



## TUBE INVESTMENTS OF INDIA LIMITED

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### TRANSCRIPT OF THE PROCEEDINGS OF THE 12th ANNUAL GENERAL MEETING OF THE COMPANY HELD ON THURSDAY, 23RD JULY 2020 FROM 3.30 PM TO 5.07 PM IST THROUGH VIDEO CONFERENCING

#### Participants

- |  |                            |
|--|----------------------------|
| - Mr. M M Murugappan                       | .. Chairman                |
| - Mr. Vellayan Subbiah                     | .. Managing Director       |
| - Mr. Pradeep V Bhide                      | .. Independent Director    |
| - Ms. Madhu Dubhashi                       | .. Independent Director    |
| - Mr. Ramesh K B Menon                     | .. Director                |
| - Mr. Sanjay Johri                         | .. Independent Director    |
| - Mr. Mahesh Chhabria                      | .. Independent Director    |
| - Mr. K Mahendra Kumar                     | .. Chief Financial Officer |
| - Mr. S Suresh                             | .. Company Secretary       |
| - SBU Heads, Sr. Management & Shareholders |                            |

**Mr. M M Murugappan, Chairman:** Good afternoon, ladies and gentlemen, I trust all of you are safe and well. I have great pleasure in welcoming you to the 12th Annual General Meeting of your Company, Tube Investments of India Limited.

I wish to inform you that due to the continuing COVID-19 pandemic, the Ministry of Corporate affairs and the Securities and Exchange Board of India have permitted companies to hold such Annual General Meetings this calendar year through video conferencing. Therefore, this Annual General Meeting is being held through video conferencing.

Further, this year, the requirement to send physical or paper copies of the Annual Report has also been dispensed with by the Government of India and SEBI due to the pandemic related challenges faced by companies. Therefore, a soft copy of your Company's Annual Report for the year ended 2019-20 has been sent by e-mail to all of you. So, the soft copy of the Annual Report was also made available to all Shareholders who responded to our request and have registered their e-mail ids with us. The Annual Report and other documents are also made available in soft copy form with easy to locate links on the home page of your Company's website. So, to those of you Shareholders who still hold their shares in paper mode, I request you to dematerialize them at the earliest for your own convenience.

For this Annual General Meeting, I wish to give you the following information, for your guidance, in facilitating your participation and for the smooth conduct of the Meeting:

- Kindly note that all of you Shareholders have been put on mute.
- Those of you who have evinced interest and have registered to speak today, the moderator at the appropriate time will unmute you, once your name is called in sequence by the moderator.
- Please note that the speed and working of both the audio and video mode for joining the Meeting does depend on your internet capacity.
- Also, kindly note that since this Meeting is being held through electronic means, no proxies are allowed to attend.

Now may I start the formal proceedings of the Annual General Meeting:

I am informed that, based on the registrations received from Shareholders, the requisite quorum for this Annual Meeting is present [119 Members present].

I now call the Meeting to order.

Before we proceed with the business of the Meeting, let me introduce to you my colleagues on the Board. Due to the travel restrictions arising out of the COVID-19 pandemic, my colleagues on the Board, or most of them are participating from their respective locations through video conferencing.

Present along with me to my right is our Managing Director, Mr. Vellayan Subbiah & to my left is Mr. Suresh, our Company Secretary.

Present with us from their respective locations through video conferencing is:

Mr. Pradeep Bhide. He is the Chairman of the Audit Committee and the Risk Management Committee. And incidentally, for Mr. Bhide, as he is retiring, this will be his last Annual General Meeting; he retires at the conclusion of this Meeting.

Mr. Bhide has been an outstanding colleague of ours on our Board. His association with TI spans about a decade. He was also associated with other group companies and he was the Chairman of the Group's insurance arm, Cholamandalam MS General Insurance, until a few years ago.

As a senior member of the Board and Chairman of the Audit and Risk Management Committees, Mr. Bhide has been a great source of wisdom, counsel, expertise, experience and advice and guidance to me as also to the Members of the Board and also to colleagues across the Company. I valued his independent thought and very forthright views and he brought to bear his entire experience for the benefit of TI. His expert guidance, both for TII and the Murugappa Group and to me personally, is immeasurable.

On behalf of my colleagues on the Board in the Company and the Murugappa Group, I profusely thank you, Pradeep for all your contributions over these years, and I wish you well in your future endeavours and in your retirement. Just letting you know that you will always be welcome to TI and the Murugappa Group.

My other colleagues on the Board are:

- Mrs. Madhu Dubhashi - She is the Chairperson of our Corporate Social Responsibility Committee.
- Mr. Sanjay Johri - He is the Chairman of the Nomination & Remuneration Committee.
- Mr. Mahesh Chhabria, who has wide experience in the financial services & corporate management. He is a member of our Audit and Risk Committees and it is only fitting that he will succeed Mr. Bhide as the Chairman of the Audit Committee from the next Board onwards.
- Mr. Ramesh Menon, our Board member heads the Human Resources function of the Murugappa Group.

