



TUBE INVESTMENTS OF INDIA LTD



Investor Presentation



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.

Forward-looking statements are based on certain assumptions and expectations of future events. The companies referred to in this presentation cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements. These companies assume no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events, or otherwise.



Table Of Contents



Section 1 Overview of Murugappa Group

Section 2 Overview of Tube Investments of India Ltd.

Section 3 Divisional Overview

Section 4 Financial Services

Section 5 Financials



Section 1

Overview of Murugappa Group



Murugappa Group



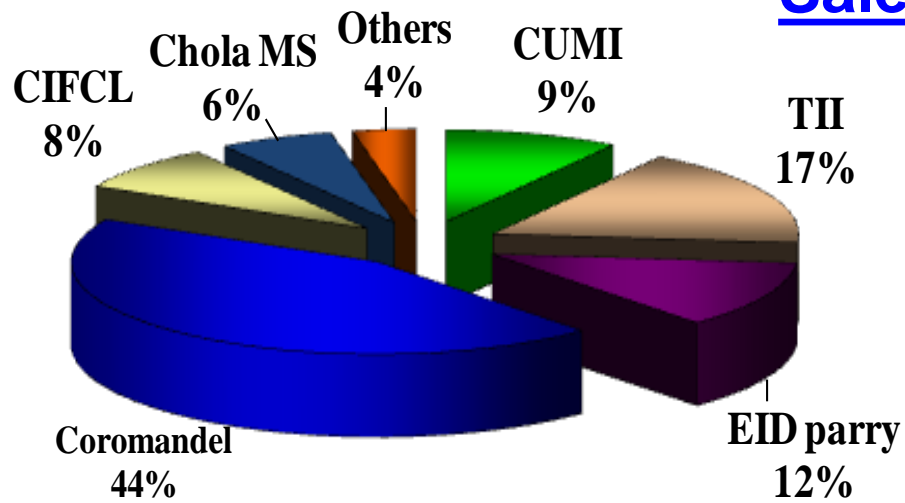
USD 4.4 Billion Murugappa Conglomerate



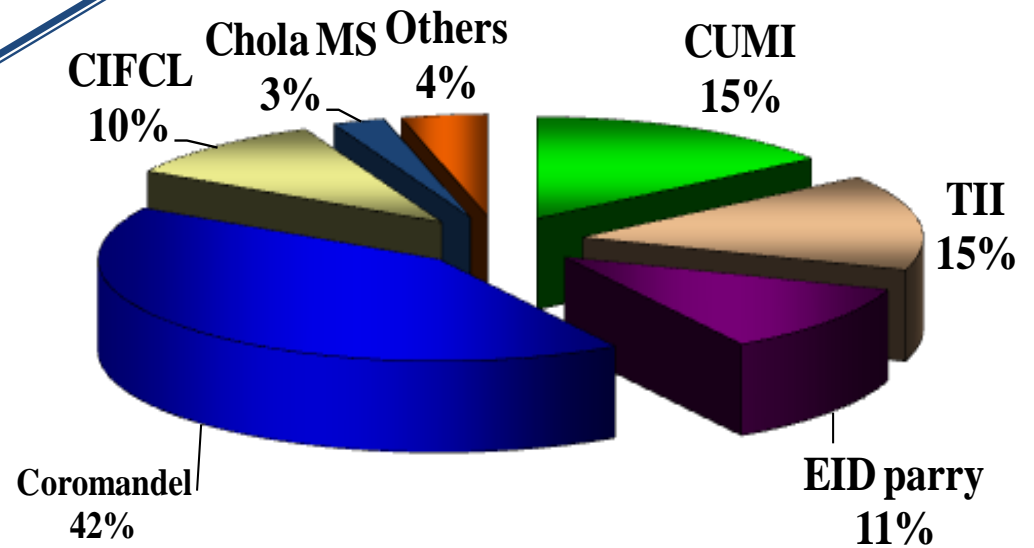
Composition of Group Turnover and Profits



