

The Hi-Tech Gears Limited (THGL)

Financial Year 22-23 Earnings Presentation

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- **Management Perspective**

THGL – Vision & Mission

Hi-Tech Gears Vision

“Be A Global Footprint Company and
A Benchmark For World Class Manufacturing Systems”

Hi-Tech Gears Mission

“We will be the preferred partner in delivering engineering products and design solutions through lean philosophy with a focus on:

- ❖ Building a customer centric organization
- ❖ Rapid development of products and innovative solutions
- ❖ Ensuring cost effectiveness
- ❖ Developing competent and committed people”



Board of Directors



Deep Kapuria
Executive Chairman



Anant Jaivant Talaulicar
Vice Chairman & Non-Executive
Director



Pranav Kapuria
Managing Director



Anuj Kapuria
Executive Director



Subir K. Chowdhury
Executive Director & President



Bidadi Anjani Kumar
Non-Executive Director



Krishna Chandra Verma
Independent Director



Sandeep Dinodia
Independent Director



Anil Kumar Khanna
Independent Director



Vinit Taneja
Independent Director



Malini Sud
Independent Director



Rajiv Batra
Independent Director

Eminent Industry Leaders

Management Team



Subir K. Chowdhury

Executive Director & President

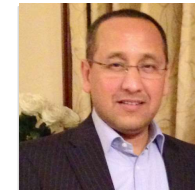
B.E. (Mech.); 38 years experience across Off Highway, Cons Durables, Pass Car & Commercial vehicles



Sumeet Kumar

Group CFO

MBA; 30 years of leadership experience across entire spectrum of Finance in diversified sectors in India and overseas



Jawaid Ashraf

Group CHRO

PGDM (H.R.); 35 years of HR experience with leading corporates in India and overseas



Rajesh Magoo

President - North America

B.S.(Engg.); 32 years exp. In Auto Industry; Lean Practitioner driving Operational Excellence



Kapil Rajora

V.P. – Strategy & Special Projects

B.E. (Elec.) & MBA; 18 years of experience across consulting and corporate sector



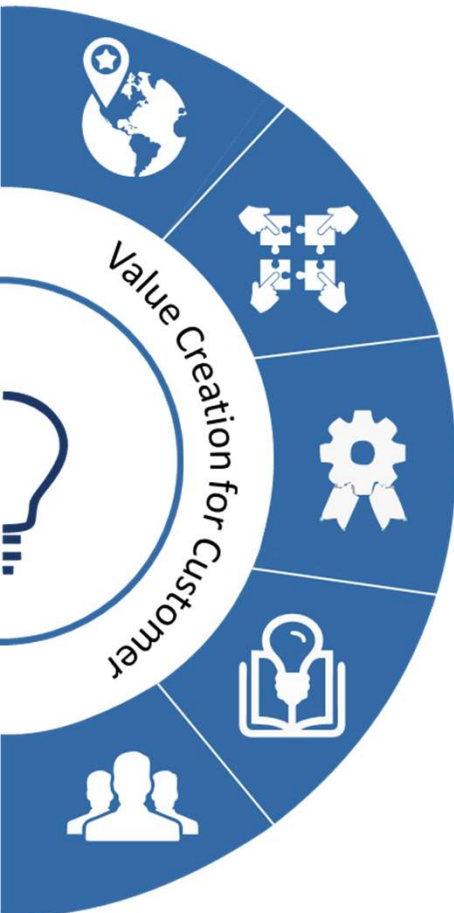
Naveen Jain

GM-Legal & Company Secretary

ACS, LLB with 22 years of relevant experience in diversified Industries

Experienced and Proven Leadership Team

Strengths and Differentiators



Established track record of more than three decades as one of the leading manufacturers of critical high-precision gears, shafts and transmission components across segments

One of the very few components' manufacturers catering to diverse segments of Two Wheelers, Passenger Cars, Commercial Vehicles, Agriculture, Off-road and Engines

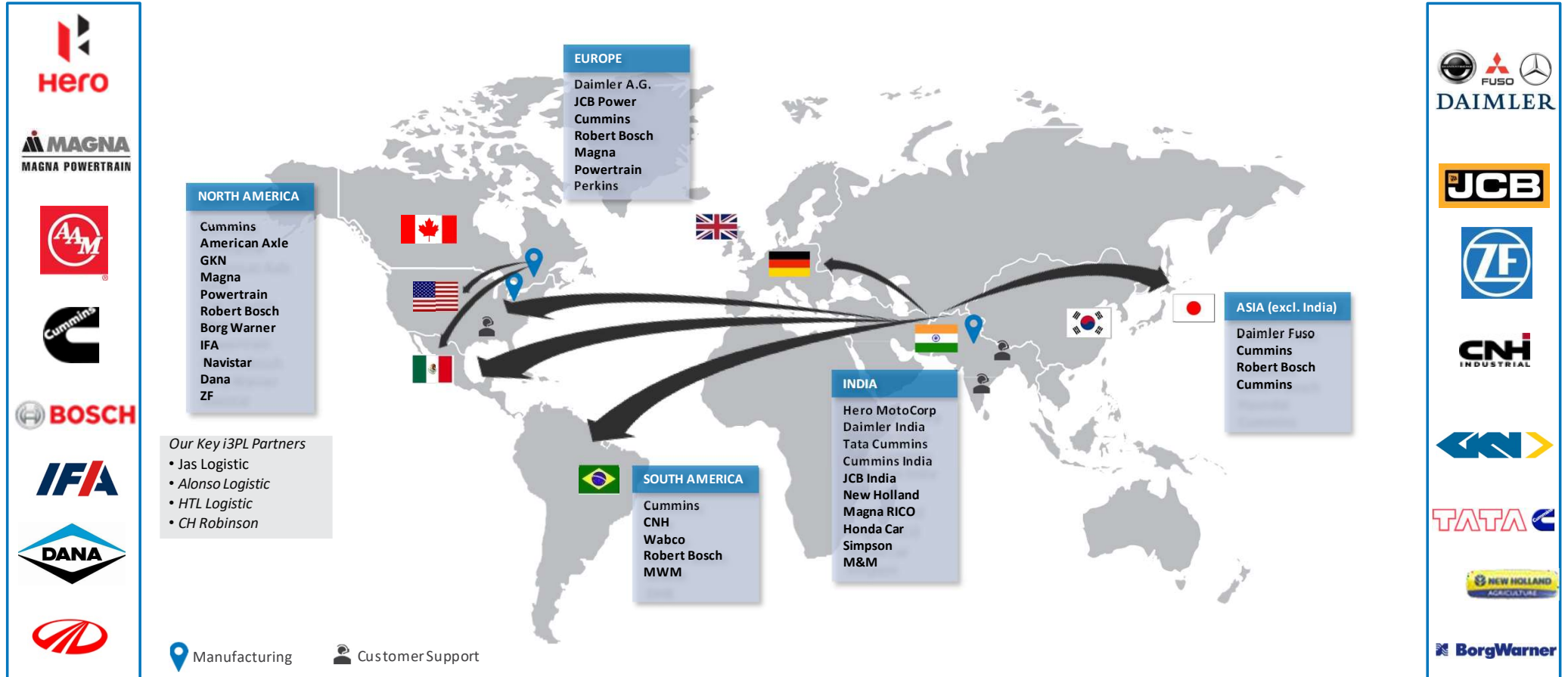
Strategically located state-of-the-art manufacturing facilities in India, Canada and USA with a synergistic operating model offering unique value

Long-standing relationships with segment leaders and marquee customers with shared vision & collaborative development approach

Operational excellence drive through Lean and TPM providing uncompromised quality solutions and rapid & first-time right product development













Entrepreneurial, Empowered, loyal & committed team of over 2500 employees and strong suppliers' relationships