Also participating in this Meeting is Mr. Mahendra Kumar, the CFO of Tube investments of India and the members of the Management Committee, who are also the heads of the various business and functional units of TII. They are participating from their respective locations and those who are participating are:

- Mr. KK Paul, who heads the Bicycles business of TI
- Mr. K R Srinivasan, who heads the Metal Formed Products
- Mr. Mukesh Ahuja, who heads the Engineering division
- Mr. Krishna Srinivas, who heads our Corporate Technology Center
- Mr. R B Selvakumar, who heads Human Resources
- Mr. A Muthukumaran, the head of Strategic Sourcing

Mr. Aravind Krishnan, Partner of M/s. S R Batliboi & Associates, Chartered Accountants and our Statutory Auditor is also participating in this Meeting through video conferencing.

Ladies and gentlemen, at this point, I would like to place on record the contributions made by Mr. Suresh Subramanian, who recently retired as a senior partner of S R Batliboi & Associates. Arvind has worked very closely with Mr. Suresh Subramanian and we wish Mr. Suresh Subramanian well and request Arvind to carry the good wishes of all our Shareholders as well. Arvind is a young partner of S R Batliboi & Associates, a very fine young man and, we are very pleased that he will be the partner in charge of Tube Investments of India.

I am informed that the documents and other registers required under law are available for inspection by Members.

Shareholders,

You may be also familiar with the procedure for the conduct of shareholders meeting and the voting held in shareholders meetings in terms of the Companies Act 2013 and the SEBI Listing Regulations.

To draw your attention, there is a remote electronic voting procedure before the general meeting, followed by an electronic procedure at the general meeting for those who did not vote in the remote electronic voting.

I am to inform you that the Company has complied with the procedure for service of the Notice of the 12th Annual General Meeting and other matters in accordance with the Companies Act and the Rules thereunder and also in line with the circulars of the Ministry of Corporate Affairs and the Securities and Exchange Board of India issued in the aftermath of the COVID-19 pandemic. The remote electronic voting facility was provided to all of you through KFintech and the cut-off eligibility date to take part in the voting exercise was 17<sup>th</sup> of July 2020. The electronic voting was kept open from the 19<sup>th</sup> July 2020 to 22<sup>nd</sup> July 2020.

M/s. R Sridharan & Associates, Practicing Company Secretaries have been appointed by the Board as Scrutineers and for conduct of the electronic voting process—Mr. R Sridharan is also present at this Meeting through video conferencing.

I hope all of you have cast your votes. If not, you may do so when the electronic voting window is activated shortly.

The Annual Report and the Notice convening the 12th Annual General Meeting have already been sent to you through electronic means.

With your permission, may I take the Notice as read.

The Auditors' Report on the Audited Financial Statements of the Company for the year ended 31st March 2020 does not have any qualifications or observations or comments on the financial transactions or matters having any adverse effect on the functioning of the Company. Hence, the same is not required to be read.

Ladies and gentlemen, once again and for those of you who may have logged on just now, I hope all of you are safe and well in your respective locations and, I wish to share a few thoughts this afternoon on the performance of Tube Investments of India.

First, a backdrop on the state of the economy. As you all know that there was a slowdown in several key sectors of the Indian economy - automotive, construction, mining, iron and steel, etc. The situation was further compounded by subdued demand growth, credit stress and postponing of discretionary spending by many customers as these customer sentiments turned negative. Manufacturing activity showed a very modest increase on the backdrop of some supportive Government policies announced to accelerate growth. However, this was also short lived in that the COVID pandemic started to unravel and the resultant lockdowns or the multiple lockdowns beginning the end of March 2020 brought a lot of the business activity in the country to a standstill and, thereby we too at TII have been impacted during the first quarter.

As I speak to you, the COVID pandemic is still very much there. It does continue to impact economies of all countries of the world. It is a huge challenge of great proportions. A lot of human lives, young and old, have been lost. But, I must say that we must pay tribute today and really appreciate the tireless and selfless service by so many people, particularly in the medical profession, care givers, volunteers, etc., who have at risk of their own lives have been serving society.

In your Company, Tube Investments of India, we too have had more than hundred colleagues of ours who have been impacted by COVID-19. Fortunately, many of them are asymptomatic. We have taken the best care we can to assist them and all of them are quite well.

On our performance during the financial year 2019-20, I am sure you would have gone through our Annual Report.

TII has a great presence in the Auto sector. The engineering part of TII serves the Auto sector significantly, but overall, over fifty percent of TII's business is dependent on the Auto sector. Because of the reduced offtake by Auto manufacturers and, who have recalibrated the capacity utilization because of weak market conditions, TII was also impacted. But TII drew from its inherent strengths to adapt and embrace new technologies. Despite the fall in the order book during the year, the TII team raised its level of customer engagements. They partnered with Auto majors, leveraged engineering expertise to develop new products, particularly for the BS VI migration in passenger vehicles, tubular front fork products for two wheelers and many safety critical parts for seating solutions, both for the Indian and overseas markets. To offset the drop in the OEM business, the Company strategically shifted to explore opportunities in the aftermarket, offering innovative products and expanding the distribution channel.

Overall, TI achieved a turnover of rupees 4053 crores in the year 2019-20 as against 4983 crores the previous year, which is a drop of about 19%. The profit before tax, however, was higher by 15% through the tremendous efforts of

the team, at 418 crores as against 362 crores in the previous year. We had a 19% drop in revenues, but a 15% increase in the profits before tax. Great focus on reduction of working capital, fixed costs and prudent management of cash in terms of capital expenditure and towards growth projects.

