



MANAGING DIRECTOR'S MESSAGE

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Dear Shareholders,

It gives me pleasure to share with you the strong performance of your Company for the year 2022-23.

TII recorded significant growth with each of the businesses riding the buoyancy in the domestic market with demand resurgence across core sectors, driven by a resilient Indian economy. Revenues from exports however was impacted by the turbulence triggered by the Russia-Ukraine conflict and its fallout in terms of inflation, volatile raw material prices, and paucity of gas supplies paralysing plant operations particularly in the Euro zone and slowing down B2B trade.

Process efficiencies, value-added engineering, deepening customer engagement and a slew of differentiated products proved to be strong growth enablers, in addition to the focus on the 4 cardinal metrics that we have set for ourselves: Revenue Growth, Profitability, Return On Invested Capital and Free Cash Flow.

PBT before exceptional Items was at ₹928 Cr. as against ₹628 Cr. for the same period in the previous year. ROIC was at 55% compared to 47% in

the previous year. Free Cash flow was at a significantly strong level at ₹608 Cr. compared to ₹205 Cr. the previous year.

At TII, it was an event-marked year, with the Company enlarging its scope of operations into new and emerging business ventures. In line with our strategy, we marked the year with a number of acquisitions in EV, mobile camera modules, medical consumables and ventured into Contract Development and Manufacturing Operations in API for the pharmaceutical segment.

The year was also doubly significant as it marked the transition of TII, through its subsidiary TICMPL, from an ancillary to an Original Equipment Manufacturer.

Engineering Business

The Engineering business put in a sterling performance both in the domestic and export market with its specialized hydraulic cylinders and tubular products for the auto and non-auto segments. Revenue was at ₹4,562 Cr. compared to ₹3,868 Cr. in the previous year. PBIT for the business was ₹549 Cr. as against ₹376 Cr. for the previous year.

Metal Formed Products Business

The Metal Formed Products Division (MFPD) rode the buoyancy in the auto market to record a year of strong growth.

The business earned a Revenue of ₹1,424 Cr. and PBIT of ₹174 Cr. for the year as against ₹1,240 Cr. and ₹136 Cr. in the previous year.

According to Society of Indian Automobile Manufacturers (SIAM), the industry recorded the highest sales across segments during the year, with a growth of 27% in passenger cars, particularly SUVs and Commercial Vehicles. The Auto industry is on a major transformational path, with supportive Government policies to make India a global auto manufacturing hub.

The Business expanded its customer roster with its engineering expertise and operational agility, co-partnering with OEMs to design and supply innovative products for the multiple new models, on tight lead times. Aftermarket sales recorded robust demand with channel expansion and rationalization.

The Railway segment was impacted due to deferred projects by the Government as a result of the pandemic-led disruption. However, the sector is projected to grow with large expansion projects and huge budgetary outlay to modernize the Railways. As a trusted vendor, the MFPD Business with a strong portfolio of products for the Railways is expected to see a revival of growth in the near future.

Mobility Business

The bicycle industry witnessed a slowdown with lack of consumer demand and the influx of low-quality, low-priced, imported products in the market. The impact was felt in the Mobility Business which recorded a decline in revenue at ₹800 Cr. during the year compared with ₹963 Cr. in the previous year while PBIT was at ₹17 Cr. as against ₹55 Cr. in the previous year.

According to analysts, the bicycle industry is on the cusp of a transformation with innovations in pace and performance dictating trends. A total of 11.44 million units of bicycles were sold in India in FY 2022. Sales are expected to reach 14.43 million units by FY 2027, expanding at a compound annual growth rate of 5.50% during the FY 2023 - FY 2027 period (Research & Markets). Globally, the industry is projected to grow with an increasing awareness of health and greater affinity for 'green' modes of transport. Keeping pace with the global trends, the Mobility Business has mapped out strategies for greater growth, expanding into new geographies and new product lines.

Other Businesses

Our Industrial Chains business had a significant run of growth both in the domestic and export markets, foraying into emerging market segments with an

innovative array of products. The other segments are at differential levels of scalability.

The revenue for the Other Business segment was ₹768 Cr. compared with ₹562 Cr. and PBIT was ₹48 Cr. as against ₹36 Cr. in the previous year.

TII Standalone Performance

At a standalone TII level, the revenue for the year was at ₹7,236 Cr. as against ₹6,359 Cr. in the previous year and PBT before exceptional items for the year was at ₹928 Cr. as against ₹628 Cr. in the previous year.

Subsidiaries

CG Power and Industrial Solution Limited, a subsidiary company, in which we hold 58.05% stake registered consolidated revenue of ₹6,973 Cr. as against ₹5,484 Cr. and a PBT before exceptional items of ₹950 Cr. as against ₹504 Cr. in the previous year. The Company has performed exceptionally well in each of its business segments and shows great potential for growth going forward.

Shanthy Gears Limited which is also a subsidiary company in which we own 70.47% stake, recorded a year of significant growth with a revenue of ₹446 Cr. and PBT of ₹90 Cr. during the year as against revenue of ₹337 Cr. and PBT of ₹59 Cr. in the previous year.