Global Footprint and Marquee Customers



Global Reach

Portfolio of Businesses across Automotive Segments

 Two-Wheeler	 Medium & Heavy Commercial Vehicles	 Passenger Cars	 Agri, Engines and Off-highway
   Top OE Coverage-HMCL, M&M, Honda	    # 1 in the World	   Top OE Coverage – Daimler, GM, Ford, Audi, Chrysler	   Top Players in the Segment

Association with Top players in each segment

Plants across India and North America

Manufacturing facilities in India



Plant-I, Bhiwadi

Est. 1986



Plant-II, Manesar

Est. 2005



Plant-III, Bhiwadi

Est. 2011

Manufacturing facilities overseas



**Plant-I, Guelph,
Canada**

Acquired 2017



**Plant-II, Emporium
USA**

Acquired 2017

Dual Shore Presence

Well Diversified Product Portfolio

**Two-Wheeler
Transmission**



**Car Transmission &
Driveline**



**Commercial & Off-
Highway Vehicles
Transmission**



**Engine
Gears**



**Power Take Off
Components**



**Precision Forging &
Machining**



**Sintered
Components**



Manufacturer of critical gears, shafts and transmission components across segments

Process Infrastructure

Forging

- Hot Forging
- Warm Forging
- Cold Forging
- Cold Extrusion
- Coining



Machining

- CNC Turning
- Gear Cutting (Wet & Dry Hobbing / Broaching / Shaping / Shaving)
- Spline Rolling
- Auto Shaft straightening
- Deep Hole Drilling etc.



Heat Treatment

- Normalizing
- Case Carburizing,
- Carbo-nitriding,
- Nitro Carburizing,
- Induction Hardening
- Nitriding
- Tempering etc.
- Shot Blasting/ Shot Peening



Finishing

- Gear Grinder
- Honing,
- Gear Honing,
- Hard Turning,
- Grinding, etc.



Tool Room & Die Manufacturing

- Vertical Machining Center EDM etc.



Assembly

- Shaft with cone assy
- Steering linkage assy
- 2W Main & Counter shaft assy
- Anti-backlash Gear assy
- Gears with bush/pin assy
- Driveline shafts with slinger assy



World Class In-house Manufacturing Facilities

Listing Information (as on 31st March 2023) :

- **NSE / BSE Code**
 - **NSE- HITECHGEAR**
 - **BSE- 522073**
- **Share Capital – 1,87,68,000 equity shares @ Rs. 10/- each**
- **Shareholding Pattern**

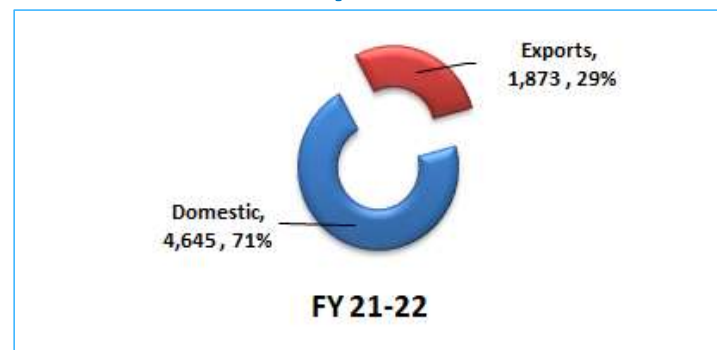
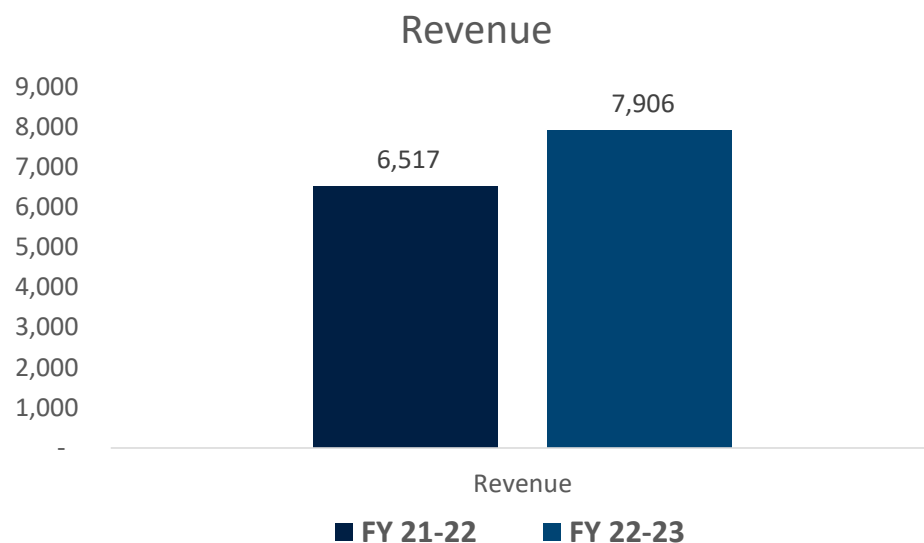
Sr. No	Particulars	% of holding
1.	Promoters	56.22%
2.	Bodies Corporate	6.25%
3.	Public	37.52%

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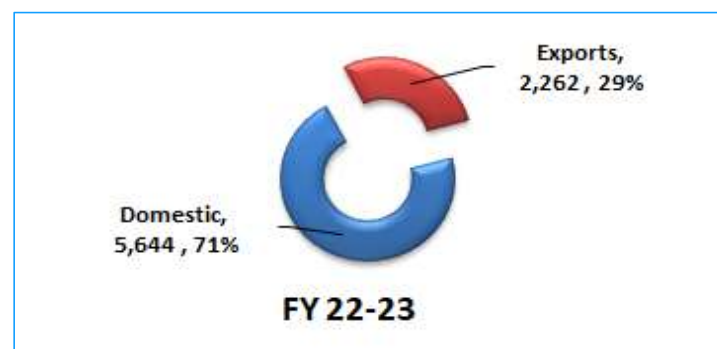
- **About THGL**
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Standalone Performance Highlights (FY21-22 vs FY22-23)

(₹ Mn)



