



TUBE INVESTMENTS OF INDIA LTD



Investor Meet

JUNE, 2012



DISCLAIMER



This presentation contains forward-looking statements which may be identified by their use of words like “plans,” “expects,” “will,” “anticipates,” “believes,” “intends,” “projects,” “estimates” or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements.

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Section 1

Overview of Murugappa Group



Murugappa Group



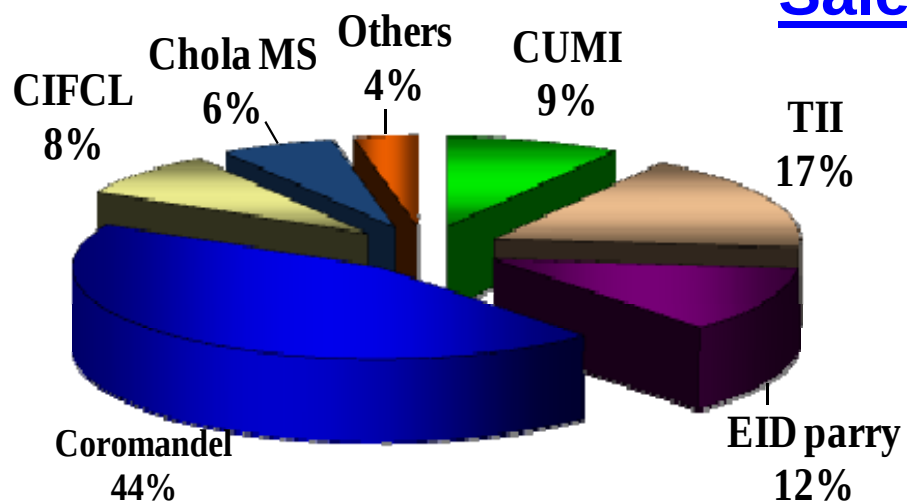
USD 4.4 Billion Murugappa Conglomerate



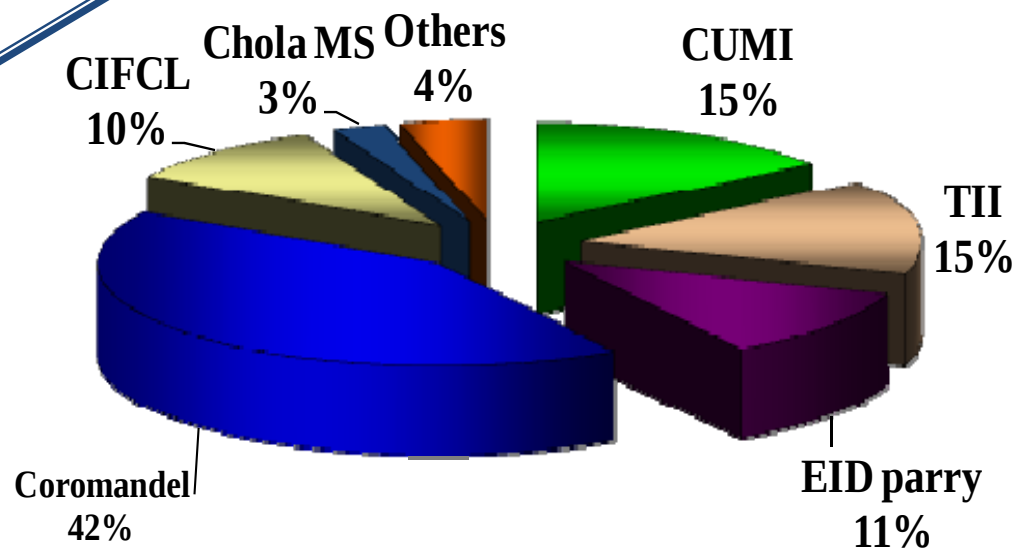
Composition of Group Turnover and Profits



