



## EXECUTIVE CHAIRMAN'S MESSAGE

### Dear Shareholders,

It gives me pleasure to share with you the performance of your Company for the year 2022-23. If I were to describe the happenings of the year succinctly, 'eventful and significant' are the words that come to my mind.

We stayed true to our purpose of creating value for all our stakeholders, driven by the three-engine model of growth that we had set for ourselves: TI-1 comprising our core business, TI-2 which includes step-outs and frontier businesses like EV and TI-3 from inorganic growth through acquisitions.

The Indian Economy demonstrated great resilience emerging, according to IMF (International Monetary Fund), as one of the fastest growing economies in the world. A buoyant domestic market provided opportunities for growth and scale in sales volumes in key sectors such as auto, general engineering, construction, infrastructure, etc. The rural sector however remained sluggish with inflationary pressures impacting vulnerable communities.

Revenue from exports, primarily from U.S and Europe, was impacted by the conflict between Russia and Ukraine, with inflationary pressures, escalation in raw material prices and energy crisis leading to plant closures and a decline in global trade. The economic fragmentation on geopolitical faultlines triggered fears of insecurity with a slowdown in global growth.

We stayed anchored to the four cardinal metrics that we had set as part of our business discipline: Revenue Growth, Profitability, Return on Invested Capital and Free Cash Flow recording a significant growth across businesses, except for the Mobility Business which reflected the decline and general malaise in the bicycle industry. Our step-out, particularly in the E-3W business, is showing great market promise and the strategic acquisitions in the EV spectrum under the subsidiary TI Clean Mobility are envisaged to turn into major growth enablers.

The auto industry, an important user segment for TII's Engineering and Metal Formed businesses ended the year with an overall increase of 20% in sales

across all categories, with passenger cars, particularly SUVs and commercial vehicles recording an upward growth trajectory of nearly 27%. The industry is on the cusp of a major transformation with the dynamically changing pace of vehicle technologies and mobility systems. India with supportive Government policies is rapidly changing into a major automotive hub of the world.

The three businesses - Engineering, Metal Formed Products and Industrial Chains recorded significant growth addressing the surge in market demand with great agility and efficiency. Co-partnering with OEMs and auto majors, the businesses built a portfolio of innovative, value-engineered products for critical applications and new-age technologies.

Revenue from the Railways, an important user segment for the Metal Formed Products business, was impacted due to the deferred projects of the Government as an overhang of the pandemic disruption. A major growth engine of the country, Railways is however slated for exponential

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growth with the Government's large budgetary outlay for the development of the sector in line with the 'National Rail Plan for India-2030' to create a 'future ready' Railway system.

The bicycle industry which has remained stagnant for a long time is also undergoing rapid change with innovations in pace, performance and utility gaining in importance. Environmental concerns and growing awareness of health and fitness are driving global trends towards cycling as a green and healthy mode of transport.

E-Bicycles are emerging as an universally popular choice among cyclists with a surge in market demand. The Central Government's move to bring E-bicycles under the PLI scheme provides a further impetus for manufacturers.

The Mobility business is re-crafting new strategies for growth with innovative, market-trending products and services and foraying into new geographies.

Despite the challenges of a volatile global market, each of the businesses deepened their customer engagement with differentiated products and value engineering, to build a strong order pipeline for future projects.

The automotive sector in India is shifting towards 'sustainable mobility'. Environmental mandates to reduce CO<sub>2</sub> emissions are driving countries towards the adoption of cleaner, non-fuel, non-polluting modes of transportation. Electric Vehicles have emerged as the forerunner of the clean and green transportation mission with wide global adoption.

### E - Mobility

In line with our intent to be an Original Equipment Manufacturer of zero-emission vehicles (ZEV) and participate in the entire productive end of the EV spectrum, we expanded our EV business with the acquisition of a 65.2% stake in IPLTech Electric Private Limited, a company manufacturing Electric-Medium and Heavy-duty Commercial Vehicle (E-M&HCV).

While our Montra Electric brand of E-3 Wheelers for the passenger segment have already been launched in the market to a positive response from users, the facilities for manufacturing E-tractors for the agriculture segment and the E-trucks for the commercial segment are being built at Apex Park in Chennai Tamil Nadu and Manesar in Haryana.

