



INDIA

# GAINING MOMENTUM...

Tube Investments of India Limited • Annual Report 2010-11

## 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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# GAINING MOMENTUM

is clearly showcased in our ability to embrace continuous business change, improve what we do and expand what we offer.

# Gaining Momentum. Through our everlasting zeal in driving operational efficiencies.

At TI, we challenged the conventional and questioned the predictable in our single-minded pursuit towards enhancing productivity across all business segments. →

## **Bicycles business**

The fiscal 2010-11 represented a milestone year for our bicycles business; we manufactured and marketed 4 million bicycles, the highest in our six decades of existence. Correspondingly, the business reported its highest revenue at ₹1,121 cr, a year-on-year growth of 18 percent.

This feat was possible through an alteration of business sub-systems, resulting in a seamless blend between vendors on the one hand and distribution network on the other.



### Engineering business

India's automotive sector grew exponentially in 2010-11 and our engineering business capitalised on this development by reporting its highest capacity utilisation through productivity enhancement and scale-up across the manufacturing, design and technology functions. This business reported its highest revenue at ₹1,195 cr, representing a year-on-year growth of 34 percent.

Without resting on its laurels, this business took up the challenge to better its own productivity norms with the able support of its committed workforce.

### Metal formed products business

Even as India's two-wheeler industry grew 26 percent in 2010-11, TI's automotive chains sales grew by 30 percent. TI's car doorframe volume doubled in five years (a million sets sold for the first time). The result was that this business reported its highest-ever revenue at ₹775 cr, representing a year-on-year growth of 34 percent.

The user industry's exceptional growth in 2010-11, brought the best out of this business in maximising productivity with the single-minded devotion to meet customer needs in a timely manner.

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# Gaining Momentum. Through our deep passion in redefining our business.

At TI, we recognise that India has swiftly integrated with global businesses. To capitalise on emerging opportunities, counter competitive pressures and remain responsive to realities, we address value chain integration to tap synergic opportunities across business verticals. →

## **Bicycles business**

This business redefined its distribution network, providing customers with an enriched buying experience. We aesthetically designed our retail stores to make buying TI's bicycles enjoyable. Our super premium Track & Trail retail stores offer renowned foreign bicycle brands to Indian customers. We also offer fitness solutions for the health-conscious and a range of electric scooters for the environment-conscious.

TI's business strategy – fine balance between 'transport' and 'leisure', paid rich dividends. Apart from revolutionising buying experience, TI actively shifted its customers to higher-end products, through innovative designs, using new-age materials. This business expects to further increase its presence in high-end products and markets through proactive investments in design and manufacturing technology.



### **Engineering business**

TI is well-known for precision welded tubes, and primarily caters to automotive customers. TI is poised to redefine its strategy, with a greater thrust on manipulated, ready-to-use tubes and components, with a view to move up the value chain. This business is in the process of redefining its product range and processes, in order to provide value proposition to customers, through 'value-added and value-engineered' (VAVE) products. There is a conscious effort to broaden the customer base, with enhanced prominence on non-automotive customers and applications.

### **Metal formed products business**

This business is evolving into a complete transmission system supplier from a traditional automotive and industrial chains manufacturer. It enhanced its presence in fine blanked products and expects to increase its market share. Sedis, the Company's French subsidiary, will provide access to cutting-edge technology and global reach. While the Company is a significant player in the roll-formed car doorframes market, it forayed into the railway wagon segment and expects to capitalise on its metal forming capabilities in infrastructure and other emerging segments.

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# Gaining Momentum. Through our unwavering focus in enriching capacities and capabilities.

At TI, we embarked on various corporate initiatives to enhance investment in capacities and capabilities across our businesses. →

## **Bicycles business**

TI plans to establish greenfield facilities for cycle manufacture, to better service the eastern and southern markets. TI also plans to invest in design and manufacturing technology, to support the focus on high-end products and markets. TI will also continue its strategy to invest in its brands and retail formats, to provide enhanced reach to customers. Additionally, TI is continuously investing in 'cycling' as a strategic differentiator.



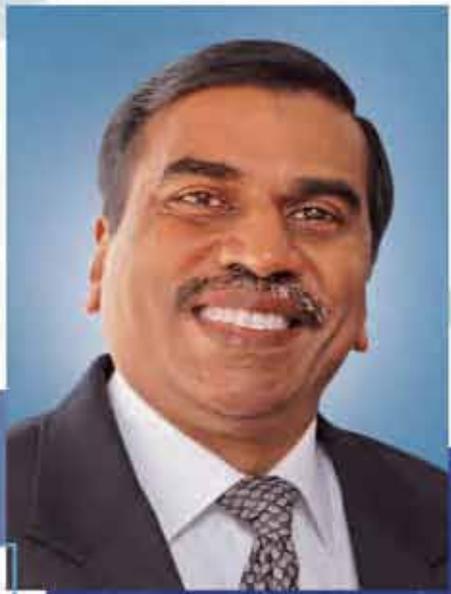
### **Engineering business**

TI undertook steps to establish greenfield facilities in the northern and southern regions in proximity with the customers in order to provide better service to them. The new facilities will not just provide additional capacities, but also enhance capabilities to manufacture a variety of tubes, including stainless steel tubes.

### **Metal formed products business**

TI is in the process of setting up a new chain manufacturing facility in the southern region, apart from expanding its capacity at existing locations. Encouraged by demand, TI plans to enhance its fine blanking capacities. Leveraging from the overseas subsidiary, TI is investing in technology, with a view to provide superior products and technical services to the Indian and overseas markets.

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## TI has gained the necessary momentum to take the enterprise into its next growth trajectory

*Dear Shareholders*

The year 2010-11 was the first time ever that we crossed ₹3,000 cr in revenue, with the cycles and engineering divisions crossing the ₹1,000 cr mark each. The Company also posted its highest-ever operating profit.

We plan to take this performance ahead through a number of initiatives, so that our previous year achievements become the platform from which larger and more enduring initiatives emerge.

I believe that an inspired team and appropriate capital investments can make this happen.

### The team

A team inspired is a team invincible. TI's team of employees, ably led by Mr. L. Ramkumar, our Managing Director and the Management

Committee, is well positioned to enhance the momentum gained in recent years towards greater achievements.

### Investments

At TI, we are on the threshold of making our largest-ever investments in additional capacities and new capabilities. These investments will encompass completely new concepts that should result in our achieving more challenging goals. Going ahead, our R&D spend and application engineering emphasis will grow significantly. We will collaborate with research institutions and forge synergies with a variety of partners to take our businesses ahead. We will extend our presence into knowledge-centric areas and venture into new step-outs, with the confidence of making things happen.

### Directors

Mr. Pradeep V. Bhide joined the Board in October 2010. The Board is further enriched by his presence and I take this opportunity to welcome him. The members of the Board are a source of strength and encouragement to the Company's management team and to me personally. I deeply value their wisdom and counsel and thank them for their active involvement and participation.

I also take this opportunity to express my gratitude to all of you shareholders for your continued support and confidence in the Company.

Yours sincerely,

M. M. Murugappan