The Bicycles business recorded a revenue of 781 Crores against 1238 crores in the previous year. Here, the Indian Bicycles industry itself is going through a very rough patch and the bicycle industry's business itself is changing. Moreover, as a strategy, the Company exited the institutional sale of bicycles because of the abnormally high requirement of working capital. The operating profit before interest and tax of the Bicycles business however increased to 26 crores from 11 crores in the previous year. So you can see how much internal work has really helped the business in terms of improving profitability, although the sales have declined. And intense visibility drive, the launch of segments of specific new products, growth through exports, expanding presence in the spares market, accessories & fitness segments are some of the plans that the Division has for future growth.

The Engineering business registered a revenue of 2258 crores as compared with 2896 crores in the previous year. However, the profits, though the turnover was less, the profits at 264 crores was about 4% higher than the 254 crores in the previous year. As I mentioned earlier, the year 2019-20 was very difficult for the Indian Auto industry, marked by a steep fall in the industry's production volumes. It was almost a 32% drop in commercial vehicles and for passenger vehicles, the drop was 15%. Now, this impacted a lot of our business - the Engineering business in particular and so did the large diameter tubes business as well. However, though there were new products that were developed, overall the tubes business declined by roughly about 20% over the previous year. Undeterred by this, the Company established a tube making facility in Rajpura for better geographical balancing and for greater customer proximity. The cold rolled strips capacity in Chennai was also enhanced, and the product range expanded. Now we did this largely because to enhance our customer service and to enhance our product offerings so that we will be well prepared to meet the demand when the markets pick up. Internal efficiency initiatives, cost management, product development, R&D work -- all continued, even though the year was very difficult. The business also expanded its global footprint partnering with global OEMs. The business presently awaits the opportunity to be opened up much in anticipation the transition of the Auto industry to new emission norms and the new model two wheelers that will come -- it may take one or two years but nevertheless, I would like to assure Shareholders that the Company is well prepared for the long term as well.

Metal Formed Products recorded a revenue of 1399 crores a growth of 3% over the previous year and the profits at 123 Crores was the same as last year. This Metal Formed Products business comprises of auto and industrial chains, fine blank products, stamped products, roll form doorframes for automobiles and roll form panels for the railway passenger coaches. It was a mixed year for the Metal Formed business and most of the businesses related to the Auto industry did not grow. But however, the railways business did quite well and this will also be a growth engine for the future. The government's focus on expansion and the modernization of the railway network and the Make in India drive with augur well for the growth of this sector. Tube Investments is a trusted supplier of quality assemblies & components for the Railways and the business is working very closely with the Railways, both in the traditional railway system and also in the emerging metro segments to see what best we can offer in terms of support to a growing railway system.

In Industrial chains, business was good both in the domestic and in the export markets. These chains are for specific products and specific businesses and specific segments, which require a lot of design and engineering. And this was also a good opportunity for TI to provide its customers its engineering skills and capabilities. While TI is very confident of addressing every challenge that it's faced with, the pandemic was, unprecedented, and it continues. So, however, though TI has suffered, the TI team has really put its best foot forward to meet these challenges with a great courage and conviction.

Overall, while business was interrupted for various reasons as I mentioned, TI spent a lot of time building capabilities -- building capabilities of its employees, taking care that training and learning were not compromised in the difficult times where there was a lockdown, in addition to reaching out to customers electronically and building internal capabilities. TI also took care of all its employees and their families, keeping them engaged and motivated in a best manner that they can. Our Managing Director, Mr. Vellayan Subbiah had a virtual town hall meeting where about 1300 employees all across TI participated. TI is also a responsible corporate citizen and we ensured that not just within the company and related to the Company, even around the Company to all the communities that we serve, we ensured that we provided them with food and medical apparatus, and we also contributed to the State and Central Funds for the handling of the COVID-19. COVID-19 continues, and quite naturally, a lot of steps have been taken to ensure hygiene and cleanliness of everyone and the workplace. And as we return to the workplace, though in a much more subdued manner, because we are only able to run our operations with a specified strength by the government authorities, we made sure that we have followed all the norms set out by the various governments in the location that we work as also adhering to all public health norms and supporting them as well.

Now, let me come to the first quarter results which the Board reviewed. Naturally because of the slowdown and the pandemic, we did not have a full three months of operation and naturally, the financial impact on the Company was quite significant. However, the TI team through various measures, customer engagement, cost reductions, efficiency improvements, etc. they were able to try and reduce the impact of lockdown on the profitability as much as they could.

TI's revenues from the operations on a standalone basis during the first quarter of 2021 which the Board reviewed and approved stands at 379 crores against 1252 crores during the corresponding period of last year -- so you can see the magnitude of the impact. This naturally has caused a loss before tax and exceptional items at rupees 69 crores against a profit of 107 crores in the corresponding period last year. The loss after tax is about 59 crores as against 88 crores of profits in the previous year. Although it's been a difficult start in the year, progressively, we find that there will be improvements and the team is doing its very best to ensure that as markets open up and as customers open up, we serve them even better while trying to be more efficient. We are not losing sight of our long term goals; we are not losing sight about building capabilities; and, we are not losing sight of getting more efficient and reducing costs. And, this is in line with our vision of "building a globally admired Indian engineering company which creates stakeholder delight".

As we pursue these strategic direction and goals, I must talk about the leadership team at TI. Vellayan Subbiah, our Managing Director and his leadership team have been working relentlessly to ensure that even in these difficult times, to try and ensure profitability and serve our customers. I commend them for their leadership which has been truly outstanding and selfless. And I am absolutely certain that Vellayan and his team will continue to lead TI on a growth path. They are very ably supported by lots of people across all TI locations, the offices, the support teams across various functions, all working together towards a common goal.