Total sales Rs. 6517

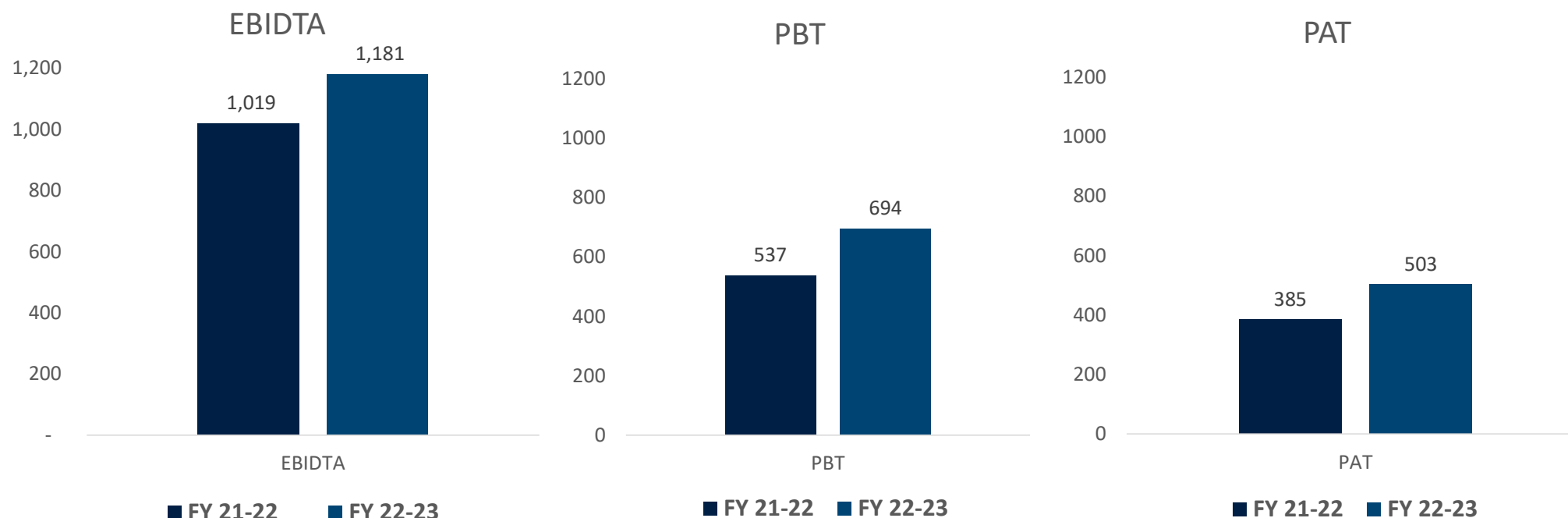


Total sales Rs. 7906

- Turnover has increased by ₹ 1389 Mn or 21.31 % driven by more than 17% on account of volume increase and product mix.
- Exports has increased by ₹ 390 Mn or 20.80 % on account of increased offtake from PC segment.
- Domestic has increased by ₹ 999 Mn or 21.51 %.

Standalone Performance Highlights (FY21-22 vs FY22-23)

(₹ Mn)



- EBITDA has increased by ₹ 161 Mn and EBITDA margin declined from 15.64% to 14.94% despite Improvement in operational efficiency and on account of notional impact of steel price increase (though a passthrough) in the FY 22-23 EBITDA Margin
- PBT has increased by 157 Mn and PBT margin has improved from 8.23% to 8.78%.
- PAT has increased by 118 Mn and PAT margin has improved from 5.91% to 6.37%.

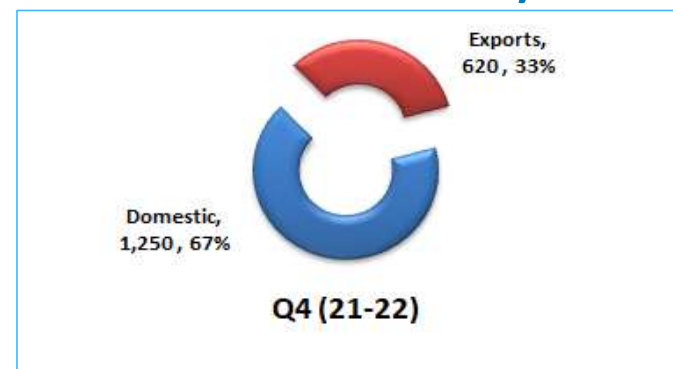
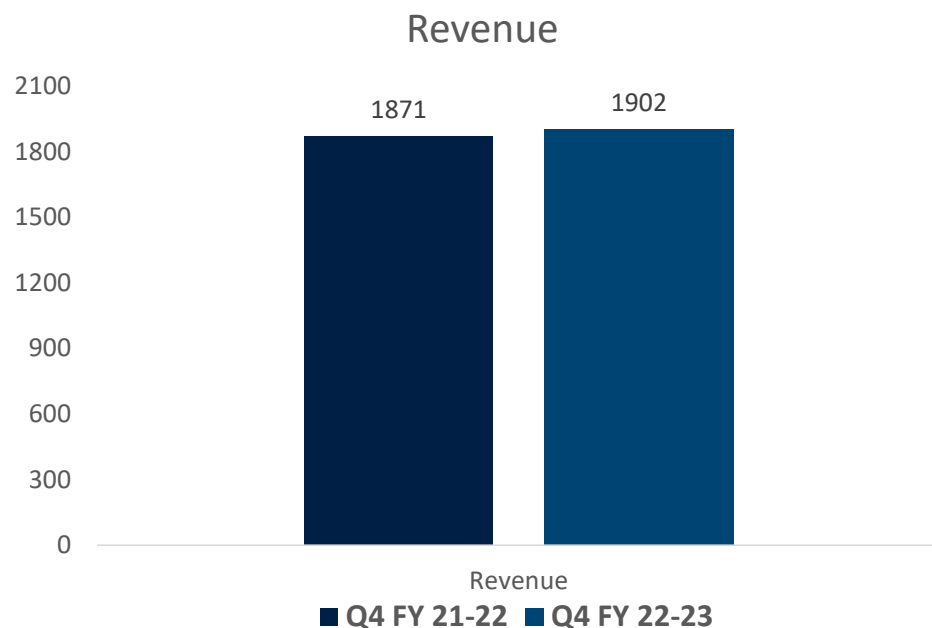
Financials Summary – THGL Standalone (FY21-22 vs FY22-23)

(₹ Mn)

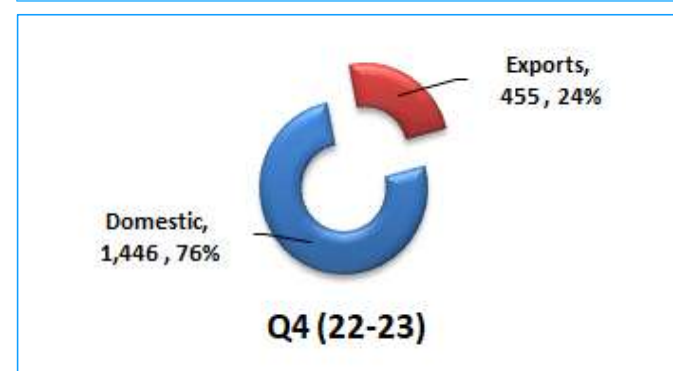
	FY 21-22	FY 22-23	Growth (YOY)	Growth % (YOY)
Total Revenue	6,517	7,906	1,389	21.31%
EBIDTA	1,019	1,181	161	15.84%
<i>EBIDTA%</i>	15.64%	14.94%		
Interest Cost	179	171	(8)	
Depreciation	304	316	12	
PBT	537	694	157	29.32%
<i>PBT%</i>	8.23%	8.78%		
PAT	385	503	118	30.69%
<i>PAT%</i>	5.91%	6.37%		

Standalone Performance Highlights (Q4 FY21-22 - vs - Q4 FY22-23)

(₹ Mn)



Total sales Rs. 1871

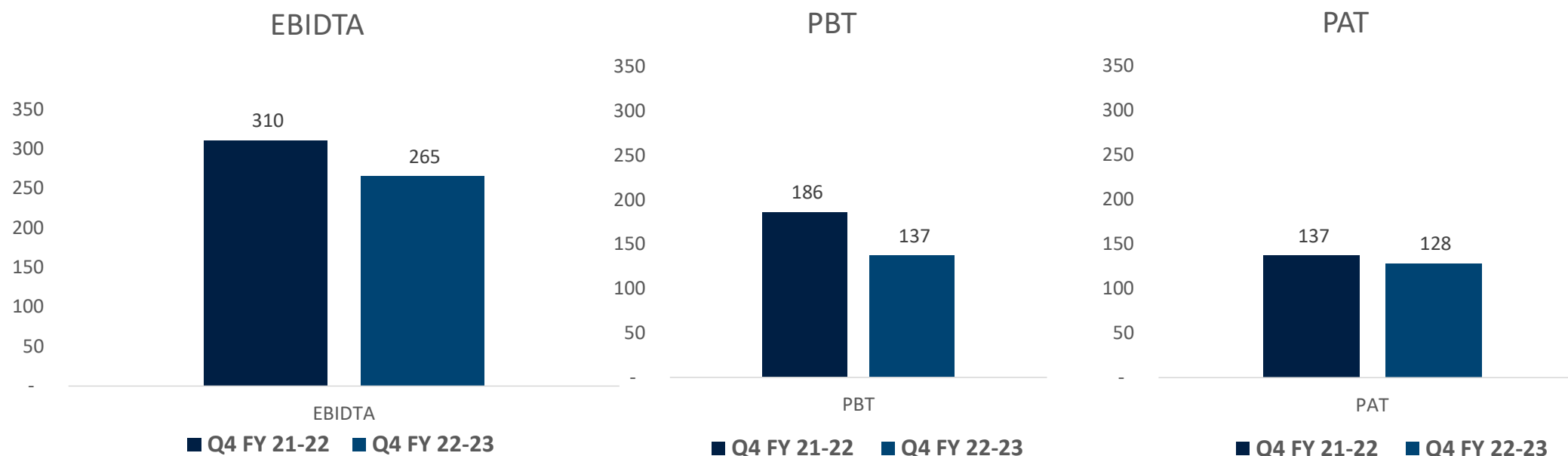


Total sales Rs. 1902

- Turnover has increased by ₹ 31 Mn or 1.63 %.
- Export has decreased by ₹ 165 Mn or 26.62 % on account of lower takeoff in PC segment.
- Domestic has increased by ₹ 196 Mn or 15.64 %.