Sales Composition



EBITDA Composition





Section 2

Overview of Tube Investments



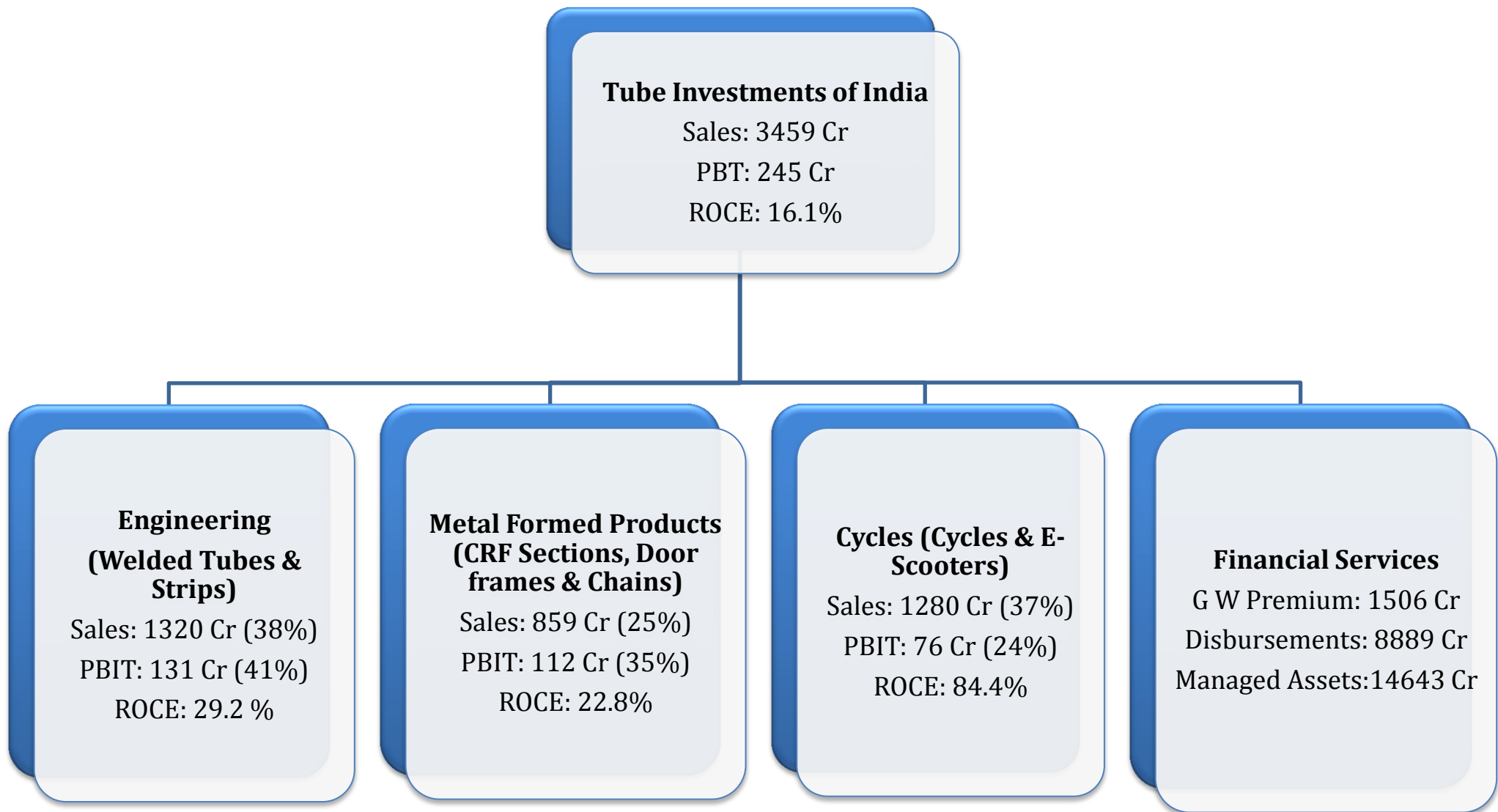
Evolution of the Company



- 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
- Acquired 77.13% stake in an industrial chain company in France in 2010
- Acquired 70.12% stake in Shanthi Gears Limited, a Coimbatore based gear manufacturing company.