Members of our Board have been of great support. They were always available to us for their guidance, and wise counsel. Now I look forward to their continued contributions in taking TI forward in the years to come.

Employees, as I mentioned, across TI, are great pillars of strength. Collectively, all of you, some of you are Shareholders, we greatly appreciate all that you do for the Company. And, as Shareholders, many of you have been long term Shareholders, you too have been a great support and a great inspiration to all of us. And as I express my sincere thanks and grateful appreciation to all stakeholders, let me tell you that TII will spare no effort, leave no stone unturned to ensure that even in these difficult times, we will put our best foot forward and do our very best to ensure that the stakeholder delight and the global admiration is continued.

Ladies and gentlemen, thank you all for your patient hearing. And now, I would like you to witness a presentation by our Managing Director, Vellayan Subbiah who will give you a glimpse of TI during 19-20.

**Mr. Vellayan Subbiah, Managing Director**: Thank you. We will just go through a quick corporate overview and then go through each of the individual businesses.

As you probably know, TI has three main lines of business and first is our Engineering business which is led by Mukesh Ahuja - drives tubes. We supply into both Auto and non-Auto uses in the country.

Second is our Cycles business headed by K K Paul which is in bicycles and other fitness accessories. And the third is our Metal Formed business, which does chains - industrial and auto doorframes and also now does work for the railways as well.

A quick snapshot. Chairman had covered some of the business highlights for the year. Revenue was lower. But the team did put in a lot of effort and so we have actually grown profit before exceptional items to 421 crores which is a 13% growth. The bigger issue obviously, which is kind of something that we know, has been a focus for us, has been to reduce the net debt, which has come down from 491 crores to 149 crores at the end of March 2020.

As you probably know we have had four areas of focus -- revenue increase, PBT to Sales, ROCE and Free Cash Flow. So Free Cash Flow has been very strong this year and the PBT to Sales improved from 7.4% to 10.4%. So, in terms of overall sales, this just gives us the numbers again, basically, like I said, a PBT to Sales of about 10% for the year. EBITDA has also been fairly strong, at a standalone level was 545 crores. So, again, all of our metrics are around these four key areas. And despite the drop in net sales, we have had an improvement in profits and an improvement in Return on Capital Employed and Free Cash Flow which we targeted to be 85% of PAT - actually exceeded 100% of PAT in the previous year. So, again this has resulted in a much stronger EPS number for the Company. So that stands at 1760. Capex continues to be in the 200 crore range and Net debt to Equity now is virtually zero; Net Debt to EBITDA is at about .5.

We will go into each of the individual businesses and give you a bit of a snapshot on each of them.

First, the Engineering business. We are basically a leader in the country on CDW tubes - cold drawn welded tubes. And that has resulted in us getting a lot of awards from our customers. This one in particular from Toyota Kirloskar and, Showa for the fourth year in a row we received the strategic global supplier award - from Showa. And so we actually kind of have the largest market share in Asia for that business. In terms of business highlights, we also added the Rajpura facility this year and that was inaugurated and we have now stabilized production. We have also added more capacity on the cold rolled business and we are also now looking at adding another adverse D/T Mill to draw stabilizer bars which we see as a huge opportunity area going forward.

Next is our Cycles business and you know, these are some of the brands we have in the country today - all household names -- BSA, Ladybird, Hercules, Roadeo, Montra, Mach City and Track & Trail. The business has also kind of come up with retail experience that has been introduced by Track & Trail sales stores; continues to be extremely differentiated in the space and something that we are quite proud of. So we have a series of Track & Trail stores across, you know, most of the A & B towns in the country. And, we are now looking to expand that into some of the rural areas as well. The industry, like Chairman mentioned, has had de-growth last year, the trade market de-grew by 17%. And, you know, however, most of the folks gained a little market share; we gained .6% market share in Standards and Specials de-grew by 17.8%. And, our market share there was almost flat. We have also come up with a couple of innovations -- night vision handlebars, you know, has been a kind of an industry first and, has been quite a good differentiator in the market; we have got an anti-slip chain that we have patented, both have been kind of extremely innovative products we brought into the market. Like I said, again, a summary of the business highlights, we actually gained a little market share, launched 70 new models. And, you know launched a couple of licensed products with Disney and Marvel. Also improved our low cost products, which, you know, in India, the space continues to get more competitive in MTB and kids. So our low cost products there have helped gain market share. We have also done a lot of work in reducing slow and non-moving inventory, which has actually resulted in us getting to a stage today where we are at negative working capital and a lot of digitization work in this business as well. Key financials for this business - the financials for this business, again like Chairman mentioned, sales dropped because we exited the institutional business, and we had a drop in trade sales, but PBIT has been up, it is actually more than doubled from 11 to 26 crores; capital employed has come down and will continue to come down as we move and remain in a net negative working capital scenario.