Standalone Performance Highlights (Q4 FY21-22 - vs - Q4 FY22-23)

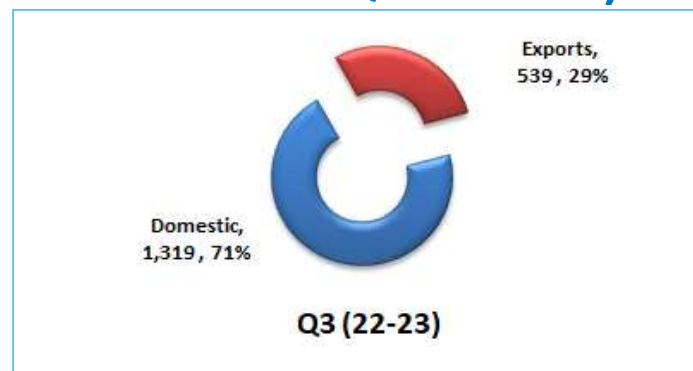
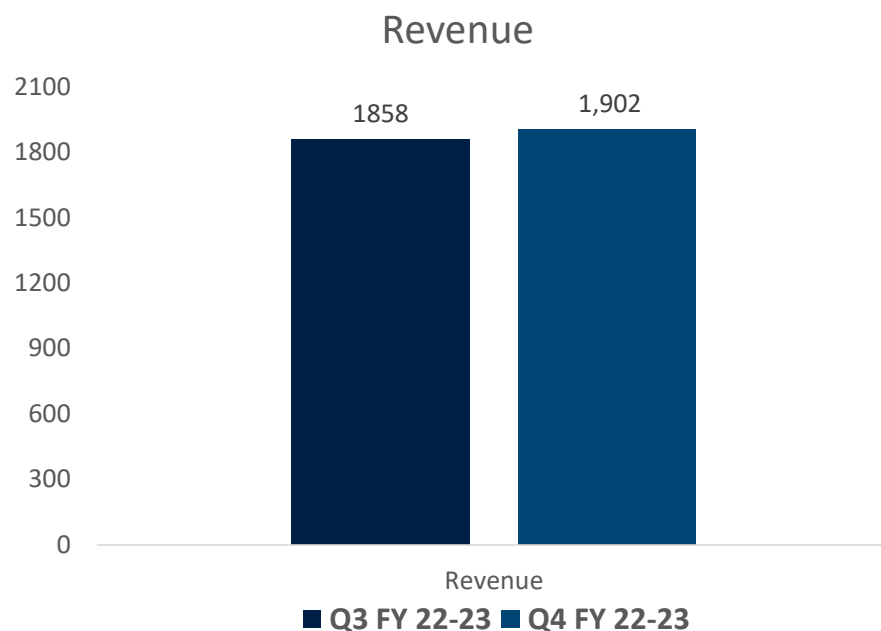
(₹ Mn)



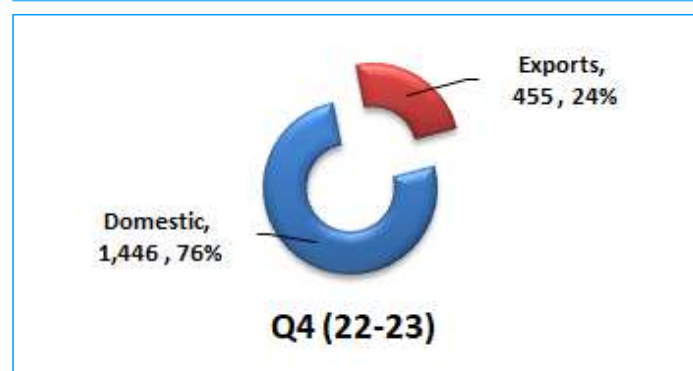
- EBITDA has decreased by ₹ 45 Mn and EBITDA margin has declined from 16.59% to 13.94% on account of expenditure on certain long term strategic initiatives, new product developments and others.
- As a result, PBT has decreased by ₹ 49 Mn and PBT margin has declined from 9.94% to 7.22%.
- PAT has decreased by ₹ 9 Mn and PAT margin has declined from 7.32% to 6.72%.

Standalone Performance Highlights (Q3 FY22-23 - vs - Q4 FY22-23)

(₹ Mn)



Total sales Rs. 1858

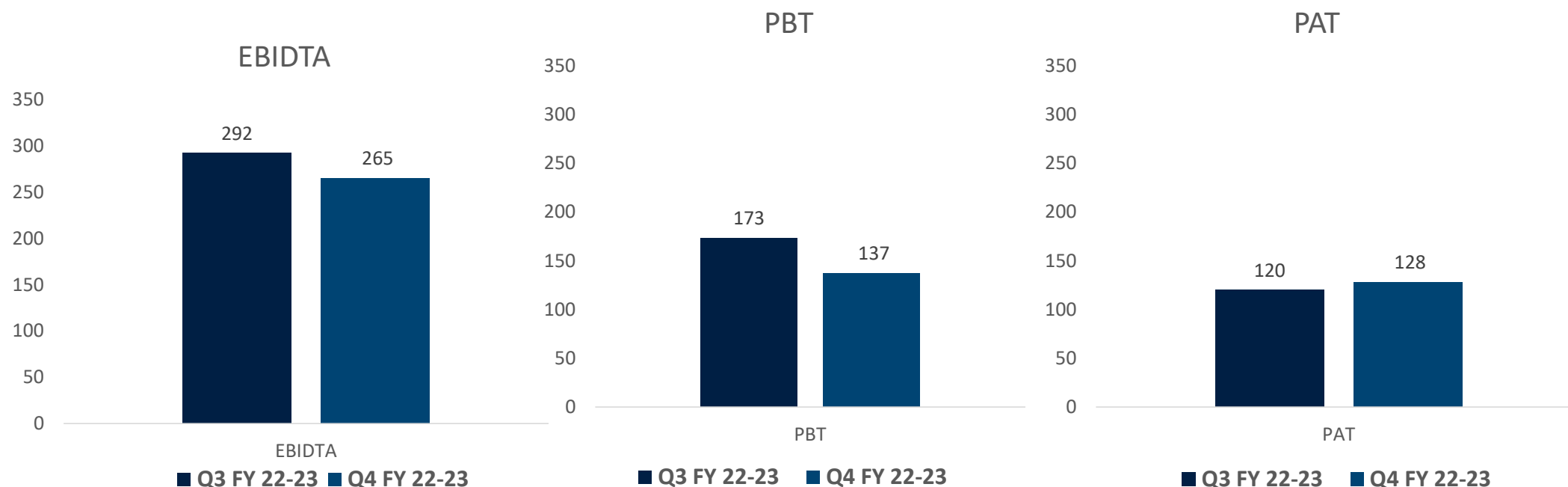


Total sales Rs. 1902

- Turnover has increased by ₹ 43 Mn or 2.33 %.
- Export has decreased by ₹ 84 Mn or 15.58 % on account of lower take-off in PC segment.
- Domestic has increased by ₹ 127 Mn or 9.64 %.