Sales Composition



EBITDA Composition



Section 2

Overview of Tube Investments



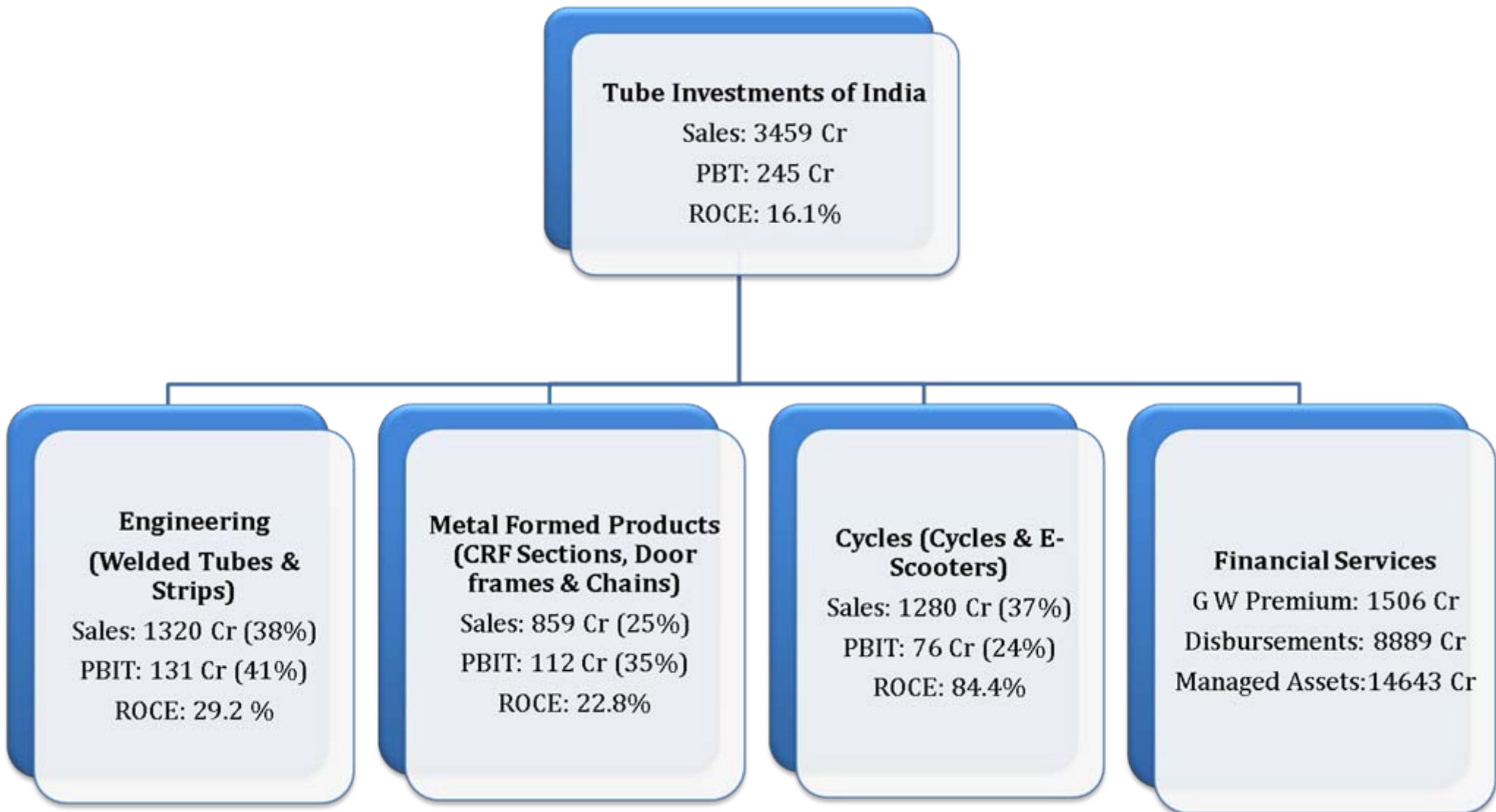
Evolution of the Company



- TI Cycles of India Ltd commenced bicycles manufacturing in 1949 in collaboration with Tube Investments Ltd UK
- As a backward integration Tube Products of India Ltd was formed in 1955 to service the requirement of Tubes to TI Cycles
- Tube Products of India merged with TI Cycles of India in 1959. Name changed to Tube Investments of India Ltd.
- Another backward integration for the production of Cold Rolled Strips and Chains in 1962
- Metal formed products for the automobile industry in 1982
- GDR issue of \$ 50 million in 1994
- Tube Investments of India Ltd became a 100% domestic Company in 2000
- Acquisition of an industrial chain company in France in 2010



Company Overview



**Figures in brackets represent contribution in % terms to total (Excl. Financial Services) for the year 2011-12*



Corporate Overview



Key Competitive Strengths

- Leader in all business segments
 - Precision welded tubes –
 - CDW segment - ~ 55% market share
 - Automotive Chains – ~ 40% market share
 - Roll formed Car doorframes – ~ 60% market share
 - Bicycles – specials segment – ~ 50% market share
- Strong customer relationships
 - All major automotive OEM's as customers
- Proximity to consuming markets
 - Facilities across the country
- High quality levels; “Zero PPM” in
 - Car doorframes & Automotive chains
- Promoter of Financial Services
 - Holds 54.49% equity in Cholamandalam Finance
 - Holds 74.00% equity in Cholamandalam MS General Insurance
 - Options are being evaluated to arrive a optimal structure to enhance shareholder value



Shareholding Pattern: 31st March, 2012



Particulars	Holding %
Promoter Group	48.15
Mutual Funds	11.69
Banks / Insurance Companies	3.73
Depository Receipt Holders	3.45
Bodies Corporate	6.58
Foreign Institutional Investors	8.44
General Public	17.96

Section 3

Divisional Overview

Section 3

Divisional Overview - Engineering



Engineering Overview



Precision Tubes

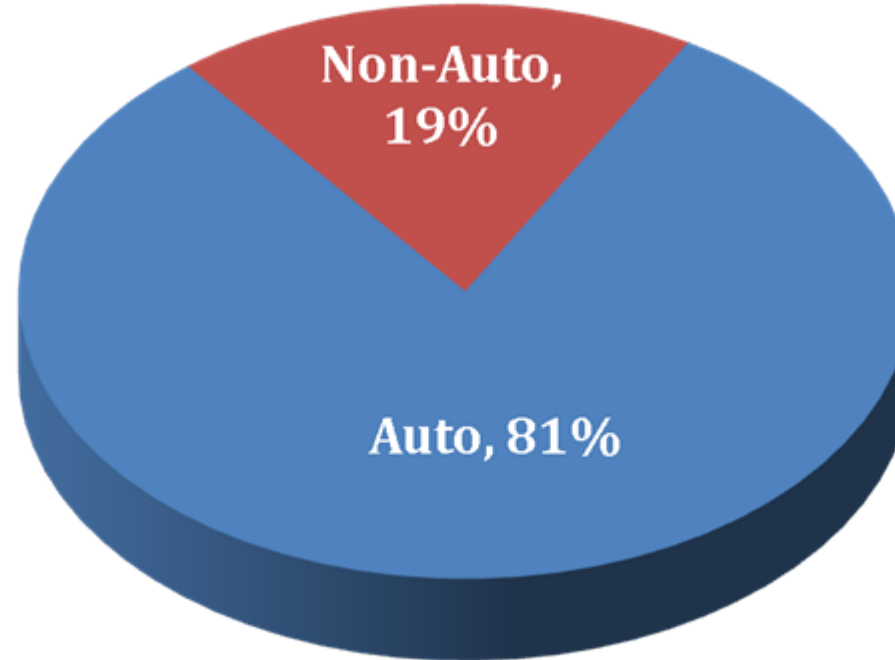
- Industry has 2 segments - welded and seamless
- The size of the market is approx. 0.5 Mn Tonnes
- Our focus - Ferrous
 - Cold Drawn Welded (CDW)
 - Electric Resistance Welded (ERW)
- Applications in Automotive, boiler, cycle and general engineering sectors
- The major application is found in automotive sector
 - 2 wheelers contribute about 40% of the demand
 - 4 wheelers contribute the rest
- Our CDW market share is ~ 55%

