

## Chairman's communiqué

# Building a globally local organisation



**From the very start of our journey, our path and purpose have been one: to create a firm that is rooted in India yet, desired by the world.**

Our tryst with technology is what drives us and continues to help us grow and build value for our esteemed shareholders. Their faith is our biggest blessing. Our team is what I am most proud of; their determination to win and their dedication to grow even as the global market slows down are what our grit is all about. And our greatness, if I may add, I am proud of them and utterly grateful too.

The tectonic plates of this planet have moved mercilessly over the last two years. With the pandemic being followed by the Russia-Ukraine conflict and several supply chain challenges, we have been tested in every way possible.

And yet our clear focus to build a long-term business with a strong foundation and a stronger focus on technology is what is helping us grow. Baptism by fire, fires up the fearless.

The EV revolution gains more momentum with each passing year and our early conviction that everything would eventually go electric has helped us stay ahead of the curve. We made the right bets at the right time. A lot of hard work with luck and the right timing is a great combination. We are glad that we were both predictive and proactive.

The automotive industry, which is fast transforming into the mobility industry, is disrupting much faster than we imagined and will continue to do so. For us, this is the greatest opportunity. An opportunity to invest more in technology for the future and to build products that our customers will love and will help our company remain at the cutting edge of technology.

As we move ahead, the focus on a cleaner and greener world will drive companies and countries to adopt best practices that result in a more sustainably conscious world, environment, business process and product. Where others see red, we see green.

While regulations will drive this, customers and shareholders will drive this as well.

I talked about ESG and the ESG committee in my letter last year. We have set medium-term goals for the company around environmental protection, social performance, and governance. We have adopted a strategic framework for ESG performance management and identified material sustainability issues for our business.

On the energy front, we have taken measures to improve energy utilisation. These include improvement in the process, installation of power-efficient equipment in high energy demand areas and adding energy-efficient new equipment. Compared to the previous year the specific energy consumption, - a kg of forging for every unit of electricity, improved by 12% in the year 2023. Rooftop solar capacity was increased by 31% in the year 2023 to 1,975 kW peak.

As a result of the above, the CO<sub>2</sub> emission (Scope 2) was reduced by 14% for every kg of forging done. These are moves that have become milestones.

On the water recovery, a 48,000 litres per day capacity Zero Liquid Discharge (ZLD) has been installed and operational in the Gurugram unit to convert wastewater to reusable water for the manufacturing process. Moreover, for the so far discarded used die lube, an innovative technique for the recovery of water was installed in the Gurugram unit as well. This results in the recovery of 12,000 litres of water per day. This water is again reused in the process, after passing through the ZLD. Commissioning of the above resulted in the reduction of water intake per kilogram of forging by 23% in FY 2022-23 over the previous year.



## THE INDIA STORY

**Much has been talked about the India story, and I will once again reiterate that India's time has come:**

- ▶ **The demographics are in our favour;**
- ▶ **The deglobalisation story is playing out in our favour (with China plus 1 or India plus 1 strategy);**
- ▶ **The decarbonisation obsession is playing out well: India plans to be carbon neutral by 2070; and finally,**
- ▶ **Digitalisation in our country is increasing rapidly. With the rollout of 5G and the India Stack, we will only see great advantages as we very quickly ramp up to become a global superpower.**

**This is India's road.**

With a young and dynamic workforce, India possesses a demographic advantage offering a large pool of skilled labour, fueling the expansion of the manufacturing sector. As companies seek alternatives to China amid rising labour costs and geopolitical uncertainties, India emerges as an attractive destination due to its vast consumer market, skilled workforce, and improving infrastructure. India's commitment to decarbonisation and its carbon-neutral targets has further bolstered its appeal as a sustainable manufacturing hub.

The focus on renewable energy, clean technologies, and environmentally-friendly practices aligns with global demands and positions India as an attractive partner for eco-conscious businesses. Furthermore, digitalisation has been a driving force in India's manufacturing growth, with the adoption of emerging technologies such as automation, artificial intelligence, and the Internet of Things. By leveraging this strategy, India can attract increased foreign investment, enhance its manufacturing capabilities, and strengthen its position as a global manufacturing hub.

We want our colleagues to be owners and to benefit from the performance of their Company. They must profit from the profit they generate. In this regard, I am pleased to propose a new Employee Stock Ownership Plan (ESOP) this year that aligns the interests of our employees with those of our shareholders, establishing a powerful sense of collective purpose and unity. By promoting shared ownership and aligning our interests, we are confident that this initiative will strengthen our competitive position, drive excellence in performance, and create lasting value for all stakeholders.

Our greatest achievement has been winning an award for being a "Great Place to Work". There is no better feeling than being a place employees love to come to every single day. For me, it has been a dream that is today a reality.

I thank our shareholders for the belief they have in us, as we build this business one brick at a time.

Our journey is just beginning.

Regards,

**Sunjay Kapur**

Chairman and Non-Executive Director