Standalone Performance Highlights (Q3 FY22-23 - vs - Q4 FY22-23)

(₹ Mn)



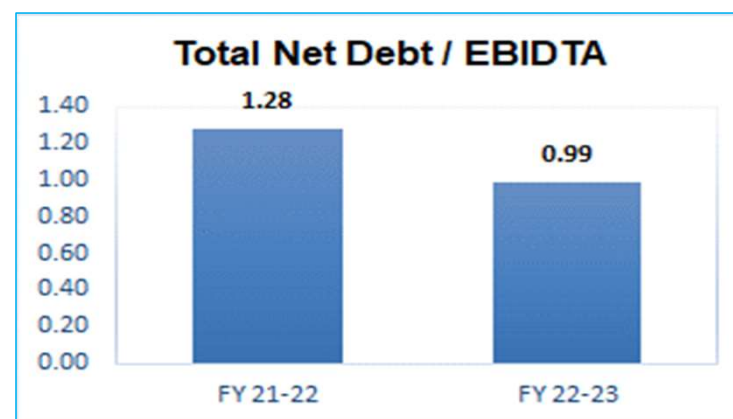
- EBITDA has decreased by ₹ 27 Mn and EBITDA margin has declined from 15.74% to 13.94% on account of expenditure on certain long term strategic initiatives, new product developments and others.
- As a result, PBT has decreased by ₹ 36 Mn and PBT margin has declined from 9.30% to 7.22%.
- PAT has increased by ₹ 8 Mn and PAT margin has improved from 6.44% to 6.72%

THGL Standalone - Key Ratios – FY 21-22 – vs – FY 22-23

- Long term Debt equity improved during the year.
- (Long term Debt / Equity)



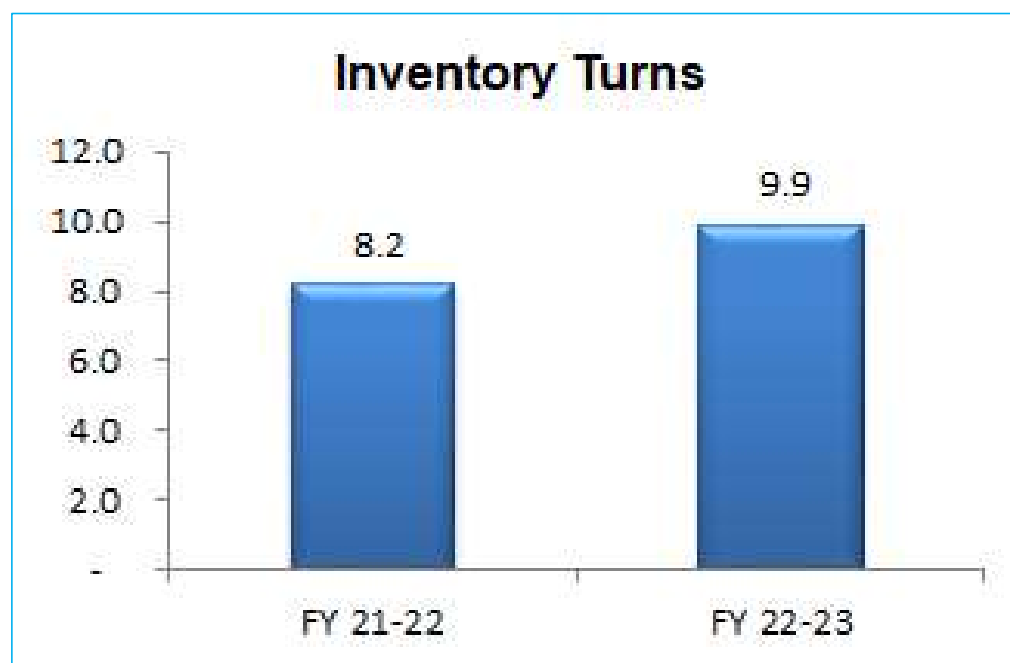
- Total Net Debt / EBIDTA improved during the year, due to higher EBIDTA & Debt Repayments
- (Total Net Debt / EBIDTA)



THGL Standalone - Key Ratios – FY 21-22 – vs – FY 22-23

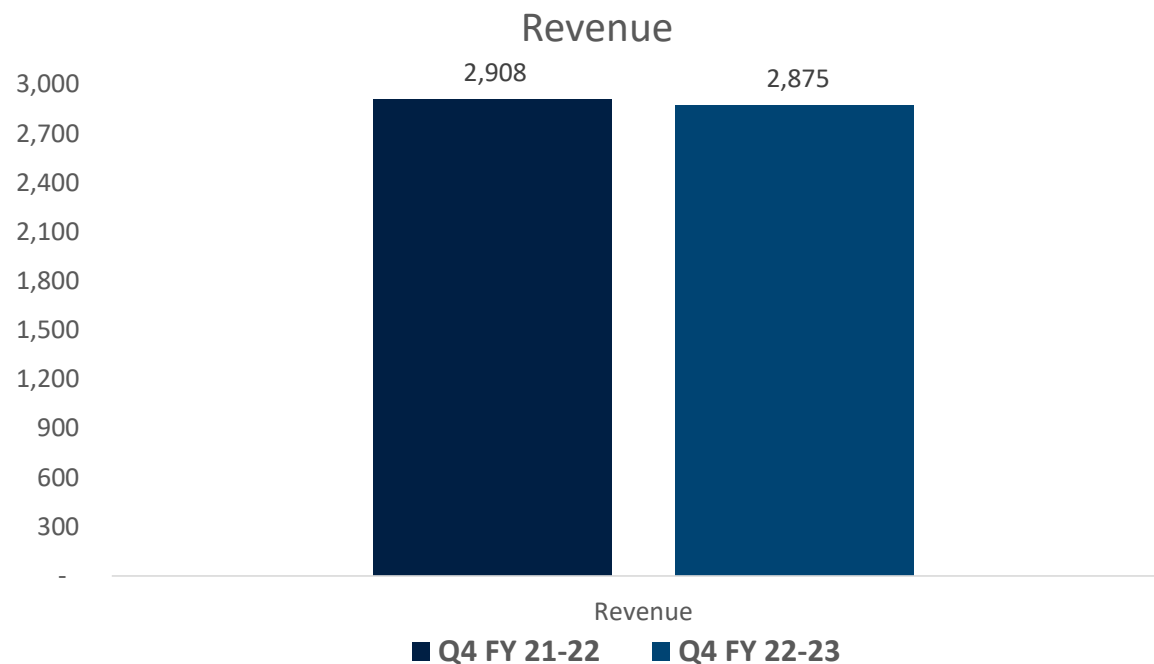
In Times

- Inventory turn improved during the year (Sales /Inventory)



Consolidated Performance Highlights (Q4 FY21-22 - vs - Q4 FY22-23)

