



TRF LIMITED

Sandip Biswas
Chairman

1st January 2018

Dear Colleagues,

As we are all set to begin another year, let me wish you and everyone in the family a safe, healthy and happy New Year 2018. I would like to take this opportunity to thank all of you for once again rising to the challenges that year 2017 had thrown in our way.

2017 has been eventful from geopolitical tensions to deep political divisions among countries to a string of extreme natural disasters to continuously changing regulatory and governance requirements. However, last year has ended in optimism, with growth continuing to accelerate in most of the geographies.

Coming year, undoubtedly, would bring a host of new challenges from the development in the political uncertainties, the fast unfolding environmental issues, technological advancement and the forces that want to shape the world into a place of exclusion and suspicion. But, I am confident that the current expansionary trend in economic lead indicators will continue in the New Year and policymakers will seize every opportunity to ensure a long-lasting inclusive recovery. Both advanced and developing countries are expected to grow with improving global trade, increasing business investments and regulators taking initiatives towards infrastructure development. Further, cheap energy and a digital revolution will drive economic growth globally, however dominated by Asian economies, including India. Despite the slowdown observed in early 2017 and the lingering effects from the demonetisation, the outlook for India remains largely positive, underpinned by robust private consumption and public investment as well as accelerating ongoing structural reforms in the wake of upcoming general elections in 2019.

TRF has completed 2017 with no fatalities for the first time during past 6 years which is admirable and I hope we would take the safety to the next level in 2018. Last year was one of most challenging year for the company. Company's performance was adversely impacted due to substantial increase in projects cost particularly in Nabinagar project, delay in payment from customers impacting company's cash flows which in turn affecting timely supplies, non-availability of benefits of excise duty exemption for mega power plants under GST and insolvency proceedings initiated against some of the company's major customers. Moreover, the company continued to struggle in securing profitable orders for products and projects as against strong and cost efficient competitors with better pricing. However, the focused efforts on spares and refurbishment jobs resulted in record order booking in 2017. Focus on spares and services and new business opportunities will continue to be thrust areas as we move forward. Despite the current financial stress and challenges with external funding, we were able to secure funding for TRF Ltd and our subsidiary York Transport Pte Ltd.

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I strongly believe that implementation of both structural reforms and proactive measures in securing orders are must to improve performance and turnaround. Given the current circumstances, we all need to roll up our sleeves and unleash our potential to the fullest extent towards building value creating partnerships by delivering on our customer promises via quality solutions, improve cash flow and margins by securing profitable orders with better terms and timely completion of balance work on ongoing large projects, complete PG test and collect retention amount while simultaneously engaging in extensive cost and cycle time reduction initiatives for aligning company to the highly competitive environment.

In order to navigate the current complex and uncertain business environment, there is an urgent need to manage liquidity by drastically reducing working capital through focused efforts in collecting debtors, refinancing existing debts, reducing inventory and overhauling the entire value chain to reduce cost and improve competitiveness. Further company is trying hard to secure orders from its key customers. Securing such orders by TRF is the cornerstone of our revival plan. Hence company needs to build capability to implement such orders if won.

As we move ahead, we need to be more creative and agile in our approaches and put our best foot forward every day with a strong sense of ownership in everything we do.

I'm enormously proud of all the coordinated efforts, contributions and achievements made during the last year by each one of you. Once again I sincerely wish you and your loved ones good health, prosperity and much happiness in the New Year. I look forward to work alongside each and every one of you to take us to new heights in 2018.

Warm Regards,

A handwritten signature in blue ink, appearing to read 'Sandip Biswas', written over a horizontal line.

Sandip Biswas