Company Overview



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



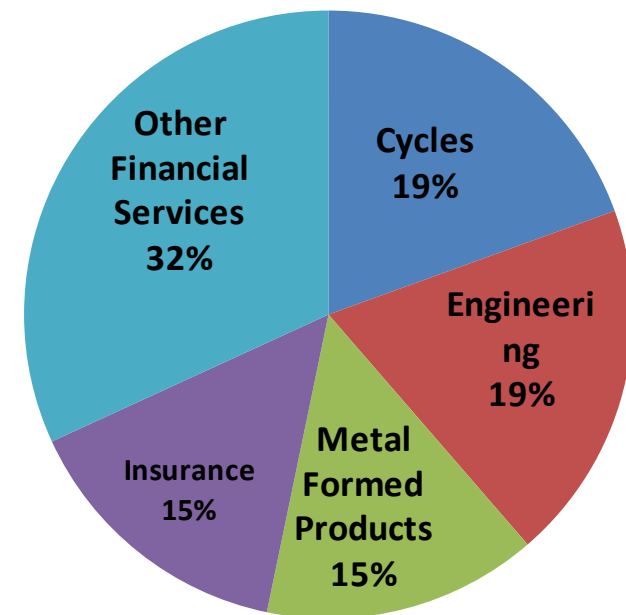
Corporate Overview



Key Competitive Strengths

- Leader in all business segments
 - Precision welded tubes - CDW segment - ~ 50% market share
 - Automotive Chains – ~ 40% market share
 - Roll formed Car doorframes – ~ 49% 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;
 - Car doorframes & Automotive chains
- Promoter of Financial Services
 - Holds 54.49% equity in Chola Finance
 - Holds 74.00% equity in Chola MS General Insurance

Segment Analysis





Shareholding Pattern: 30th September, 2012



Particulars	Holding %
Promoter Group	48.13
Mutual Funds	11.85
Banks / Insurance Companies	3.73
Depository Receipt Holders	3.45
Bodies Corporate	7.50
Foreign Institutional Investors	7.90
General Public	17.44



Section 3

Divisional Overview



Section 3

Divisional Overview - Engineering



Engineering Overview



Precision Tubes

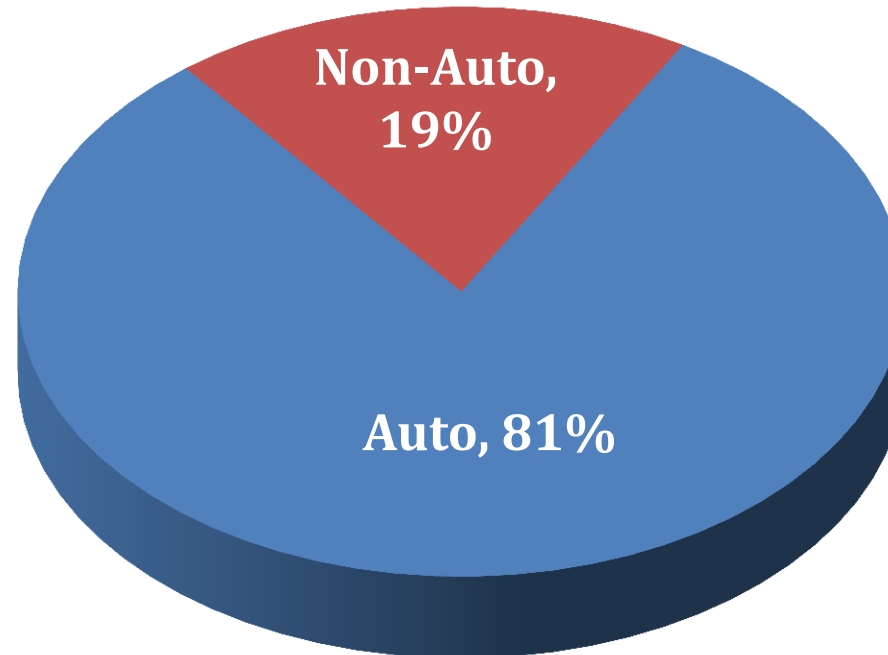
- Industry has 2 segments - welded and seamless
- The size of the market is approx. 0.5 Mn Tonnes
- Our focus - Ferrous
 - Cold Drawn Welded (CDW)
 - Electric Resistance Welded (ERW)
- Applications in Automotive, boiler, cycle and general engineering sectors
- The major application is found in automotive sector
 - 2 wheelers contribute about 40% of the demand
 - 4 wheelers contribute the rest
- Our CDW market share is ~ 50%

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



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 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 – 190 Cr.