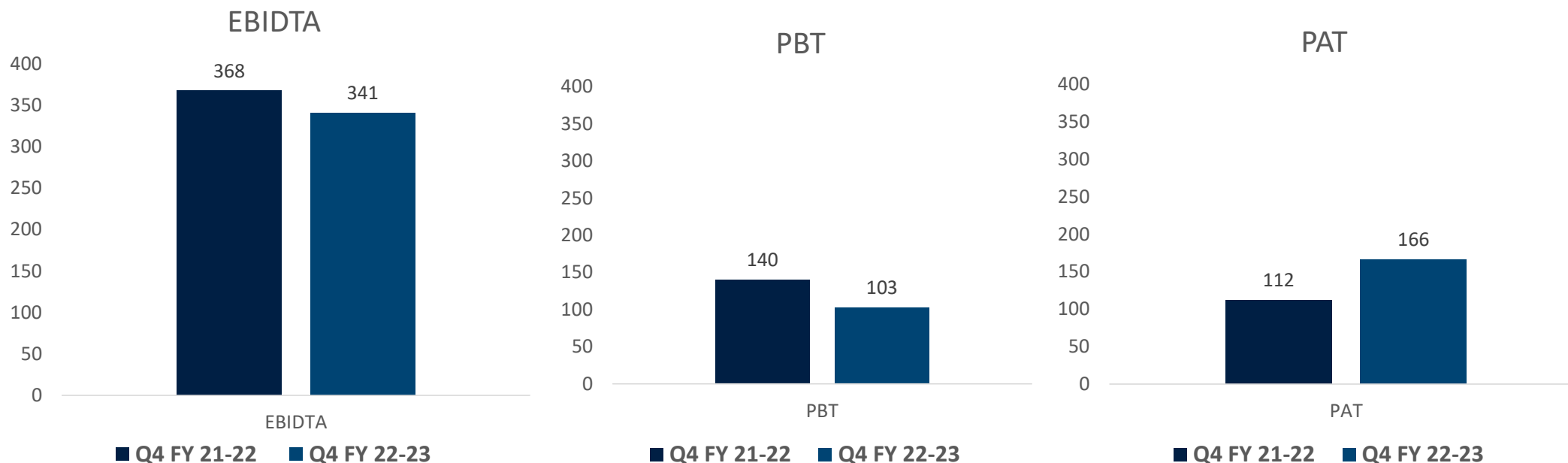
(₹ Mn)



- Turnover has decreased by ₹ 34 Mn or 1.15 % due to softening of demand in Overseas entity in Q4

Consolidated Performance Highlights (Q4 FY21-22 - vs - Q4 FY22-23)

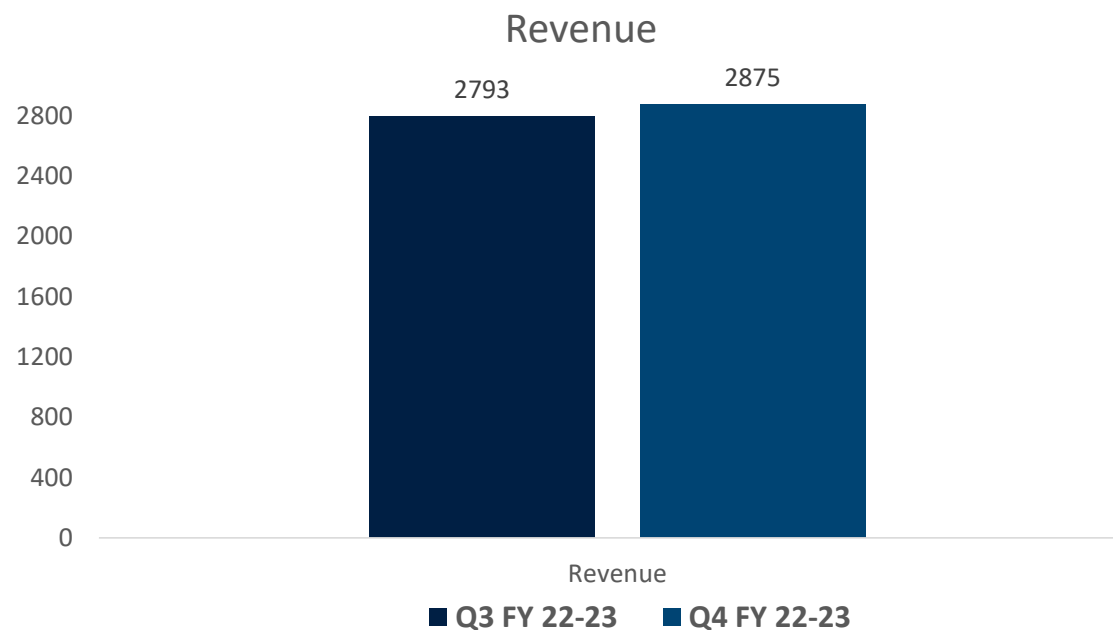
(₹ Mn)



- EBITDA has decreased by ₹ 27 Mn and EBITDA margin has declined from 12.65% to 11.87% on account of expenditure on certain long term strategic initiatives, new product developments and others.
- PBT has decreased by ₹ 38 Mn and PBT margin has declined from 4.83% to 3.57%.
- PAT has increased by ₹ 54 Mn and PAT margin has improved from 3.87% to 5.79%.

Consolidated Performance Highlights (Q3 FY22-23 - vs - Q4 FY22-23)

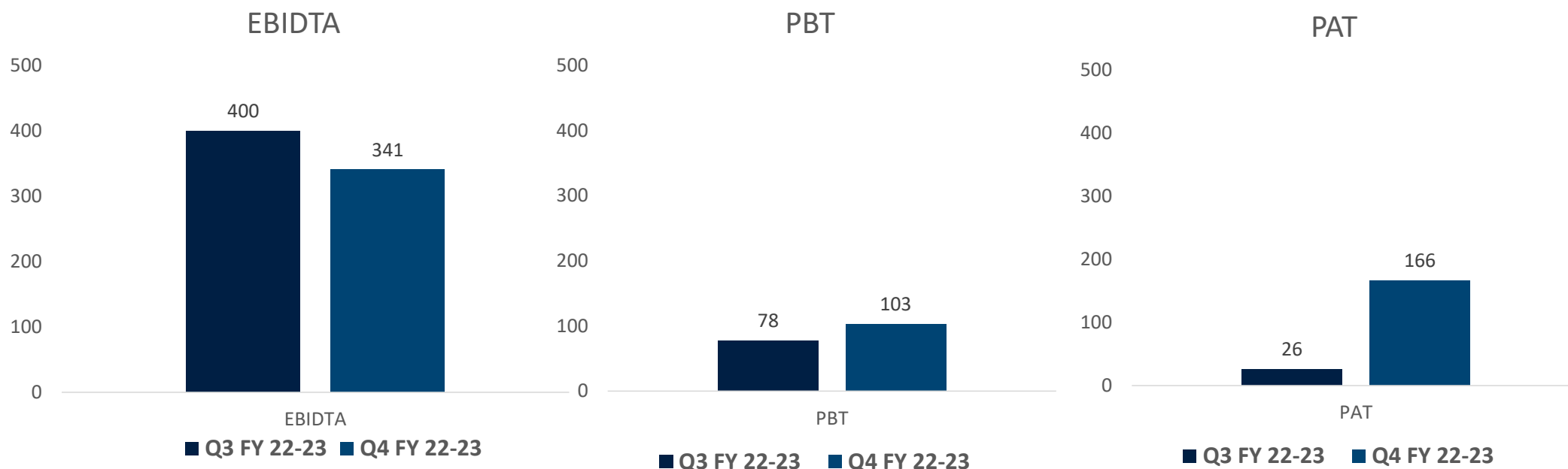
(₹ Mn)



- Turnover has increased by ₹ 81 Mn or 2.91 %.

