



# Moving ahead

Tube Investments of India Limited  Annual Report 2009-10



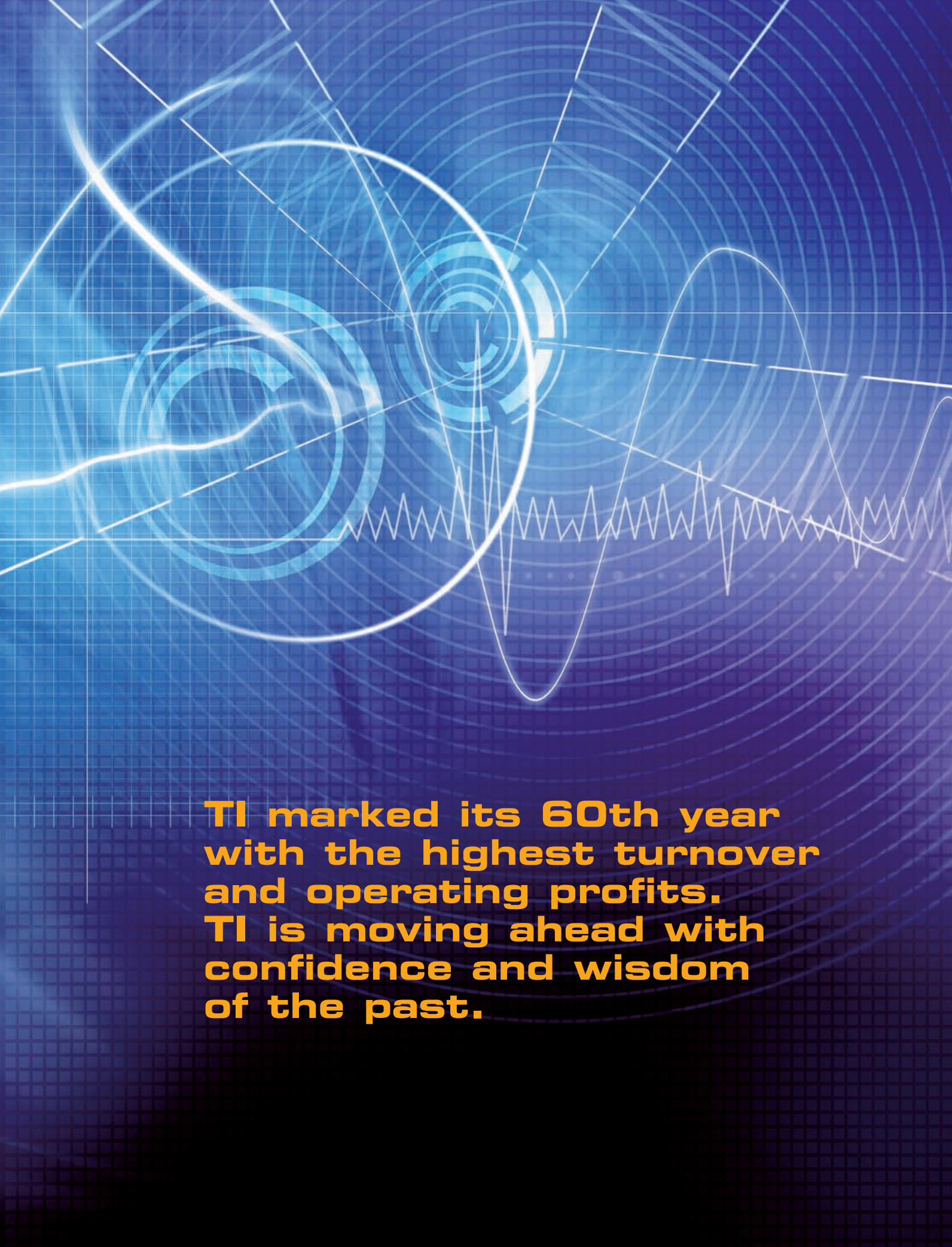
## Cautionary Statement

Certain expectations and projections regarding the future performance of the Company referenced in the annual report constitute forward looking statements. These expectations and projections are based on currently available competitive, financial and economic data along with the Company's operating plans and are subject to certain future events and uncertainties, which could cause actual results to differ materially from those indicated by such statements.

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The background is a deep blue gradient with a fine grid pattern. Overlaid on this are several white and light blue geometric and organic shapes: concentric circles, a series of intersecting straight lines forming a star-like pattern, and a jagged waveform resembling a heartbeat or an ECG line. The overall aesthetic is technological and futuristic.

**TI marked its 60th year  
with the highest turnover  
and operating profits.  
TI is moving ahead with  
confidence and wisdom  
of the past.**



Message from the Chairman

**“We strengthened our various businesses through strategic foresight and rigorous implementation.”**

*Dear Shareholders*

We entered 2009-10 with uncertainty about the extent and severity of the economic downturn. However, thanks to prudent policies and the economic stimulus packages announced by the government, India rebounded faster than a number of global economies. Consequently, India's economy grew 7.4% in 2009-10 (6.7% in 2008-09) with a robust 8.6% GDP growth in the last quarter.

Even as business conditions became particularly challenging from the third quarter of 2008-09, Tube Investments of India Limited responded with speed to de-risk on the one hand and capitalise on opportunities to strengthen its competitive position on the other.

I am pleased that TI strengthened its various businesses through strategic foresight and rigorous implementation, a befitting honour on its 60th anniversary.