We foresee a huge opportunity for tractors in the country, with supportive Government policies on farm mechanization and green energy programs. India is already one of the largest tractor manufacturers in the world with retail tractor sales during FY 2022-23 reaching the highest peak levels and recording a YoY growth of 12%.

Similarly the E-M&HCV segment has a huge and untapped potential, with the technology and mass adoption still in nascent stages of the projected growth trajectory.

The Government of India's FAME I & II (Faster Adoption & Manufacturing of Hybrid & Electric Vehicle in India)

Policy has seen a quantum boost with the outlay of ₹2,908 Cr. in the Budget 2022-23. The Union Budget of 2023-24 highlights 'Green Growth' among the seven key or 'Saptarishi' priorities in the economic agenda focusing on green fuel, green energy, green mobility and, green farming amongst others. The Government of India's ₹35,000 Cr. capital investment towards energy security and energy transition, including the augmentation of the renewable transmission and green mobility infrastructure will accelerate the country's target of reaching net zero by 2070.

The Government's 'Green Credit Program' incentivising environmentally sustainable actions by corporates will also act as a motivational factor for environment protection.

The Government has introduced several supportive measures for EV manufacturers, such as the enhancement of e-charging infrastructure, battery swapping policy with the provision of land for establishing charging stations, reduction of Goods and Services Tax (GST) on EV purchases, and the grant of subsidies worth ₹10,000 Cr. In addition, the Production Linked Incentive (PLI) scheme, scrappage policy and the 'Make in India' initiative, further enable a strong EV ecosystem in the country.

The challenges of import dependence for Lithium for the manufacture of Lithium-ion EV batteries seem to be finally coming to an end with the discovery of huge deposits of Lithium in the States of Jammu & Kashmir and Degana in Rajasthan, estimated to be large enough to make India self sufficient. This will make EV Batteries far less expensive and provide further impetus to the EV industry.

TI Clean Mobility Private Limited (TICMPL), a subsidiary of TII has entered into agreements with Multiple Alternate Asset Management Private Limited (Multiples) and with other co-investors to raise funds up to ₹1,200 Cr. in the form of Compulsorily Convertible Preference Shares (CCPS). TII has infused a capital of ₹250 Cr. through Equity and an additional investment of ₹500 Cr. will be made through CCPS. The total investment by TII, Multiples and co-investors would aggregate to ₹1,950 Cr.

Further, TICMPL plans to raise an additional funding of ₹1,050 Cr. thereby taking the total fund aggregate to ₹3,000 Cr.

As part of our strategy of inorganic growth, we expanded our capability portfolio, widening our ambit of operations with acquisitions in electronics and medical consumables and foraying into Contract Development and Manufacturing Operations (CDMO) in API for the pharmaceutical segment. TII has entered into an agreement with Mr. N Govindarajan and incorporated a subsidiary named 3xper Innoventure Limited.

### Five Pillars

During the year, we had set the 'Five Pillars' strategy to support our Vision : Growth, Kaizen, Talent, Digitization and ESG. In line with this, the Company continued to leverage its strength to explore new avenues of growth in each of its businesses. The integration of Lean in business operations and working methods, building a capability-driven Human Capital, the digitization of processes for a future-ready IIoT system and creating a sustainable business on a strong ESG framework - the year was indeed significant and eventful.

### Our People

I strongly believe that TII as an organisation has infinite possibilities for greater growth. Taking this vision forward is the 'One TII' team, the chief architects of our progress and our greatest asset. It is their strong support and passionate commitment that is driving the growth of the Company.

I would like to congratulate Vellayan Subbiah for his visionary leadership and strategic focus in building capabilities and exploring new opportunities to take TII to the next frontier in growth.

Mukesh Ahuja has put in a commendable year as Managing Director, and I look forward to a continued innings of great work from him.

The Members of the Board continue to be a source of support and encouragement to me and to the management team. I take this opportunity to express my gratitude to each one of them.

I thank all of you, our customers, stakeholders, bankers, and suppliers for your continued support.

Last but not least, I would like to express my sincere appreciation and thanks to all our shareholders for their continued support and trust reposed in us.

I truly believe that TII is on a major path of transformational growth. We will pivot our competencies to explore new frontiers and infinite possibilities, to become a globally admired Company.

Yours Sincerely,

M A M Arunachalam