



Chairman's Message

Dear Shareholders,

Greetings to all of you. I hope this message finds you and your loved ones healthy and safe. This year has been a challenging year and we have proved our mettle countering it. The pandemic has disrupted the businesses worldwide to rethink their strategies and change the way forward.

The impact of the COVID-19 crisis on the global as well as domestic economy has been unprecedented and largely disruptive. Overall business environment remained subdued with demand resting in almost all sectors. However, the second half of the year saw a quicker and remarkable recovery due to unlocking of restrictions, pick-up in economic activity, favourable government reforms and mass disbursement of vaccine to halt the spread of the virus. Uncertainty about the second wave of coronavirus infections along with restrictions on movement and trajectory of vaccination drives; however, may threaten the economic recovery.

Construction companies across the board will have to contend with decreased demand as governments face rising deficits and residential and commercial projects are dampened by unemployment and low GDP growth. Although some companies may be able to execute on the backlog of projects, the pipeline is expected to be weak for the foreseeable future. This suggests:

- Construction companies with high levels of debt and low cash reserves may face a liquidity crisis.
- As smaller businesses, sub-contractors may fail rapidly.
- Contract management will come into sharp focus, as customers seek to terminate or renegotiate contracts.
- Internationalization will become less viable as companies reconsider the regions in which they want to operate, and countries put more restrictions on foreign companies.

Covid-19 has impacted the revival of your Company, which has been struggling to mark its way in the water segment and closing out the existing projects in hand. Covid-19 has slowed down the process and

further stressed the financial condition. We have not able to bag any order during the current year and the Company has only executed the current projects that too have been disrupted during the Covid-19 first and second waves due to Lockdown at the project sites, which has impacted the revenues and financials of the Company. On standalone basis, the Company has registered Rs. 1509.69 Lakhs as compared to the total revenue of the Company of Rs. 2222.00 Lakhs in FY 2019-20, which is 32% down from the previous year. With the Government's Atamnirbhar scheme, the Company has been benefited with a reduction of performance guarantee margin money from 10% to 3% for one job and for others jobs, it is in progress. This has eased out to some extent the liquidity pressure over the current projects of the Company.

Further, in order to have some liquidity, the Company has disposed of substantial investment in Equity Shares of 75.09% in Xlerate Driveline India Limited, a whole owned subsidiary Company and cleared off their major debts.

In terms of the execution, some of the major projects that the Company successfully worked on during FY 2020-21 include:

- Fabrication and erection of Large Dia CW piping system at NUPPL Ghatampur 3x660MW for GE Power Systems has been delayed due to Pandemic.
- Fabrication and erection of Large Dia CW piping system at 1x660 MW Harduaganj extension Ś II project for Toshiba has been commissioned
- PG testing underway for the additional ash water re-circulation project at NTPC Ramagundam 2600 MW.

PORTFOLIO EXPANSION

Your Company has been trying to diversify itself by entering into water distribution segment for which your Company is exploring many ways and means to bid for the projects under partnership and in collaboration with Companies which are already into this segment.

Simultaneously, the Company is focused to effectively complete the current projects under execution within time.

BUSINESS OUTLOOK

The outlook for the economy seems favourable with revival in consumer sentiment, strong policy support and positive vaccination drives. The recently announced national budget has rightly focused on some of the key elements that will be foundational for charting India's growth pathway. Special focus and fund allocation for infrastructure in rural areas; digitisation across the agriculture value chain; improvement of healthcare outcomes; vehicle scrappage policyŚ are all expected to pump-prime the economy, along with agriculture and construction sectors.

We will constantly strive for timely execution of jobs with best engineering capabilities available and we are focusing on the water distribution system as this sector holds ample potential in a country like India wherein the Government's main thrust is to provide better connectivity of water resources under their key projects for irrigation, drinking and interlinking the rivers. The said scope has led to increase the orders in pipeline and your Company can be benefited out of it.

CLOSING REMARK

I would like to spread out my sincerest gratitude to our employees, customers, partners, business associates and our stakeholders for their undying faith and support. Each one has been a part of our exciting and enriching journey. We continue to seek value creation for our stakeholders and persevere in building a sustainable business. Here is hoping for a brighter and stronger future together.

Warm Regards,



Surinder Paul Kanwar
Chairman & Managing Director