The next business is our Metal Formed Products business and so we get a bit more into detail on each of them. So again, we have got a lot of awards and recognition from some of our customers, Isuzu, you know, and also some of the quality competitions that we participated in. In the Kaizen competition, basically, we had a team that won the Diamond Award - continues to do very good work on the quality front with Palani leading our TQM initiatives here. Again some more awards and recognition from Caterpillar and Mitsubishi on the industrial chains side. And some business highlights in this business basically, again like Chairman mentioned, the aftermarket was given a significant thrust and really helped us offset the drop in OEM. So that's been a good shift for us the fine blanking business had significant growth despite the Auto industry slow-down and we have also had you know, the door frames division, which was basically awarded a four-star supplier rating from Hyundai. We continue to have an extremely strong relationship with them. On the rail side - we have started doing work for Metro Rail with Alstom and continue our supply of coach kits to ICF factory here in Chennai. Financials for this business - sales grew by 4% to 1339 crores and PBIT for this business was flat at 123 crores. So this business will offer us more growth as we go into the coming year.

Finally, we just have a quick summary on Shanthi Gears, which is a subsidiary of this Company. There we actually had flat revenues. the PAT de-grew predominantly because of reduction of non-operating income. So, operating income was similar but non-operating income dropped because of the share buyback that allowed, I mean that basically some of the money that we are sitting on the balance sheet to exit and so investment income came down.

So, with that I will conclude and I hand it back to Chairman. Thank you.

**Mr. M M Murugappan, Chairman** : Thank you, Vellayan. And I trust his presentation would have given you a glimpse of the activities during the year.

Ladies and gentlemen, we have seven resolutions that have been presented before this Annual General Meeting.

Briefly, these are for:

- the adoption of the audited accounts for the financial year on Standalone basis.
- next the adoption of the audited accounts on the Consolidated basis and also the report of the Auditors.
- the confirmation of the interim dividend that was declared and was paid for the financial year 19-20.
- item four is my re-appointment as a Director of the Company.
- item five, it is to fix the remuneration to our Auditors.

- item six is a Special Resolution for the remuneration to be paid by way of commission, and
- item seven is the remuneration that is payable to the cost auditor.

Just to remind all Shareholders that the e-voting window will now be activated and those of you who have not voted please do so. You will find an Instapoll button visible on your screen and you may vote using that.

Ladies and gentlemen, the Annual Report for the year ended 31st March is already with you.

Some of you Shareholders have registered as speakers for this evening and thank you very much for doing so and this indicates an interest in the Company. Some of you have also sent us your questions, which I think our team has also responded to. So once again, I must thank you for your interest in the Company. The names of the speakers will be announced in sequence as they have been registered with our Moderator so that they can speak. It will be my pleasure and that of my colleagues to take all the questions together and then respond to all of you after the end of the questions by all the registered speakers. My sincere request to all of you - since there are quite a few speakers, to restrict yourself to about three to five minutes. I will have these questions tabulated and my colleagues and I will respond to them provided it is not prejudicial to the interests of the Company.

Moderator Sir - May I request you to provide the opportunity for the registered speakers to speak. In my list that has been given to me, the first speaker is Mr. Abhishek.

**Moderator:** Mr. Abhishek, you are kindly requested to unmute your audio, switch on the video and please speak. Thank you.

**Mr. Abhishek (Shareholder):** My name is Abhishek, Shareholder of the Company. My DP ID IN301637 and client ID is 41359155. Sir, first of all, I congratulate the management on the eve of 12th Annual General Body Meeting. Sir, I have some few observations like clarification in the balance sheet, which I would like to go by page number-wise, Sir and I would like to know, what is the real impact of COVID-19 in percentage terms, how your supply chain was affected and where you see the light in the end of the tunnel, what will be the growth triggers in first half and second half. Then, I thank the management for giving a very good dividend year on year and our share price has also escalated and it has given as a very good return in these years. The page number 33, we are glad to know that Shanthi Gears Limited is a subsidiary of Tube Investment of India and it has generated a revenue of 242 crores in 2019-20. So, then page number 83 and 84 - we have subsidiary companies. We have eight subsidiary companies. So, apart from Shanthi Gears, which subsidiary company is giving dividend to the parent company, I would like to know, Sir. And page number 107 - we have contingent liabilities disputes pending with Finance Act and Central Excise, Income-tax and these are pending since 1995. So, what steps and measures have been taken by the management to arrive at a compromise or a settlement so that as soon as possible these disputes will be settled. And, I have some problem with a subsidiary company - Shanthi Gears Limited, Sir, which had a meeting three days ago and I was not able to join for the Annual General Body Meeting; even after sending three reminders, request for joining as a speaker in the meeting, was not allowed to do so. Some physical share issue is there, which is a long-standing issue and they are not transferring the shares, but we shall not discuss in Tube Investment of India, Sir. And I cannot get any contact details of Shanthi Gears. I am not able to get in touch with any person, even if I go to Coimbatore also. So you may put me to the right person in Shanthi Gears who can resolve the issue. Kindly you may ask the Company Secretary to get in touch with me, Sir and thank you for the opportunity. And I would also request you to arrange concalls on quarterly and half yearly basis for the Shareholders in order to learn the perspective in detail. Thank you very much, Sir.

**Mr. M M Murugappan, Chairman:** Thank you, Mr. Abhishek. Our next speaker is Mrs. Valli Arunachalam representing Mr. M V Murugappan. May I request our Moderator to make arrangements so that Valli can speak with us.

**Moderator:** Thank you, Sir. Madam, you are requested to unmute your audio and switch on your video and please speak. Thank you.