E - Mobility

Our biggest focus is the EV segment where we foresee an immense opportunity for growth.

TII had incorporated M/s. TI Clean Mobility Private Limited (TICMPL) as a subsidiary in February 2022 to focus on clean mobility solutions.

An investment of ₹250 Cr. has been made till now by TII in equity shares of TICMPL. For further expansion of the E-Mobility business, TII has along with TICMPL, entered into agreements with M/s Multiple Alternate Asset Management Private Limited (Multiples) and co-investors for an investment of ₹1700 Cr. in the form of Compulsorily Convertible Preference Shares (CCPS). As per the terms of the arrangement, TII will be investing ₹500 Cr. towards CCPS and Multiples and Coinvestors will be investing ₹1,200 Cr. Further, an additional fund raise of ₹1,050 Cr. has been planned taking the total fund aggregate to ₹3,000 Cr.

Our vision is to operate on multiple platforms in the productive vector of the EV spectrum. We believe we are a significant stage of disruption in the EV industry in India, with immense unexplored possibilities.

India is going to play a significant role in electric vehicles in the near future with supportive Government policies auguring well for the industry.

The EV Market in India is estimated to reach US\$ 7.09 billion by 2025 with a need for a cumulative investment of US\$ 180 billion in vehicle production and charging infrastructure until 2030 to meet the country's EV ambitions. (India Energy Storage Alliance).

We are foraying into the productive end of the EV spectrum - Three Wheelers, Tractors and Medium & Heavy Commercial Vehicles, where there are tangible, economic benefits for the customer. In the three-wheeler segment we have already launched the Montra Electric Super Auto, for the passenger segment across the Southern regions, to a positive market response. Targeted for passenger transportation, the segment shows a great potential for growth.

In FY 2022 TICMPL had acquired a 69.95% in Celestial E - Mobility for the manufacture of E-Tractors. During the year, TICMPL acquired the remaining stake to make Celestial E-Mobility its wholly owned subsidiary.

In tractors, we have plans to introduce 3 different variants in four-wheel drives for different user segments. Work on the production facilities for the tractor is underway at Apex Park in Chennai, Tamil Nadu, with the vehicles slated for launch in FY 23-24.

Globally India is among the largest tractor manufacturers with exports to countries worldwide. In the agricultural sector, though penetration is expected to be slow, we see a huge growth potential in E-Tractors with supportive Government policies promoting farm mechanization and green energy ventures.

The acquisition of a 65.2% stake in IPL Tech Electric Private Limited (IPLTech) by TICMPL has gained us access to the EV-M&HCV (Medium and Heavy Commercial Vehicles) segment with a homologated product that has been on the market with tangible benefits for users. We have chosen to manufacture the 55-Ton truck, covering short haulage operations for the iron & steel, cement and construction industries. We have already started work on the manufacturing facility at Manesar, Haryana, for making the E-trucks. We would be creating separate distribution networks to cater to the EV Platforms.

Acquisitions - New Ventures

The acquisition of Moshine Electronics Private Limited gives us the capability to make camera modules for the economy range of mobile phones. The intent is to move up the value chain

leveraging Moshine's manufacturing facility in India and its captive customer base. There is considerable import-substitution opportunity in this space for the domestic mobile phone manufacturing segment, where nearly 95% of the components are at present sourced from China.

We perceive a good potential for growth in the healthcare segment and in line with this, we have forayed through acquisitions, into the medical consumables segment with Lotus Surgicals Private Limited.

We have further added Contract Development and Manufacturing Operations of Active Pharmaceutical Ingredients to our capability portfolio this year with the starting of a new venture - 3xper Innoventure Limited.

The acquisitions of both the mobile camera modules and medical consumables businesses are part of our strategic growth plans to mine the opportunities emerging from the reshoring and China Plus One global industry trends.

Corporate Technology Centre

The Corporate Technology Centre has emerged as an important hub for the design and development of new-age precision tooling systems, process technologies and product development that are aligned with TII's growth plans for the future.

Lean Programs

Our Lean programs have gathered momentum with the multiplier effect of the ongoing projects cascading across locations. The Lean model of work has turned into an integral discipline of each business, with tangible accruals in process and people efficiencies.

Digitization

In line with our digitization focus, a Company-wide, IIoT integration exercise was rolled out as part of the new ERP ecosystem to accelerate the transition to a data-driven, seamlessly connected business operations.

Our ESG Commitment

Our ESG initiatives continued to be aligned to our commitment to the highest standards of environmental care, social responsiveness, and good governance. We continued to monitor and improve our performance in each of the parameters as outlined in the standards of Global Reporting Initiative (GRI).

Our People Capital

Our people are our greatest asset and as always they have invested their extraordinary efforts to turn out a year of significant growth. My sincere appreciation and thanks to the 'One TI' Team.

My sincere thanks to all our customers, suppliers, business partners and members of Government Bodies for their continued support.

Our focus is on building value and building for the long term. As we continue to explore new frontiers and infinite possibilities, we continue to stay aligned to our vision of building a strong globally admired, Indian Engineering Company.

Best Wishes,

Mukesh Ahuja