Consolidated Performance Highlights (Q3 FY22-23 - vs - Q4 FY22-23)

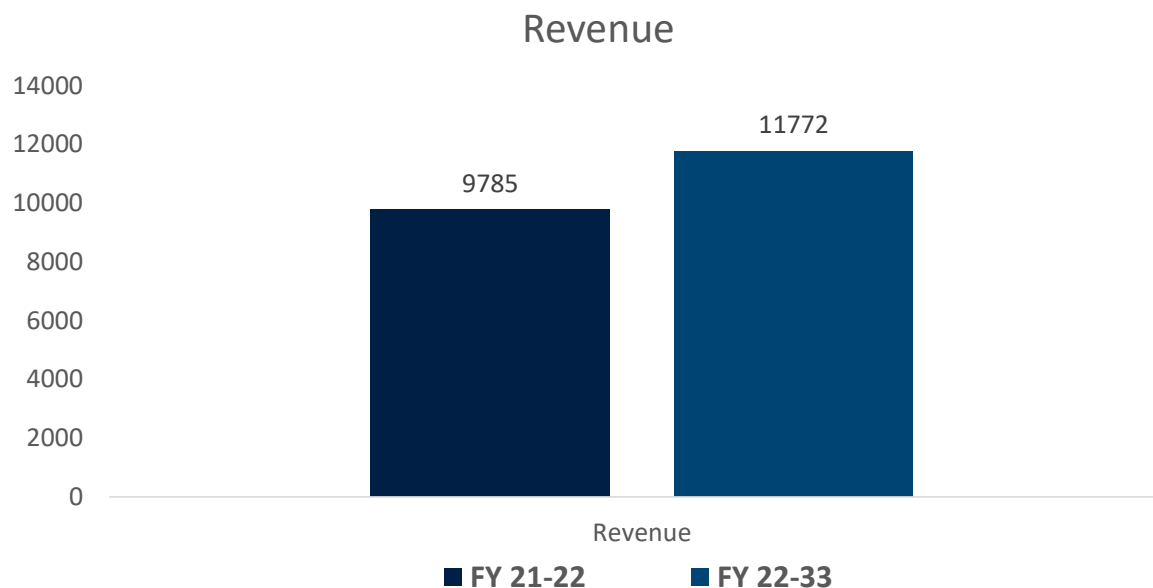
(₹ Mn)



- EBITDA has decreased by ₹ 58 Mn and EBITDA margin has declined from 14.31% to 11.87% on account of expenditure on certain long term strategic initiatives, new product developments and others.
- PBT has increased by ₹ 25 Mn and PBT margin has improved from 2.78% to 3.57%.
- PAT has increased by ₹ 141 Mn and PAT margin has improved from 0.92% to 5.79%.

Consolidated Performance Highlights (FY21-22 - vs - FY22-23)

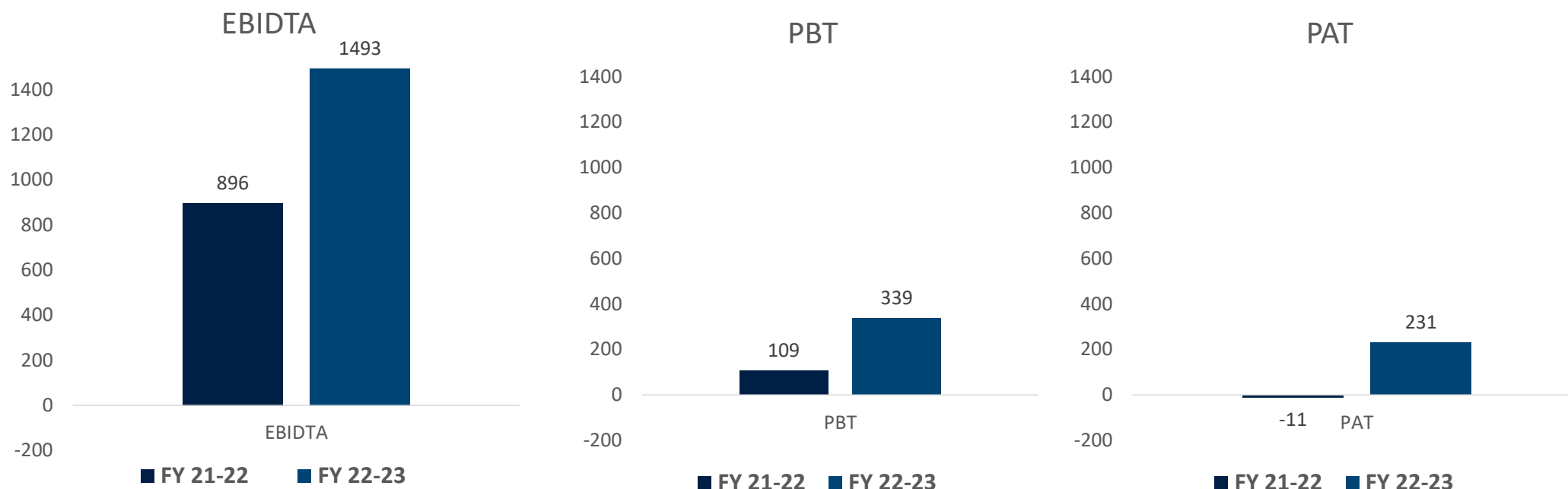
(₹ Mn)



- Turnover has increased by ₹ 1986 Mn or 20.30 % on account of improved turnover in India & Overseas.

Consolidated Performance Highlights (FY21-22 - vs - FY22-23)

(₹ Mn)



- EBITDA has increased by ₹ 596 Mn and EBITDA margin has improved from 9.16% to 12.68% on account of significant improvement in India and overseas Business performance.
- PBT has increased by ₹ 230 Mn and PBT margin has improved from 1.11% to 2.88%.
- PAT has increased by ₹ 242 Mn and PAT margin has improved from -0.11% to 1.96%.

Financials Summary – THGL Consolidated (FY21-22 - vs - FY22-23)

(₹ Mn)

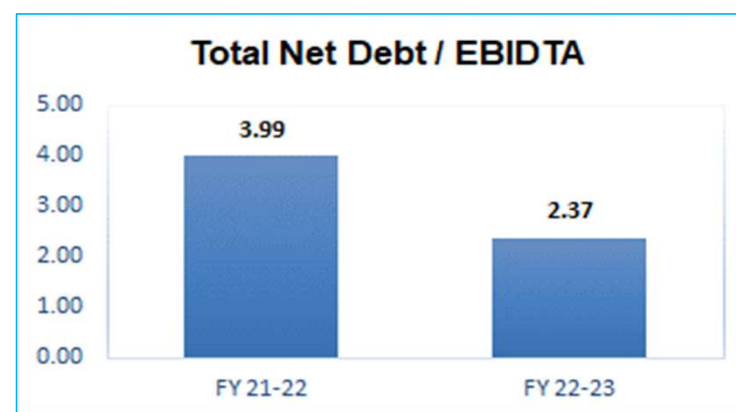
Key Metrics	FY 2021-22	FY 2022-23	Growth (YOY)	Growth % (YOY)
Total Revenue	9,785	11,772	1,986	20.30%
EBIDTA	896	1,493	596	66.50%
<i>EBIDTA%</i>	9.16%	12.68%		
Interest Cost	264	332	67	
Depreciation	523	822	299	
PBT	109	339	230	211.10%
<i>PBT%</i>	1.11%	2.88%		
PAT	(11)	231	242	-
<i>PAT%</i>	-0.11%	1.96%		

THGL Consolidated - Key Ratios – FY 21-22 – vs – FY 22-23

- Long term Debt equity improved during the year.
- (Long term Debt / Equity)