**Mrs. Valli Arunachalam (Shareholder):** Good afternoon.

**Mr. M M Murugappan, Chairman:** Good afternoon.

**Mrs. Valli Arunachalam:** Thank you very much for giving me this opportunity to ask my queries. I had posted three questions online for which I received your detailed responses via e-mail. Thank you. However, my questions were very specific and I did not get my answers. So, I thought I will take this opportunity, with all the distinguished Directors present, to ask my questions again and, perhaps make them a little clearer.

Question one: What specific and I would like to underscore 'specific' plans TI Cycles have for capitalizing on urban mobility trends, digital e-commerce? Please note that e-commerce is only a small part of digital commerce and number three export potential. What is TI Cycles' competitive advantage?

Question two: With the vision focused on building an engineering company, my question is do B2C businesses have a future within TI. What percentage of R&D plan is allocated to TI Cycles?

Question three: On what basis is TII making decisions on new businesses to enter? What are TII's plans to create synergy between the various business units?

And the last question is, in this COVID era and post-COVID era, with a tectonic shift from brick and mortar to digital commerce, do you see a significant growth potential for Track & Trail? Thank you.

**Mr. M M Murugappan, Chairman:** Thank you, Valli. We will respond to them. The next speaker is Mr. Mukesh Ajmera.

**Moderator:** Thank you. Mr. Mukesh Ajmera. Please unmute your audio, switch on the video and please speak.

**Mr. Mukesh Ajmera (Shareholder):** Thank you very much for giving me this opportunity to talk. Good afternoon everybody. It is indeed very strange times that all of us are experiencing including this AGM through video conferencing. Invariably the hype and hoopla of attending the AGMs personally was totally at a different footing than what we are experiencing now. And I hope that all the members of TI family which includes the management as well as the employees-- thousands of employees of dozens of companies of the group, TI Cycles as well as Murugappa Group are safe and those who have been affected, I wish and pray that most of them will recover at the earliest possible with the kind of unprecedented human pandemic that we are experiencing in history of mankind.

I have been associated with bicycle industry since the time of my childhood memory. I know the two words, cycle and TI Cycles since my childhood and my family was also associated with TI Cycles for several years and decades including being Shareholders right from the IPO days and we have had several decades of holding over the years across various family members.

I would like to congratulate the Company the way it has grown -- the entire group-- the way it has grown over several years and decades under the leadership of various family members of Murugappa Group itself starting with Mr. Murugappa Chettiar, who was the founder of the TI Cycles. And we had a special relationship with him with my father being one of the friends of the Company being the dealer of TI Cycles and both Mr. Murugappa Chettiar and my father had an excellent comraderie over the years and it translated into many other managers including Mr. K D Menon, Mr. Sarangapani, Mr. Mohan Rao and others with whom we have dealt with and we have grown as a family over the years over several decades. And it is also nice to see Mr. Murugappan leading the Company as one of the largest corporations in South India, and he has done commendably well since his Chairmanship and taken all the Group companies to greater heights. I have one small request in terms of some issue that I have. But, before that I would like to mention something in light of the future business of the Company--what are the clients does the Company have; any kind of plans as my predecessor speaker, Ms. Valli mentioned about -- does our Company have any futuristic plans in terms of e-mobility and the practical considerations of that because I think that could be the only solution in times to come irrespective of COVID or without it because you know the last mile connectivity in all the Metro cities, you know, is becoming a very big issue. So of the leading business opportunity for the Company, if it has any plans, and the second thing is the small problem that I am having as I mentioned - we are being Shareholders in our family for several years. We have some shares of my mother which have not been transmitted for quite a few years despite complying with all the regulations, despite submitting all the documents. So I require the Company to please look into it and enable the transmission at the earliest and do the needful. I wish everybody lots of good health and hope that this pandemic is taken care of by God at the earliest possible. Thank you very much.

**Mr. M M Murugappan, Chairman:** Thank you. Mr. Ajmera. Now the next speaker is on behalf of the UNIFY AIF 2

**Moderator:** Thank you, Sir. May I request the gentleman who is present here to please unmute your audio, switch on the video and speak please. Thank you.

**UNIFY AIF 2 (Shareholder) through its authorized representative:** Good evening. I have a few questions. So these are from the various descriptions in the Annual Report. Firstly, in the fine blanking division, the Annual Report mentions about new safety critical parts being developed for global auto manufacturers of seating solutions. Since this being a new opportunity for the Company, could you please brief on the opportunity size and the growth prospects in this segment? Second question is a lot of focus has been placed on the aftermarket business in the financial year 2020. How has the contribution from this segment increased and what is going to be the path going forward? The third question is the today's result press release mentions about the capacity utilization of 50% in quarter one. Based on the custom order book and interaction, what is the path forward? The fourth question is the Company plans to set up manufacturing units for the truck body division at four locations, what will be the capex



incurred for this? And what is the plan to compete with the unorganized market in the segment? The fifth question is about certain media reports suggesting that you know - Murugappa Group company looking to acquire one of the leading engineering company. Would you please clarify on this. Thank you so much.

**Mr. M M Murugappan, Chairman:** Thank you very much.

**Moderator:** Chairman, Sir. That concludes the speaker registration. I hand it over to the Board now. Thank you.

**Mr. M M Murugappan, Chairman:** First of all, I wish to thank all the speakers for the interest in the Company. We really appreciate it. And this shows your interest and involvement with the Company. I will take in the order of speaking.