Cold Rolled Steel Strips

- Regionalized industry due to high element of freight cost
- Integrated manufacturers are our competitors
 - Focus on Special grades
- Application in Auto ancillary / Bearings / cycles / General engineering / Furniture / Chains amongst others



Engineering: Segment Analysis



High share of revenue from Auto



Performance Trend



Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Sales	877	957	890	1190	1449
PBIT	43	17	85	113	131
PBIT Margin	4.9%	1.8%	9.6%	9.5%	9.0%
ROCE	11.9%	5.2%	22.1%	29.2%	29.2%



2011-12: Key Contributors



- **Auto Industry growth of 14%**
 - Two Wheelers - 17%;
 - Commercial vehicles – 20%
- **Volume growth of 14%**
- **Contribution of new products to turnover – 11%**

Tube Sales surpasses the 1000 Cr mark



Financial Summary - Engineering



Particulars	2011-12	2010-11	2011-12	2010-11	% Growth
Volumes (Tonnes)			% to Sales		
Strips:					
Domestic	52647	48286			9.0%
Exports	837	1106			-24.3%
Tubes:					
Domestic	127626	110558			15.4%
Exports	8143	9484			-14.1%
Tubular Components	10431	7308			42.7%
Sales (Net) (including Inter Unit)	1449	1190			21.8%
Other Income	7	6	0.5%	0.5%	16.7%
Total Income	1457	1195			21.9%
EBITDA	161	140	11.1%	11.8%	15.0%
Depreciation	30	27	2.1%	2.3%	11.1%
PBIT	131	113	9.0%	9.5%	15.9%
Capital Employed					
Net Fixed Assets	252	216			
Net Working Capital	197	171			
Segment Capital Employed	449	387			
ROCE%	29.2%	29.2%			
Sales/NWC	7.4	7.0			



2012-13: Key Drivers



- Auto Industry expected to grow in double digit
 - Growth % to be lower than previous year
- Investments in Infrastructure sector to grow
- Capacity building in Tubes segment
 - Greenfield facility in South for Large Diameter Tubes
 - Greenfield facility in North
- Entry into new product segments
 - Stainless Steel Tubes – Started production in Feb '12
- Focus on internal efficiencies
 - Cost reduction
 - Timely price recoveries

CAPEX – 250 Cr.

Section 3

Divisional Overview – Metal Formed Products



Overview



Auto Products

- Growth in Automotive industry
- Market leader with
 - ~ 60% market share in doorframes
 - ~ 40% in automotive chains

Non - Auto

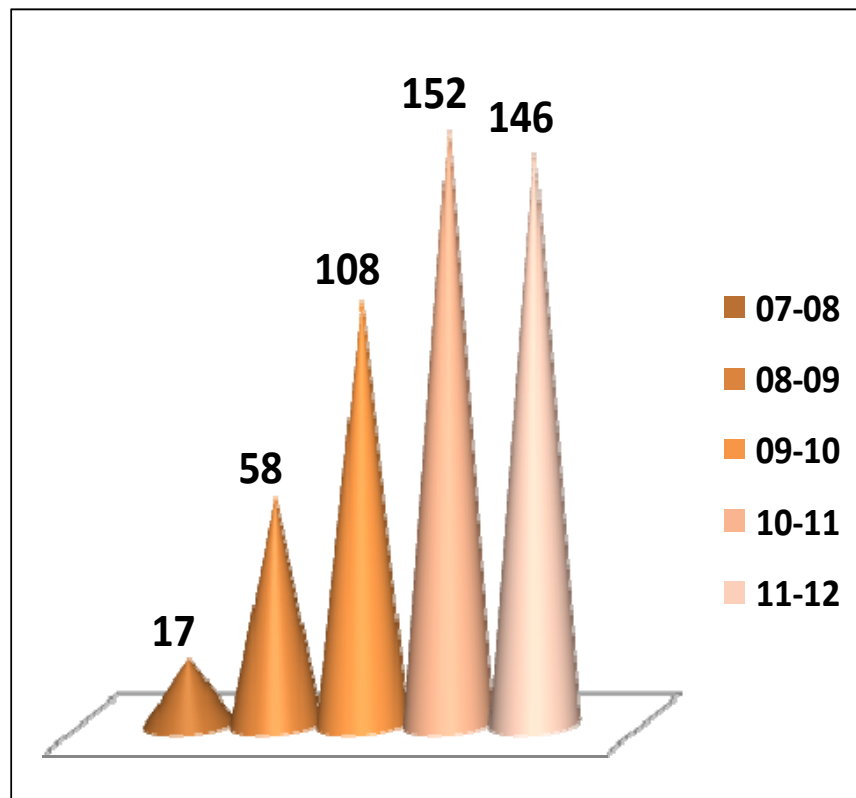
- Estimated annual wagon requirement – 18,000, ~ 60% with CRF sections
 - ~ 35% market share in CRF sections
- Robust manufacturing & infrastructure growth
 - ~ 40% market share in industrial chains



