



STEERING AHEAD

TUBE INVESTMENTS OF INDIA LIMITED
ANNUAL REPORT 2011-12

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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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Innovative product lines. New green field ventures. Enhanced production capabilities. Differentiated business strategies. 2011-12 was a defining year for TI. A year, that marked consolidation and strategic preparation. A year, when the Company steered ahead, following its roadmap for the future.



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Through greater market penetration, customer driven product offerings and relationship building.

Bicycles

Innovative product lines, strategic market expansion and experiential customer touch points - 2011-12, the Bicycle business steered ahead on an accelerated growth track. Leveraging on its market leadership and strong brand identity, the business sold close to 4.5 million bicycles, surpassing industry growth. BSA and Hercules, the two flagship brands of the business, were acclaimed nationally as Super Brands. The division capitalised on the increased awareness in health, to position its bicycles on the 'fun, fitness, freedom' platform with relationship building initiatives and participative promotional events, converting potential customers to the cycling experience.

The 'Montra' brand of high end, light weight, carbon frame bikes and the indigenously developed alloy wheel bikes registered their presence in the premium segment. The division's range of fitness equipment also increased market share in the health space.

During the year, the division continued to expand its market reach and channel presence, opening new retail stores to service the growing demand in Tier 3 and Tier 4 towns. An integrated distribution network of over 800 retail stores increased visibility and served as growth drivers. In addition, the division's line of COCO (Company Owned, Company Operated) outlets, redefined customer connect and increased sales.

As part of its growth strategies, the division is also investing in enhancing capacities and capabilities, to participate in the global market, particularly in high end, speciality bicycles.

Future plans of the division include penetrating into new markets, consolidating market leadership and enlarging customer base across a wide and varied product spectrum.



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Through process capabilities and value engineering expertise.

Engineering

2011-12, the Engineering division was a revved up growth engine. The surge in growth of the auto industry, particularly in the two wheeler and commercial vehicle segments contributed to a 22% increase in turnover. The division continued to retain its market leadership in value added precision tubes. Sales of tubular components registered a 48% rise, signalling yet another year of significant growth.

The Engineering division consolidated its market leadership with improved operational efficiencies, infusion of new technologies, customer lock-in strategies and vendor partnering. As part of its strategic plans for competitive edge, the division commissioned a new facility for the manufacture of stainless steel tubes for pharma, sugar and other process industries.

New product lines, new market segments - the Engineering division is steering full steam ahead in the direction of growth.

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Through process engineering and capacity augmentation.

Metal Formed Products

It was speed syncing as the chains and fine blanking business kept pace with the fast sectoral growth of the auto industry. To cater to the burgeoning market demand, capacities were ramped up for chains across its 3 manufacturing plants at Hyderabad, Ambattur and Laksar. Fine blanking products, in which TI is a niche player, also saw capacity augmentation at the plant at Ambattur.

Leveraging the technical knowhow and global reach of Sedis SAS, its subsidiary in France, TI expanded market presence in high performance industrial chains for critical applications. The 'Rombo' brand of industrial chains have already established their footprint in the European market.

In Metal Formed products, TI is a significant supplier of roll-formed, car door frames for major car manufacturers in India. The division has also ventured into motor casings for the auto sector, another product line with growth potential. In the railway space, the division registered its presence with sections and sub assemblies for roof, side and end wall of passenger coaches and wagons. Farm Implements and Boiler accessories are other promising products being explored.

In line with its growth strategies, the Metal Formed Products division is steering ahead, focusing on its core competencies and process engineering expertise, to explore new product lines and new areas of growth.





Message from the Chairman

“We are embarking on a transformation that will redefine our businesses and bring greater synergies.”

Dear Shareholders,

The year 2011-12 was a year of consolidation for the Company. Although the business environment, nationally and internationally, remained uncertain through the year, TI was able to build on its trend setting performance of the previous year, touching a higher turnover of ₹3,659 Cr., with all its divisions achieving higher growth than the industry. The Engineering Division fared impressively, followed by Bicycles and Metal Formed Products. Our performance during the year has truly put us on the road towards a better, brighter and a more promising future.

We believe that we have reached a position wherein we feel emboldened to expand our capacities across divisions and initiate green field ventures as we go about consolidating our competencies. We are embarking on a transformation that will redefine our businesses and bring greater synergies. We are making our largest ever investments in creating additional capacities, building new manufacturing capabilities that will help us meet demand pulls and also enable us to explore new opportunities in emerging market segments. We are exploring new business lines, leveraging our technical partnerships with global majors. We have enhanced our R&D focus. In all, TI has recognised the need for a transformational change.

As we continue to steer ahead with our pace of change and transformation, consolidating our market leadership and enlarging our scope of operations, we are confident that we will reach the ambitious goal that we have set for ourselves and provide greater value to all our stakeholders, always putting our customers first.

Directors

It is with deep regret that I record the sad and sudden demise of Major General (Retd.) E J Kocheikkan. He was a valuable colleague on the Board since August, 2009 and contributed greatly to the Board's deliberations. His wise counsel will surely be missed.

Mr. C K Sharma joined the Board in April, 2012. The Board is further enriched with his presence and I take this opportunity to welcome him.

Mr. R Srinivasan will be retiring at this Annual General Meeting and has expressed his desire not to seek re-election. Mr. Srinivasan has been associated with TI since June, 2004 and has contributed immensely to TI's growth, as a senior member of the Board, and as Member of the Audit and the Compensation & Nomination Committees. His wisdom and experience have been a source of inspiration and strength to us. I take this opportunity to express our most grateful thanks and also wish him the very best.

The members of the Board have been a constant source of strength and encouragement to the Company's management and to me, personally. I thank them for their active involvement, guidance and support.

The team

Transformation of a company depends mainly on its people. The respective teams across the Company, ably led by Mr. L Ramkumar, our Managing Director have served as catalysts of change, time and again demonstrating very high standards of performance. I thank them for their dedication and diligence and encourage them towards greater achievement in the future.

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

Sincerely yours,

M M Murugappan