**Bicycle business:** Our bicycle business turned in record revenues, transforming the image of a legacy product into a fun-fitness-freedom positioning. Correspondingly, we transformed the business from a dealer-led model into one that emphasises the joy of cycling in a modern retail format. Relevantly, we sponsored Cyclothons with partners. The image-enhancing alliances with global bicycle companies last year enabled us to gain a foothold in the growing high-end performance bicycle market.

As regards electric scooters, we continue to invest progressively in creating a long-term presence in the category. Our focus is to make a product that is safe, reliable and better designed for performance.

**Engineering business:** You may recall that the year 2008-09 proved to be a difficult year for this business, primarily on account of lower demand and fluctuations in price of steel during the year. In 2009-10, we sought to consolidate by focusing on the vital few and leaving out the trivial many. We embarked on decisive initiatives



"Vision without action is merely a dream.  
Action without vision just passes the time.  
Vision with action can change the world."

- Joel A. Baker

which resulted in a rationalisation of plant operations, improvement in manufacturing processes and a strong focus on quality and service. These initiatives helped us meet the increased demand from our customers, all of which led to a significant profit increase. We closed the operations of the subsidiary company in China, Tubular Precision Products (Suzhou) Company Ltd, as its viability appeared distant. The Engineering business is well positioned to meet the ever-increasing & exacting demands of its customers and also work in partnership with them to provide value-added new products and tubular solutions.

**Metal forming business:** From a history of making simple roll-formed products, the business extended its capability to making car doorframes and a host of products for the growing railway sector. The Indian Railways' modernisation, new wagon and coach building programme and other projects are expected to enhance the scope for this business. Having had to move out of Singur, we are establishing a new plant in Sanand, Gujarat to meet the growing requirements of Tata 'Nano'.

While consolidating Indian operations, TI stepped out of India through the acquisition of a French chain company called Sedis, our valuable customer for years. Sedis is largely a Europe-centric company with two operating plants, experienced management team, wide industrial products range and sound technologies. TI and Sedis teams are working on various initiatives to leverage their respective strengths to mutual benefit.

### Directors

Major General (Retd) E J Kocheikkan joined the Board in August, 2009. The Board is further enriched with his presence and I take this opportunity to welcome him.

It is with regret that I record the sad demise of Dr. D. Jayavarthanavelu. He was a learned colleague on the Board since July 1997 and was a guiding force to the Company over the years. His wise counsel will be missed.

Mr. Amal Ganguli will be retiring at this Annual General Meeting and has expressed his desire not to seek re-election. Mr. Ganguli has been associated with the TI since June 1989, barring a brief gap in 2002-03, and has contributed immensely to the Company's growth, as a member of the Board and as Chairman and member of the Audit Committee over the years. I take this opportunity to express our gratitude and wish him the very best.

The members of our Board have always been a great source of encouragement and support to the Company's management team and to me personally. I deeply value their wisdom and wise counsel and thank them for their involvement and participation.

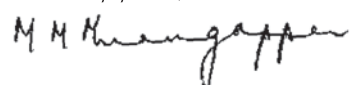
### Road ahead

India is likely to report a GDP growth of around 8.5% in 2010-11 on the back of strong investment and consumption-led demand. We need to remain focused in terms of quality of product, service, communication and timeliness. While India continues to grow at an appreciable rate, the challenge for the Company is to retain its momentum and this can only be achieved through continuous investment in and enhancement of capabilities, skill, research, training and development.

TI's agile and energetic team, with a unique blend of youth and experience ably led by our Managing Director Mr. L. Ramkumar, is well positioned to address the current business and future opportunities. I thank them for their dedication & diligence and encourage them towards greater achievement in the future.

I also take this opportunity to express my gratitude to all shareholders for their continued confidence in the Company.

Sincerely yours,



M M Murugappan



**Our vision-  
the only  
constant**





"Throughout the centuries there were men who took first steps down new roads armed with nothing but their own vision" - Ayn Rand

## **Emerging as a preferred company in India's mobility space.**

TI WENT INTO THE BUSINESS OF BICYCLE MANUFACTURE IN 1949 WITH A SIMPLE VISION TO BRIDGE THE GAP BETWEEN AUTOMOBILES AT ONE END AND ITINERANT PEDESTRIANS ON THE OTHER.

The Company translated this overriding vision into action and what was once a single product company is now engaged in the manufacture of precision tubes, cold rolled steel strips, sections for railways and cars, automotive and industrial chains, e-scooters and has a presence in financial services through its subsidiaries.

What was once a purely Indian company is now a multi-national organisation following the acquisition of Sedis in France and the establishment of a company in China.

What was once a resolve to do one's best has now evolved into market leadership in the businesses of its presence.

What was once a simple vision to put bicycles on Indian roads has now extended to the bigger picture of emerging as a sizable and preferred company in the mobility space.



# Cycles to Cycling





"The future belongs to those who believe in the beauty of their dreams" - *Eleanor Roosevelt*

## Leading through re-defining

TI BECAME INDIA'S FIRST INTEGRATED BICYCLE MANUFACTURER IN 1949.

Rather than just be complacent with manufacture, the Company went about periodically re-defining its sectoral personality through various initiatives.

TI made the radical break by re-defining the entire supply chain to become a dis-aggregated manufacturer. TI has always been a trend setter in new product categories with many firsts to its credit – be it with bikes for kids or ladies or the youth of today.

In recent times, the Company evolved the concept of contemporary retail showrooms that would attract well-heeled customers intending to buy value-added variants. In doing so, the Company re-defined its focus from product to feeling.

The Company extended beyond marketing a product to marketing the wholesome experience of cycling.



# Tubes to Tubular Solutions