Overview

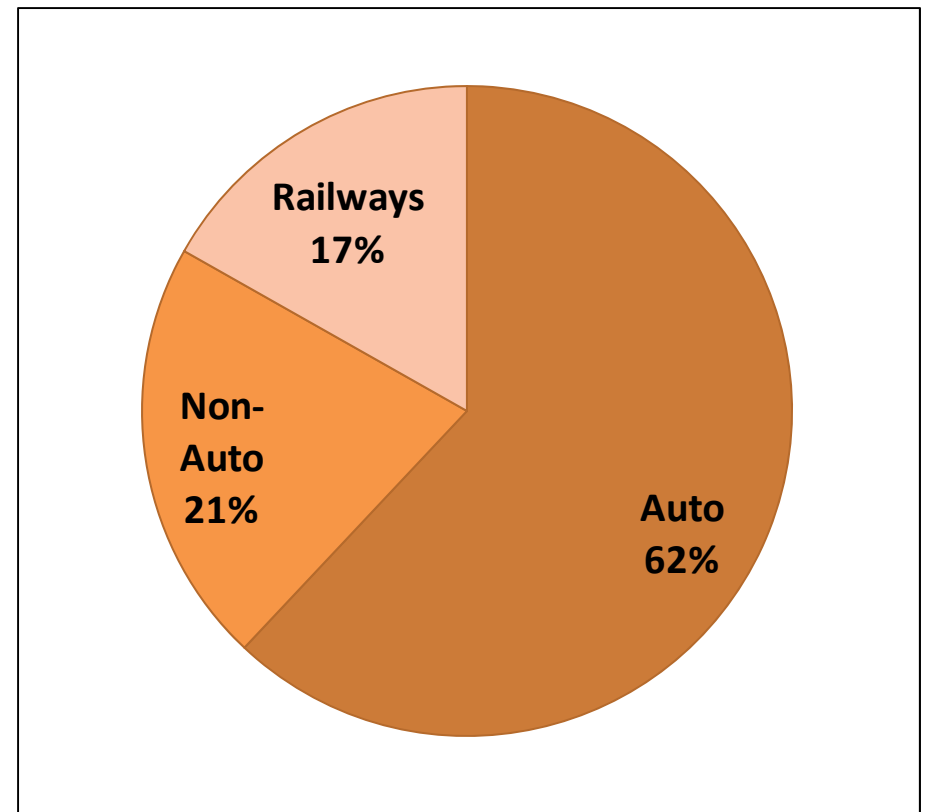


Revenue from Railway Products



figures in ₹ Cr.

Segment Analysis



Divisional Overview – Metal Formed Products



Performance Trend



Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Sales	368	476	576	769	859
PBIT	56	51	80	102	112
PBIT Margin	15.2%	10.7%	13.9%	13.3%	13.0%
ROCE	20.7%	15.0%	21.5%	24.0%	22.8%

figures in ₹ Cr.



2011-12: Key Contributors



- Sales volume growth:
 - ❖ Automotive chains – 13% ; After Market (Kits) – 35%
 - ❖ IC Domestic – 13%; Exports – 40%
 - ❖ ECC Domestic – 27%
 - ❖ 4w business in FB parts gone up from 13% to 22%
- Capacity expansion
 - ❖ Drive by 17% and Cam by 37% in RCD and UTK plants (combined)
- New Product Development
 - ❖ 15% in Industrial Chains

Divisional Overview – Metal Formed Products



Financial Summary



Particulars	2011-12	2010-11	2011-12	2010-11	% Growth
Volumes			% to Sales		
Door Frames (Lakh Sets)	10. 47	11. 51			-9.0%
Sections for railway wagons (Sets)	3257	3219			1.2%
Chains					
Domestic (Lac ESS feet)	641	562			14.1%
Exports (Lac ESS feet)	111	79			40.5%
Sales (Net) (including Inter Unit)	859	769			11.7%
Other Income	10	6	1.2%	0.8%	66.7%
Total Income	870	775			12.3%
EBITDA	149	135	17.3%	17.5%	10.4%
Depreciation	37	33	4.3%	4.3%	12.1%
PBIT	112	102	13.0%	13.2%	9.8%
Capital Employed					
Net Fixed Assets	317	295			
Investments	44	44			
Net Working Capital	131	86			
Segment Capital Employed	492	425			
ROCE %	22.8%	24.0%			
Sales/NWC	6.6	8.9			

figures in ₹ Cr.



Overseas Chains Subsidiary



- Financiere C 10 – Holding company of Sedis

- ❖ Acquired 77.13% for Rs. 44 Cr.

- ❖ Two plants in France

- ❖ About 23% market share in France

- ❖ Five global patents

- ❖ Leader in special and engineering class chains

	2011	2010
Turnover	€ 34 Mn	€ 29 Mn
PBT	€ 1 Mn	€ 0.5 Mn

- Range of industries catered to:

- ❖ Car / escalator / textiles / food processing / packaging / cement / sugar / paper / water treatment / lumber / dams / amusement park



2012-13: Key Drivers



- Auto Industry expected to grow in double digit
 - ❖ Growth % to be lower than previous year
- Investments in Infrastructure sector to grow rapidly
- Capacity building
 - ❖ Greenfield facility in South
 - ❖ Existing locations
 - ❖ Fine Blanked facility
- Leverage from acquisition
 - ❖ Technology for Indian markets
 - ❖ Manufacture in India for Global markets
 - ❖ Technical services

CAPEX – 200 Cr.