Mr. Abhishek, first of all, I am sorry that you have had some difficulty with not being able to join the AGM of Shanthi Gears. I am not fully certain what the difficulty you faced. I will have someone reach out to you and give you the particulars of the person concerned at Shanthi Gears so that you can address your queries to them directly. You talked about eight subsidiaries and which subsidiaries are profitable. Now, in the case of eight subsidiaries, all these subsidiaries are strategic in nature to TII. The subsidiary that is profitable is Shanthi Gears. We have a subsidiary in France, which is Sedis; we have two subsidiaries and that particular subsidiary, Sedis, the way the structure is, there are three subsidiaries, but it is a whole industrial chain unit in Sedis, France. And this industrial chain unit does source product from us and it services customers largely in Europe and, some in other parts of the world. Unfortunately, since Europe is also in the grip of a recession, this subsidiary is not very profitable but certainly they are making every effort to get back into profits. There are two small subsidiaries in Sri Lanka wherein that these subsidiaries are Great Cycles and Creative Cycles and, these are assembly operations for cycles in Sri Lanka to take advantage of being located there in terms of value added manufacturing and therefore from there can be exported to various countries including India. Here again, the businesses are not very profitable. However, the cost of manufacturing and assembly is quite an advantage but we do not have sufficient volumes as yet. Our Bicycle business is working on this very carefully and hopefully as the export of bicycles increase, this will be a huge benefit and both Great and Creative Cycles, Sri Lanka will be able to support the export initiative. You talked about concalls, quarterly and half-yearly. We do put on our website all the details of the half year and the quarterly results and the discussions thereon. I would request you to kindly go to the website and take a look at this because we must be fair to all Shareholders and therefore, all the Shareholders can take a look at the discussions based on the quarterly results. COVID-19 has been a huge impact on us. In percentage terms, I cannot exactly tell you but I can tell you that TI in support of COVID related initiatives and activities both for the public, for the Chief Minister's and the Prime Minister's relief fund and for the communities around us, our expenditure has been in excess of about 6 crores. We still continue to ensure health and hygiene of all our staff and that expenditure will continue.

Now I will go to the questions from Mrs. Valli Arunachalam here again. Thank you very much for your interest in TI and thank you for posting certain queries in the portal. I am sorry that you feel that you did not get the appropriate responses. So, I will attempt to amplify the further responses on this as well. So first point is that relative to the plans of TI Cycles.

TI Cycles addresses both urban and rural mobility in India, and the question is specific to urban mobility and in urban mobility, what we are finding is that the Standard Roadster bicycles which was a medium of transportation both for humans and for goods is now declining definitely in the urban areas. There is a trend that we see relative to health and fitness and you will be pleased to know that TI, as our Managing Director Vellayan has showed you in this brief glimpse, that we do have a range of products for health and fitness. These products are gaining traction. They tend to be a little more expensive naturally than the Standard Roadster bicycles. So one is these products which are sold through our dealerships and which are sold through the Company owned and operated stores namely Track & Trail are gaining traction and TI also works closely with bicycling clubs and bicycling institutions in terms of the urban mobility opportunity. Now, what are specific plans. Over the last couple of years rather than just the mountain bike, which was more for fun and leisure, TI put out a bicycle brand called 'TI Mach City', which was a brand that looked at mobility within large campuses as also mobility in areas of a fairly light weight bicycle that people could ride very easily and which was appropriately priced. And that will continue. In terms of certain other specific plans, there are some new products on the anvil. These new products do take into account, newer technologies that are coming in and as you can see urban mobility in different parts of the world has also embraced electric technologies. Teams of people are working on this. Our primary goal is safety, security and availability and, affordability, as well. So, the plans that the R&D teams are working are along these lines and, therefore, to be specific, we can be specific in terms of the overall approach, in that we are taking towards product development and R&D. On specific things, there are some areas, naturally, for competitive reasons, we will have to keep it with us. But, the moment we put out these products in these markets and launch the products from the design and engineering stage to prototyping and then later on into test marketing and marketing & branding, we will definitely let the markets know and also the Shareholders naturally will get to know about the attributes of these products. You talked about an export potential. Yes, there is certainly an export potential in different markets. In the bicycle markets, the way

they are segmented in developed countries, you have fairly high-end bicycles and then you have fairly inexpensive bicycles, which are sold through, sometimes, supermarkets and they are sold through other distributors. So, we do not cater to the very high-end market, and the export potential to the lower end market and through specific distributors is there. It is dominated today by China and it is dominated by other low-cost countries where assembly and value addition is given a lot of importance and therefore, countries like Sri Lanka, Malaysia etc. are able to export these products, their products to other developed countries. So, for TI, this is a very small part of the business and it's only now I would say it is a fledgling business right now and hopefully with the kind of capex that we will have in the coming year, we will be able to address this market, but we will be catering to a very, very, very miniscule part of the affordable bicycle market. The capital expenditure on Cycles, as you had asked, in the last year, it was two crores or 20 million rupees and in this year, we expect it to be close to 9 crores or 90 million rupees. Also a question that you raised on the TI Macho and the TI Macho is essentially an outsourced product. It has only working capital. Our technical people are working with our outsourced providers. The working capital that has been involved in TI Macho and that too, we have only two outsourced providers and we have a very limited regional presence. The working capital has been approximately 0.7 crores or 70 million rupees. About B2C businesses and how does it fit into TI Cycles and TI as a largely an engineering company. If you look at history of TI Cycles from 1949, it started off as a bicycle business and then vertically integrated into components of bicycles like steel tubes, transmission chains etc. Then, each of these businesses - steel tubes, transmission chains etc., there was opportunities in other areas also, so these businesses developed on their own while supporting the Bicycles business. Now, these businesses have many customers of their own and therefore have grown much larger than the Bicycle business. Nevertheless, the capabilities that we have in terms of design and engineering, strong brands like BSA, Hercules and now, Montra on the new alloy bicycles, these brands are strong and they have a fairly good recall in India. Therefore, the Bicycle business is still a strategic business for TI and you would have seen from the presentation that Vellayan Subbiah made that despite the downturn in the market, the Bicycle business has both negative working capital as well as has been more profitable even in these times impacted by COVID-19.