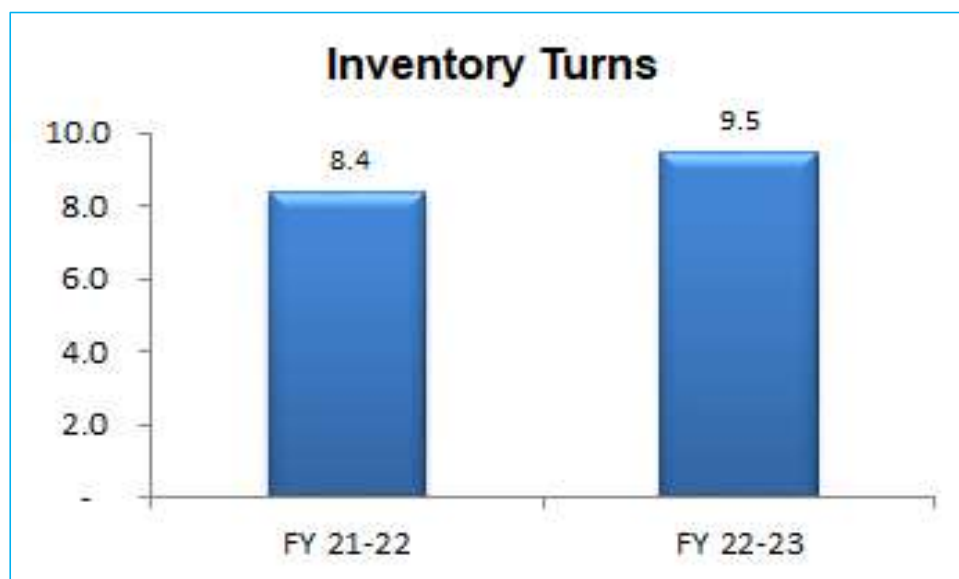
- Total Net Debt / EBIDTA improved during the year, due to higher EBIDTA & Debt Repayments
- (Total Net Debt / EBIDTA)



THGL Consolidated - Key Ratios – FY 21-22 – vs – FY 22-23

In Times

- Inventory turn improved during the year (Sales /Inventory)



THGL Balance Sheet as on 31st March 2022 & 31st March 2023 (₹ Mn)

Particulars	Standalone		Consolidated	
	31 st March 2022	31 st March 2023	31 st March 2022	31 st March 2023
Property, plant and equipment	2,375.34	2,236.84	5,661.65	5,088.54
Investments	1,670.97	1,671.03	122.00	122.06
Non-Current Assets	219.98	181.53	140.02	179.66
Current Assets	2,834.88	3,193.40	4,098.98	4,464.34
Total Assets	7,101.17	7,282.80	10,022.65	9,854.60
Equity share capital	187.68	187.68	187.68	187.68
Other equity	3,305.08	3,788.52	3,119.75	3,356.58
Total Equity	3,492.76	3,976.20	3,307.43	3,544.26
Non-current Liabilities	1,238.84	664.90	3,296.60	2,475.08
Current Liabilities	2,369.56	2,641.70	3,418.62	3,835.26
Total liabilities	3,608.41	3,306.60	6,715.22	6,310.33
Total Equity and Liabilities	7,101.17	7,282.80	10,022.65	9,854.60

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Commentary on Standalone Performance for FY22-23

- Revenue Highlights :
 - Year on year revenue growth in FY 22-23 is >21% (volume growth and product mix ~ 17% and remaining on account of steel inflation and forex).
 - Revenue share of Two-Wheeler (TW) ~ 38%; Commercial Vehicle (CV), Agriculture and Off-road ~ 42% and Passenger Car (PC) ~ 20%
 - In TW business, increased Share of Business (SOB) with our current customer
 - In CV business, grown as per customer growth rate
 - In PC business, revenues' increase driven by addition of a new platform
- Steel price increase, though a passthrough, has notionally impacted FY 22-23 EBITDA Margin
- This notional decline in EBITDA margin has been significantly countered in EBITDA by measures as mentioned below
 - Internal cost improvements focused on yield and conversion costs to counter cost inflation (tools, oils, consumables and manpower)
 - Managing inflationary impacts through internal efficiency actions and customer actions on recoveries
 - Securing Freight passthroughs from our customers
- Won ₹ 1,481 Mn of new business in FY 22-23
 - Electric Vehicle (EV) business wins ~ ₹ 360 Mn
 - Added 3 new customers
- On a net incremental capex of ~ ₹ 205 Mn during the period – YoY revenue increased by ₹ 1,389 Mn.

Commentary on Overseas Performance for FY22-23

- The consolidated performance for FY 22-23 has improved significantly due to improvement in the Overseas operations.
- Improvement achieved in our Overseas operations on account of the followings :
 - Internal efficiency improvements on throughput, rejection, consumables and tools through stable and trained workforce
 - Operator productivity improvements through automation, layout changes and reduction in head count (revenue/operator increased by 33%)
 - Sales rebound closer to pre-covid level although demand softening in Q4
 - Price correction on a major platform with our customer
 - Recovery of surcharges and pass through on inflation and capacity utilization
 - Closure of loss-making business
- We are also focused on improving our asset utilization through targeted selling of existing capacity
 - Higher customer engagement and green scorecards to secure new business
 - New business win of Rs. 260 Mn.
 - New businesses are being launched in limited Capex leveraging existing capacities
- Plans to reduce Long Term debt exposure

Thrust on EV and New Technology

Electric Vehicle Components

EV-Differential Assembly – EV deliver higher torque and power curve with fewer gear with higher rotational speed.

THGL Initiatives:

TW : Gear Component Final Assembly & Counter Assembly and Gear Drive

PC : Helical Gear Components

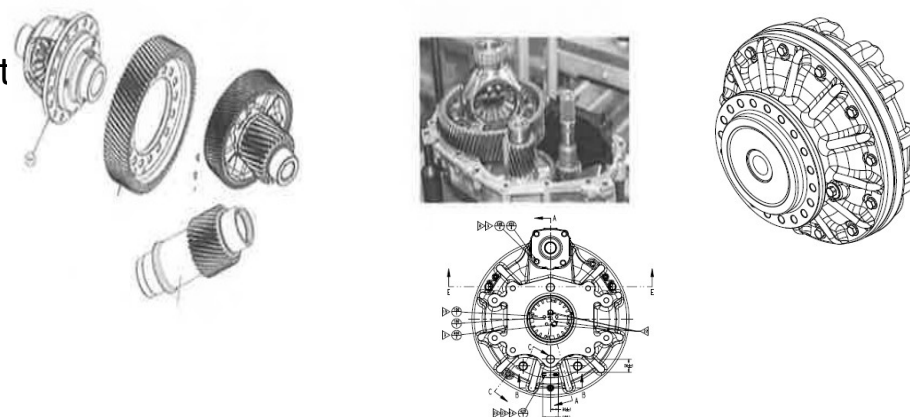


Advance Technology Components

Automatic Transmission Gear – Single speed transmission consist of single reduction gear, reverted gear or a compound gear train works on principle of reduction of RPM and increasing torque

THGL Initiatives:

Engineering Capability are being enhanced to design and manufacture advance technology components and Gear Box



Won EV business from Hero Motocorp and Dana – currently in Productionization

Active quotes across customers in EV space

FY 22-23 – New Business Wins – India Operations

- New business won ~ ₹ 1,481 Mn annualized
Current Customer ₹ 931 Mn
New Customer ₹ 550 Mn
- New business won ~ ₹ 1,481 Mn annualized
EV Business ₹ 360 Mn
ICE Business ₹ 1,121 Mn

New Customers



EV Customers



Pivot on EV and new customer additions

Awards and Recognitions

Quality & Zero Defect	Manufacturing & Organizational Excellence	Export Excellence	Supply Chain	IGBC & TPM
<ul style="list-style-type: none"> Hero Moto Corp Tata Cummins Navistar Cummins JCB India American Axle ICQCC-Gold 	<ul style="list-style-type: none"> SHINGO Prize – Silver ACMA – Gold 	<ul style="list-style-type: none"> ACMA Gold ACMA Silver ACMA Bronze Rajasthan Government 	<ul style="list-style-type: none"> Hero Moto Corp Daimler (DICV) FIAT Group New Holland Cummins India Tata Cummins 	<ul style="list-style-type: none"> Japan Institute of Plant Maintenance (JIPM) IGBC – Gold IGBC – Platinum

Recent Awards



Testimonials of being an Industry Pioneer

For any further details, please contact:

investor.relations@thehitechgears.com

Website – www.thehitechgears.com



Thank you for your attention

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