Section 3

Divisional Overview – Cycles & E Scooters



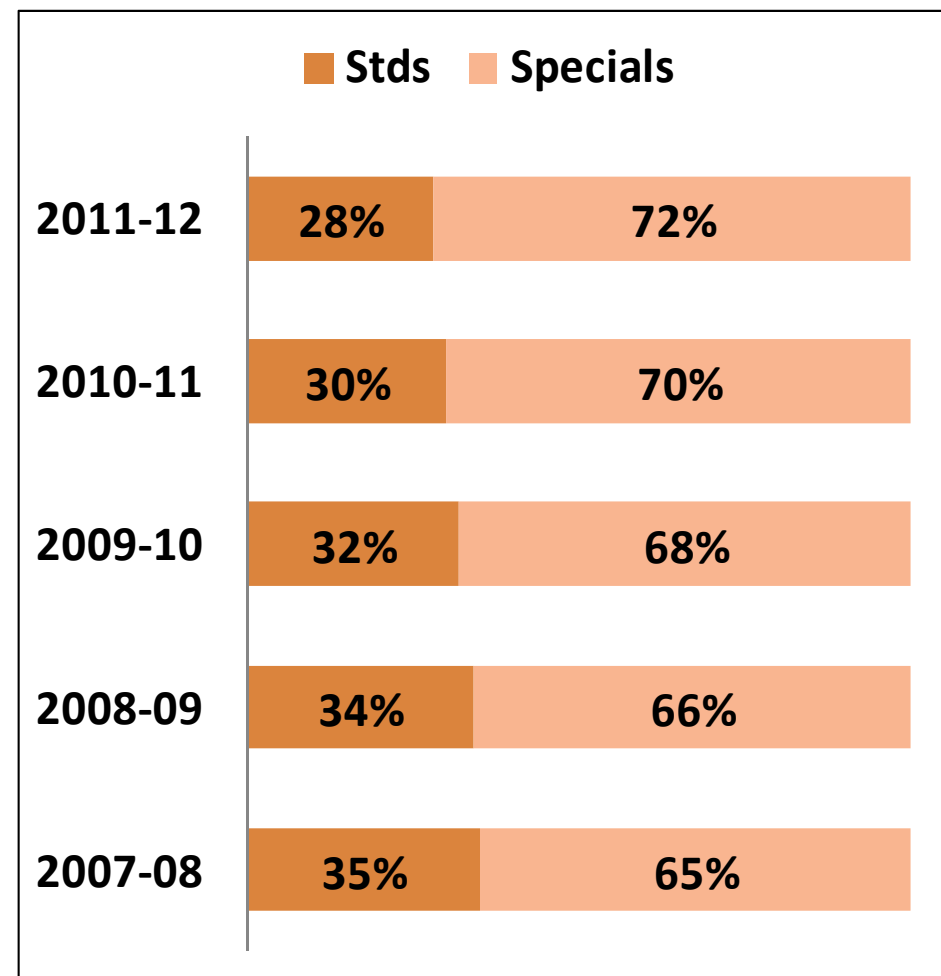
Overview



Industry

- Bicycle Industry size: ~ 15 Mn
 - Standards – 45%; negligible growth
 - Specials – 55%; growing at over 10%
- Fitness Industry: ~ 900 Cr
 - Growing at ~ 20%
- Electric Scooters/ Pedelecs
 - Nascent segment

Our Segment Analysis



Divisional Overview – Cycles & E Scooters



Performance Trend



Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Sales	568	723	946	1114	1280
PBIT	22	29	69	78	76
PBIT Margin	3.9%	4.0%	7.3%	7.0%	5.9%
ROCE	26.2%	51.8%	69.7%	104.0%	84.4%

figures in ₹ Cr.



2011-12: Key Contributors



- Sales growth higher than industry
 - ❖ 15% growth in Value
 - ❖ 8% growth in Volume
- New Products
 - ❖ 26% revenue from sale of new products
- Business Model
 - ❖ Promotion of “Cycling”
 - Cyclothons, Bikeathons, Fun Fitness and Freedom rides
 - ❖ 830 retail outlets under various formats contributes to 25% of revenue



Financial Summary



Particulars	2011-12	2010-11	2011-12	2010-11	% Growth
Volumes (Lac Nos)	45	41			9.8%
Sales (Net)	1280	1114			14.9%
Other Income	13	6	1.0%	0.5%	116.7%
Total Income	1293	1121			15.3%
EBITDA	83	85	6.5%	7.6%	-2.4%
Depreciation	7	7	0.5%	0.6%	
PBIT	76	78	5.9%	7.0%	-2.6%
Capital Employed					
Net Fixed Assets	45	46			
Investments	4	3			
Net Working Capital	41	26			
Segment Capital Employed	90	75			
ROCE %	84.4%	104.0%			
Sales/NWC	31.2	42.8			



2012-13: Key Drivers



- Industry to grow ~ 5%
 - Greenfield Facility for Cycles
- Growth opportunity in Exports
 - Greenfield facility
 - Explore International Brand acquisition
 - Cycles
 - Fitness
- Continue expansion of Retail Formats

CAPEX – 50 Cr.