In terms of synergies within TI, TI works a lot with steel, across all its businesses. We work with roughly three hundred thousand tons of steel -- these three hundred thousand tons of hot rolled steel is further processed into cold rolled as required and this goes into tubes, it goes into transmission chains, it goes into metal formed products and a host of other products which are made by TI. So, TI derives a tremendous synergy across its supply chain and further, TI the derives the synergy also from design and engineering through its Corporate Technology Center, which is located in Chennai. This Corporate Technology Center works very closely with educational institutions within India and at times, even overseas on specific products. At the present time, they are working on high strength steels because light weighting is becoming very important in various industries and particularly the automotive industry. Light weighting but nevertheless safety becomes extremely critical and couple of the products that TI makes like the telescopic front fork or transmission chains are all safety-critical products and the kind of synergy that we derive by working through the Corporate Technology Center, its various projects and some R&D initiatives along with research institutions and also our suppliers. I must mention this here because when we work with steel suppliers both in India, in Japan, in Korea, we find that we are able to learn a lot from them. So we get a lot of synergies from the suppliers as well. So there was a final question on Track & Trail which I answered in the course of talking about bicycles. I hope I was able to give you a lot more specificity to the questions that you had asked. Should there be still any further areas, please feel free to contact us and it indicates your interest in the Company which we greatly appreciate.

I move on to the next person which is Mr. Mukesh Ajmera. Thank you for the history and the legacy of yourself and your family with TI Cycles. It is greatly appreciated. You had this very small request and I think this is a request that you have reached out to the Company. The Company has also reached out to you and we would very greatly appreciate your responding to Company on the specific queries that the Company has because these are shares which belonged to predecessors in your family. Unfortunately, we do not have the documentation as specified by the Regulators. If you could kindly provide them, which I am sure you will, we will make every effort to ensure this transmission is done. We are an institution. While we appreciate your relationships with the Company, we will only take an institutional call to do what is right for every Shareholder including yourself and I trust you will appreciate that as well.

I will move on to the next question from UNIFY. You talked about a few areas on fine blanking, aftermarket, truck bodies etc. Mr. Vellayan Subbiah, our MD, has been in the forefront of some of these new initiatives that the Company is taking and I am going to turn it over to him for him to respond to you.

**Mr. Vellayan Subbiah, Managing Director:** Thank you. The first question was around fine blanking. So the components that we have been working on, that have started growing a fair bit, both domestically and internationally, have been on the seat belt side and manual and power recliners - both seat associated components. And, so we see fairly good growth from that, from those components, in the upcoming years. We see about a thirty percent per year, at least, growth in those two segments over the, I'd say, the foreseeable next three to four years

based on our relationships with OEMs in and with tier one suppliers in that business. Second question was about the aftermarket for auto chains. So, initially when the auto chain segment's the aftermarket was about twenty percent of our overall business; that number has now grown significantly to more than double of what it used to be before. Third question was on capacity utilization. The capacity utilization has been improving and we believe that in this quarter it will be significantly higher than that fifty percent number that we hit in June. So, I mean our sense is that by the end of the quarter, we should be hitting in the range of about seventy-five percent. The fourth question was around capex for truck body and, that is a total of nine crores across all four locations. And the fifth question was around acquisition of an engineering company and from that perspective, you know, the Company is constantly looking at acquisitions and at any point in time, we usually have at least two to three acquisitions that we are actively pursuing. This is part of our stated strategy and it's there in all of our Shareholder transcripts as you go back as well and more than that. Obviously, we don't comment on ongoing kind of -- it's been an ongoing process and these we openly stated over the last six to nine months. So, I think those are the questions you raised, Sir. Thank you so much.

**Mr. M M Murugappan, Chairman:** Thank you. And, thank you all for your questions and ladies and gentlemen, that brings us to the end of the question and answer session. Again, those of you who have not cast your votes. Please do so. The Scrutineer will take up the counting of votes and provide a consolidated scrutineer's report. The details of the results along with the scrutineer's report will be placed on the Company's website [www.tiinida.com](http://www.tiinida.com) and on the website of KFintech on receipt of the consolidated report of the scrutineer. The voting results will also be communicated to the stock exchanges within forty-eight hours of the conclusion of this Annual General Meeting.

Ladies and Gentlemen, with this the official business of the Meeting is concluded. Thank you all for your continued interest in the Company and also, I once again thank all of you who have participated in this Annual General Meeting. I thank you for your interest. And, I also thank our moderators and service providers, M/s KFintech who have assisted us in the conduct of this Meeting. I wish you a good evening and once again, stay safe and stay well. Thank you, ladies and gentlemen.

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