

From The Desk of The Chairman



Dear Shareholders,

In 2017, the global economy rebounded with 3.7% growth. This momentum is expected to continue with favourable market sentiment and accommodative financial conditions. The International Monetary Fund (IMF), in its World Economic Outlook, April 2018 report predicts the World GDP growth rate to strengthen further by 10 basis points in 2018 and 2019.

The Indian economy grew at 6.7% in 2017-18 and is forecasted to grow to 7.4% and 7.8% in 2018 and 2019 respectively. With Indian government's focus on 'Make in India', investments in infrastructure, combined with rising disposable incomes will lead to expanding business opportunities. Favourable agro-climatic conditions accompanied by a good harvest will further enhance rural demand and boost growth in the country. India is the world's biggest market for two-wheelers, with a large customer base residing in rural India. We expect that the two-wheeler segment will continue to show higher growth, owing to a predicted normal monsoon leading to better growth in the rural economy. The implementation of the Goods and Services Tax (GST) should support accelerated manufacturing activity.

During the year, the Indian automobile sector registered a growth of 14%, with overall two-wheeler segment growing by 15%. In four wheelers, domestic sales of passenger vehicles

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and commercial vehicles segments grew by 8% and 20% respectively. This helped the growth of Engineering and Metal Formed Products businesses to a great extent. India plans to shift to BS VI emission norms by 2020. The growth in commercial automotive market continues to be strong due to sustained nationwide focus on standards of emissions and fuel-efficient technologies. The government is in the finalisation stages for framing policies for phasing out vehicles older than 15 years. This move will accelerate the demand for automobiles, especially in the commercial market space. Indian railways and industrial sectors are also expected to witness increasing demand in the coming years on the back of various government initiatives.

This year, the Company had taken few strategic decisions towards greater manufacturing efficiencies, higher cost savings and future growth. Restructuring the manufacturing footprint in the Bicycles business and new manufacturing plant at Rajpura for our Engineering business were the major initiatives. These moves, combined with the sharp focus on R&D will help optimise our potential in the manufacturing business and grow value for our stakeholders.

We also implemented a centralised price control system for indirect materials, as a part of our control process enhancement. The Company also invested strategically to implement the latest technologies in all the processes – ranging from

Customer Relationship Management, Production, Business Continuity, IT Security and Human Resource Management.

With the tally of growth-enabling positive factors and an enhanced commitment to Operational Excellence, we are confident that the Company will be on a sustainable growth path.

My most grateful thanks to our Board for their continued support and counsel as also to our Managing Director Mr. L Ramkumar, the senior leadership and the entire TI team for the dedicated contribution. Mr. S Sandilya and Mr. Hemant M Nerurkar, Independent Directors on our Board retire in August 2018. I thank them for their great contribution and insight and for being available to my colleagues and me at all times. Mr. L Ramkumar, our Managing Director also retires from the Company in August 2018 after a career spanning over three decades. I wish him well in his retirement.

As shareholders you have been a great support to the Company. May it continue always. We are indeed grateful for your enduring trust in us.

Yours sincerely,



M M Murugappan