Section 4

Financial Services



Overview



Investments

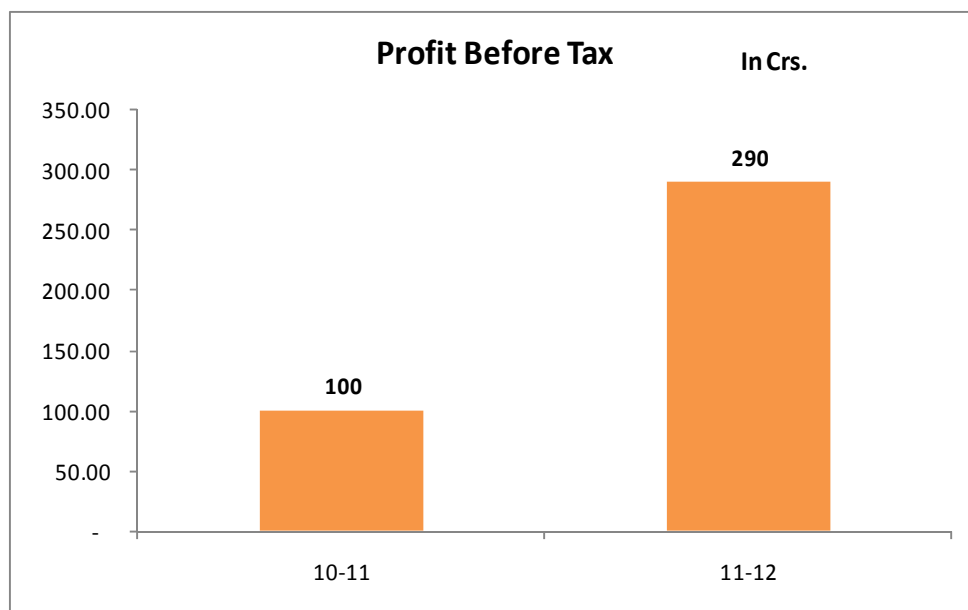
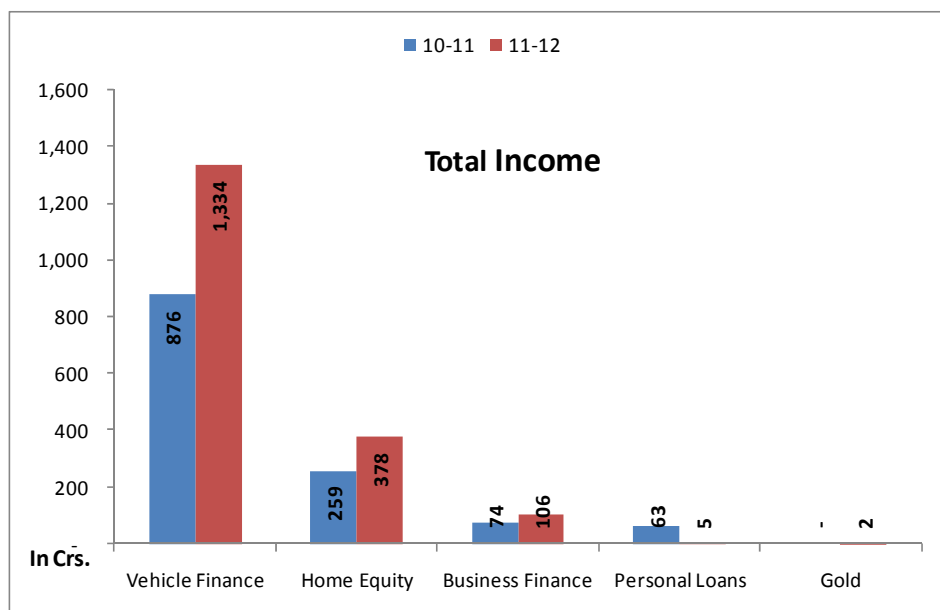
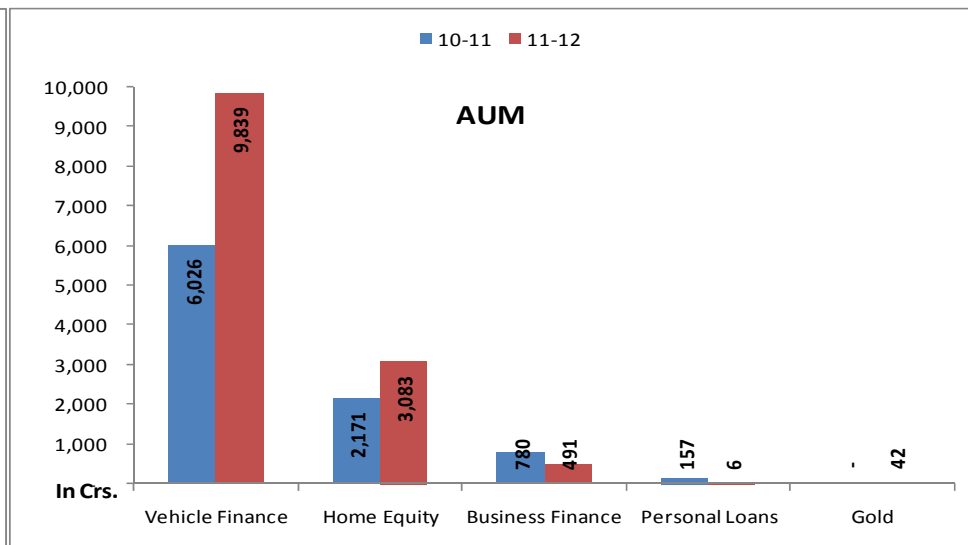
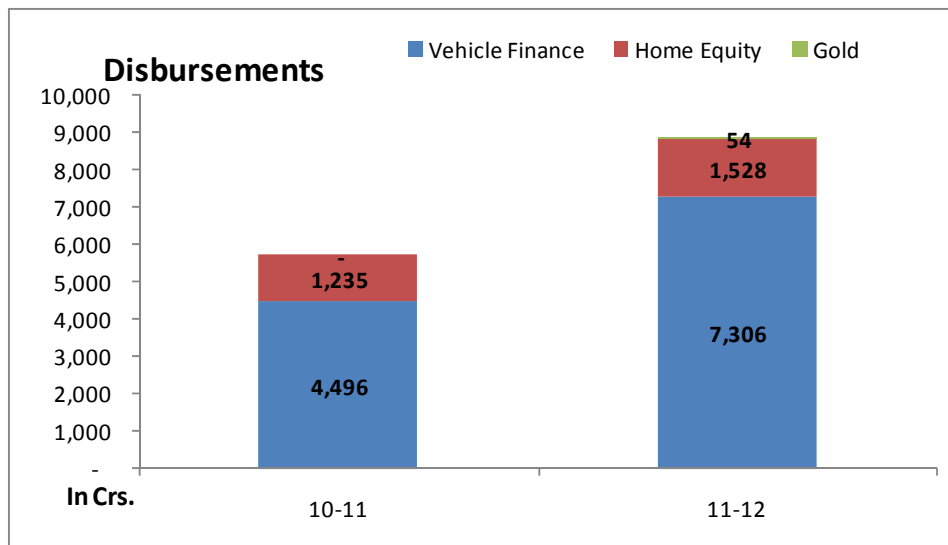
- Investment of Rs. 646 Cr.
- 54.49 % of capital held by TII
- Average Cost of Acquisition per share – Rs. 89
- Market price per share – Rs. 188 (as on 31/03/2012)

