we were ICE-dependent for our revenues. However, that has changed drastically of late as revenues from the ICE segment only account for 18%, whereas the share of BEV revenue has increased from just 1% to 25% over the course of three years. Similarly, our revenue share is balanced across all major markets in terms of geography. With regards to vehicle segments, our concerted efforts toward electric 2-wheelers and 3-wheelers are yielding results as they accounted for ~1.5% of our revenue and will increase rapidly in FY 2022-23.

TREADING AHEAD RESPONSIBLY

We also understand that a company's success is not determined by its financial success alone, and we must be responsible in everything that we do. We place utmost importance on the safety and wellbeing of all our employees and undertake many initiatives in this regard. Especially during a year ravaged by the pandemic, we ensured their safety through comprehensive sanitation of all our manufacturing plants and a large-scale vaccination drive for all our employees. We have a well-structured CSR framework and place a great focus on education, healthcare, livelihood and self-sustenance for our stakeholders and the communities we influence.

WAY FORWARD - RISING TO NEW EXPECTATIONS

Great success comes with great responsibility and great expectations. We are now additionally responsible to nearly 4,00,000 new shareholders and those we already served - our customers, employees, communities, and promoters. We need to rise to these expectations and assign ourselves loftier goals as a team. As Swami Vivekananda's favorite verse from the Katha Upanishad goes, "उत्तिष्ठत जाग्रत प्राप्य वरान्निबोधत" ("Uttisthata Jagrata Prapya Varannibodhata"), which translates to: "Arise, awake, and stop not till the goal is reached".

We cannot allow ourselves to buckle under these expectations and become myopic, resorting to short-term thinking and constraining our teams' freedom to fail. Because, borrowing from Neil Gaiman, if we are making mistakes, we are making new things, trying new things, learning, living, pushing ourselves, changing ourselves, and changing our world. We must retain what got us here in the first place: our integrity, ingenuity, frugality, bias for action, and ability to think long term.

The one thing that always keeps us winning is our talented team, whom I can never thank enough. Thank you also to the Shareholders and the Board for continuing with me in this position of trust. I know how fortunate and blessed I am to lead this wonderful company, and there is not a day that goes by that I do not thank God for where I am.

Vivek Vikram Singh
Managing Director and Group CEO