Performance in 11-12

- Disbursements in asset financing – 7306 Cr.
 - Vehicle finance – growth of 63%
 - Home equity – growth of 24%
- Capital adequacy ratio – 18.1%
- Presence – 375 branches
- Capital raised during the year – 212 Cr.
- Profit after tax – Rs. 173 Cr



Performance Overview– 2011-12





2012-13: Key Drivers



- Disbursements growth planned ~ 35%
- Geographical Expansion
 - New Braches planned
- Customer Engagement & Retention Initiatives
 - Proactive Top ups to Customers
 - Enhancing customer interaction post disbursal



Overview



About Mitsui Sumitomo

- Largest non-life insurer in Asia & Largest in Japan
- Global player with presence in over 40 countries
- Rated A+ by Standard & Poor
- Front runners in Property & Marine lines of businesses

Chola MS JV

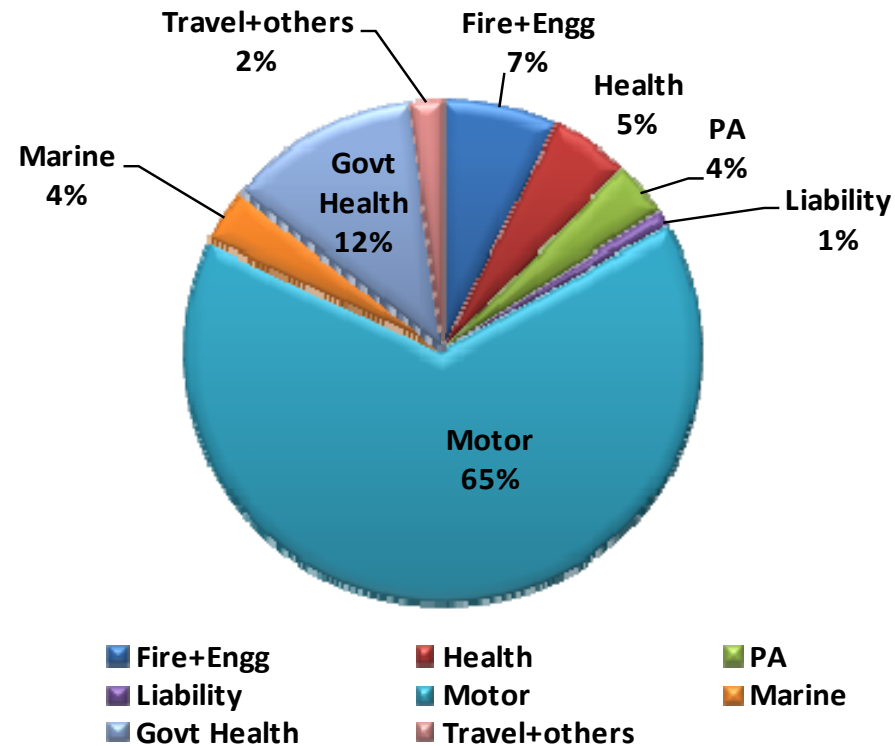
- Equity Capital & Premium – ` 317 Cr
- Shareholding pattern
 - TII holds 74%
 - Mitsui Sumitomo 26%
- Market Share – 3.2%
- Solvency Ratio – 1.33
- Distribution Framework
 - Market presence - 90 branches
 - Multiple business tie-ups – banks, NBFCs, Auto mfrs etc
 - Leading insurer for Japanese / Korean business interests in India



Business Mix



Chola Business Mix FY 2011-12





2011-12: Key Performance Highlights



- Top line growth of 44%
- Operating profit – Rs. 16 Cr (Previous year Loss – Rs. 23 Cr)
- Capital infusion – Rs 50 Cr.
- Motor Pool losses to be absorbed over 3 years – Rs 151 Cr.
 - Rs. 66 Crores absorbed in 2011-12
 - Balance Rs. 85 Crores to be equally absorbed in next 2 years.



Chola MS – Income Statement



Particulars	2011-12	2010-11
Gross Written Premium	1506	1047
Less: RI cession	515	320
Net Written Premium	991	727
Net Earned Premium	869	629
Commission		
Customer Acquisition costs	182	118
Less: RI Commission etc..	36	29
Net Commission costs	146	90
Incurred claims	658	486
Total Claims	658	486
People Related costs	64	53
Other operating expenses	84	88
Total Expenses of Management	148	142
Underwriting results	(83)	(88)
Investment income	99	66
Operating PBT	16	(23)
PBT	16	(23)
PAT	19	(23)
Combined ratio	110%	114%

figures in ₹ Cr.



2012-13: Key Drivers



- Aggressive growth planned in strategic channels
 - Inclusion of new agents planned
 - Volume scale up in personal line and health products
- Scale up in new tie-ups / new products / niche areas
- Rationalise growth across geographies
- Continued focus on people / branch productivity
- Enhancing sourcing through web – motor, health, travel etc

Section 5

Financials



Performance Trend



Description	2007-08	2008-09	2009-10	2010-11	2011-12
Sales	1744	2059	2346	2963	3459
PBIT	97	60	159	307	321
PBIT Margin	5.6%	2.9%	6.8%	10.4%	9.3%
ROCE	8.9%	5.1%	10.2%	17.4%	16.1%
EPS	3.06	3.91	4.39	9.16	9.69
EPS (Cons)	3.66	2.85	6.08	10.58	14.46



Cash Generation



Description	07-08	08-09	09-10	10-11	11-12	Total
PAT	57	72	81	170	180	560
Depreciation	53	59	67	69	76	324
Change in NWC	-8	68	-60	-20	-120	-140
Exceptional Items	-5	-47	40	-21	0	-33
Free Cash Flow	97	152	128	198	136	711
Capital Expenditure	109	87	96	87	167	546



Financial - Summary



Particulars	2011-12	2010-11	2011-12	2010-11	% Growth
			% to Sales		
Sales (Net)	3459	2963			16.8%
Other Income	62	29			113.8%
Total Income	3521	2992			17.7%
Raw Material (Net of Inventory change)	2162	1800	62.5%	60.7%	20.1%
Employee Cost	259	244	7.5%	8.2%	6.1%
Other Costs	702	592	20.3%	20.0%	18.6%
Total Cost (before Depn. & Interest)	3123	2636			18.5%
EBITDA	397	356	11.5%	12.0%	11.5%
Exceptional/ Non-operating		21			
Depreciation	76	69	2.2%	2.3%	10.1%
Interest	76	66	2.2%	2.2%	15.2%
PBT	245	241	7.1%	8.1%	1.7%
PAT	180	170	5.2%	5.7%	5.9%



Financial - Summary



PARTICULARS	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES		
Shareholder's Funds		
a) Share Capital	37	37
b) Reserves and Surplus	1078	954
	1115	991
Share Application Money Pending Allotment	0	-
Non-Current Liabilities		
a) Long Term Borrowings	419	363
b) Deferred Tax Liabilities (Net)	48	52
	467	415
Current Liabilities		
a) Short Term Borrowings	296	258
b) Trade Payables	556	516
a) Other Current Liabilities	168	147
b) Short Term Provisions	41	50
	1061	971
TOTAL	2642	2377



Financial - Summary



PARTICULARS	As at 31.03.2012	As at 31.03.2011
ASSETS		
Non-Current Assets		
a) Fixed Assets		
(i) Tangible Assets	607	561
(ii) Capital Work-in-Progress	38	27
b) Non-Current Investments	930	892
c) Long Term Loans and advances	87	56
	1662	1536
Current Assets		
a) Current Investments	-	18
b) Inventories	409	388
c) Trade Receivables	436	373
d) Cash and Cash Equivalents	86	14
e) Short Term Loans and Advances	49	48
	980	841
TOTAL	2642	2377



Dividend Per Share



	07-08	08-09	09-10	10-11	11-12
Per Share of FV 2/-	1.0	1.0	1.5	3.0	3.0

- Uninterrupted Dividend Record since inception
- Dividend distribution policy: Around 30% of PAT



Consolidated Financial - Summary


figures in ₹ Cr.

Particulars	31.03.2012	31.03.2011
Segment Revenue		
Cycles / Components / E Scooters	1301	1123
Engineering	1457	1195
Metal Formed Products	1065	941
Un-allocable Operating Income	0	0
Insurance	968	695
Other Financial Services	1779	1206
Others	7	5
Total	6577	5165
Less : Inter Segment Revenue	(135)	(116)
Total Revenue	6442	5049
Segment Results		
Cycles / Components / E Scooters	75	77
Engineering	131	113
Metal Formed Products	121	107
Insurance	16	(22)
Other Financial Services	289	122
Others	2	1
Total	634	398
Less :		
Interest	(78)	(69)
Other Un-allocable Expenditure Net of Un-allocable Income / Inter Segment Eliminations	(19)	(15)
Un-allocable Exceptional Items	-	21
Net Profit / (Loss) before Tax	536	335
Capital Employed (Segment Assets - Segment Liabilities)		
Cycles / Components / E Scooters	93	76
Engineering	449	387
Metal Formed Products	549	485
Insurance	323	257
Other Financial Services	1368	929
Others	4	3
Other Un-allocable Assets Net of un-allocable Liabilities	36	(15)
Total	2821	2122



Financial Calendar



2012-13

Schedule

Q I

6th August, 2012

Q II

2nd November, 2012

Q III

January, 2013

Q IV

May, 2013



Investor Desk



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THANK YOU