Financial Summary - Engineering



Particulars	2012-13 H1	2011-12 H1	2012-13 H1	2011-12 H1	% Growth
Volumes (Tonnes)			% to Sales		
Strips:					
Domestic	26968	26322			2.5%
Exports	131	752			-82.6%
Tubes:					
Domestic	64423	63286			1.8%
Exports	4371	3851			13.5%
Tubular Components	5897	4976			18.5%
Sales (Net) (including Inter Unit)	770	711			8.3%
Other Income	2	3	0.3%	0.4%	-33.3%
Total Income	772	714			8.2%
EBITDA	77	77	10.0%	10.9%	
Depreciation	16	14	2.1%	2.0%	14.3%
PBIT	61	63	7.9%	8.8%	-3.2%
APPLICATION OF FUNDS					
Net Fixed Assets (Incl. CWIP)	312	233			
Net Working Capital	182	171			
Total Capital Employed	494	404			
ROCE%	24.5%	31.2%			
Sales/NWC	8.5	8.3			



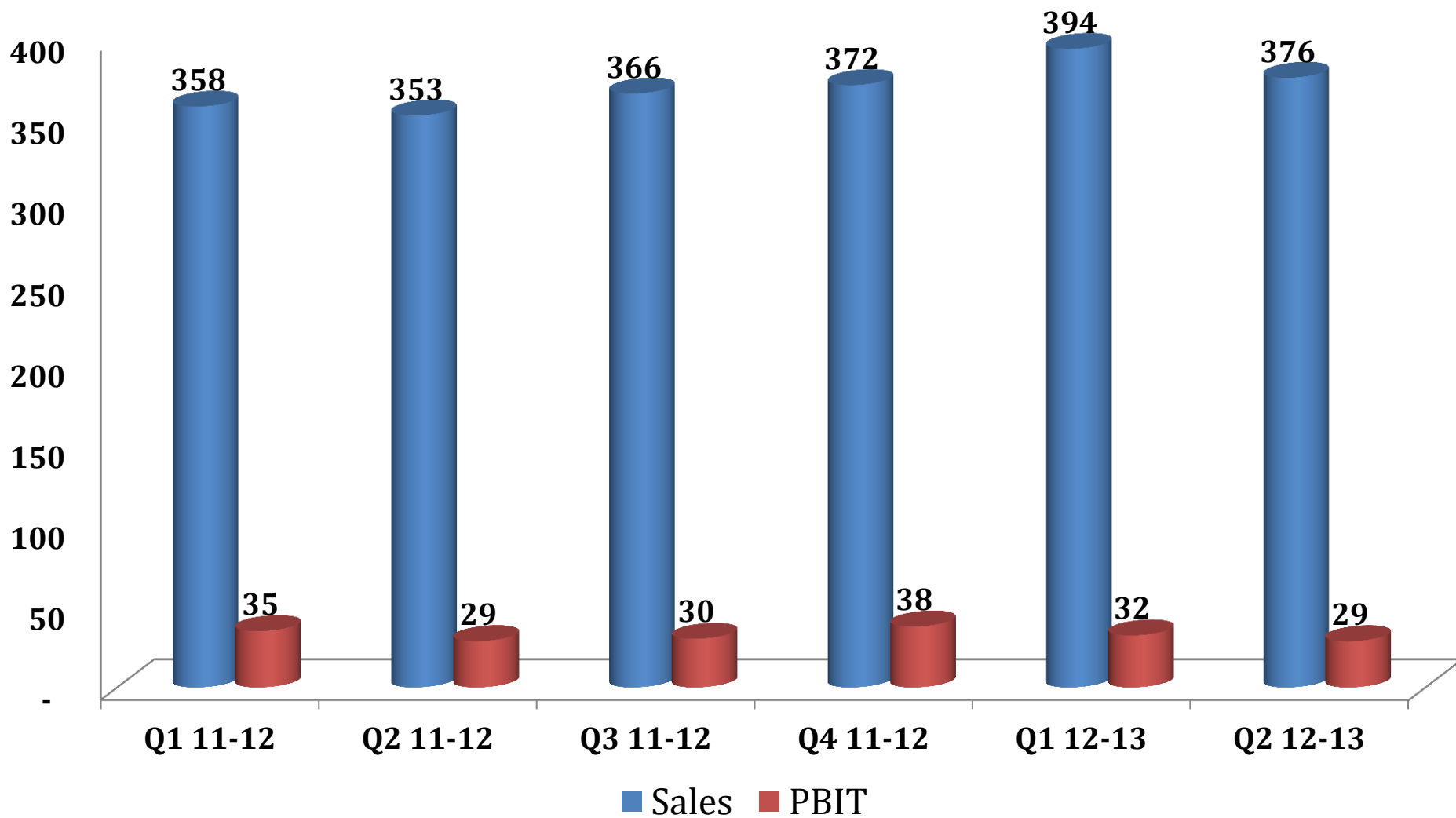
Performance Trend



Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 H1
Sales	877	957	890	1190	1449	770
PBIT	43	17	85	113	131	61
PBIT Margin	4.9%	1.8%	9.6%	9.5%	9.0%	7.9%
ROCE	11.9%	5.2%	22.1%	29.2%	29.2%	24.7%



Engineering Performance





Section 3

Divisional Overview – Metal Formed Products



Overview



Auto Products

- Growth in Automotive industry
- Market leader with
 - ~ 49% market share in doorframes
 - ~ 40% in automotive chains

Non - Auto

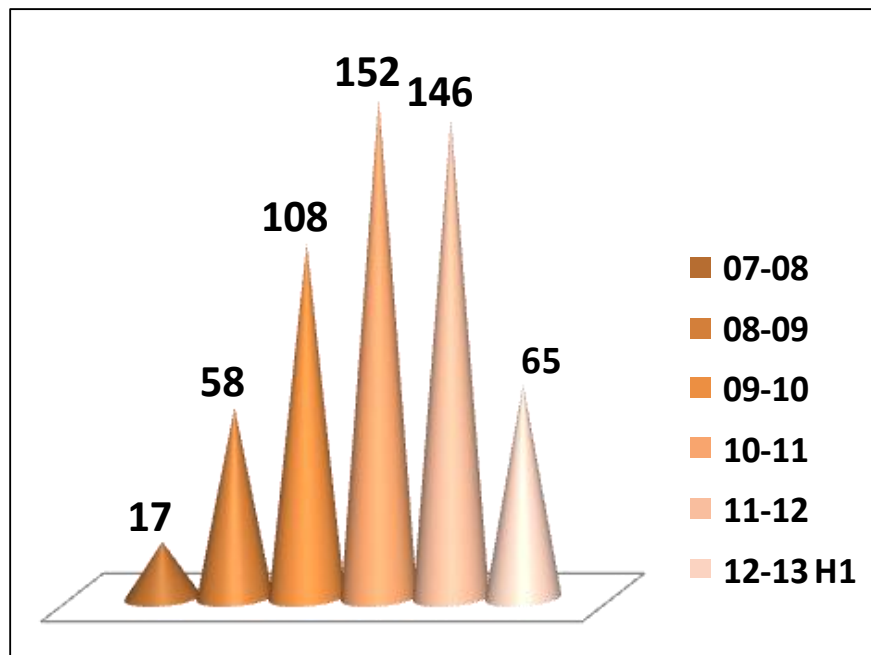
- Estimated annual wagon requirement – 16,500
- Robust manufacturing & infrastructure growth
 - ~ 40% market share in industrial chains



Overview

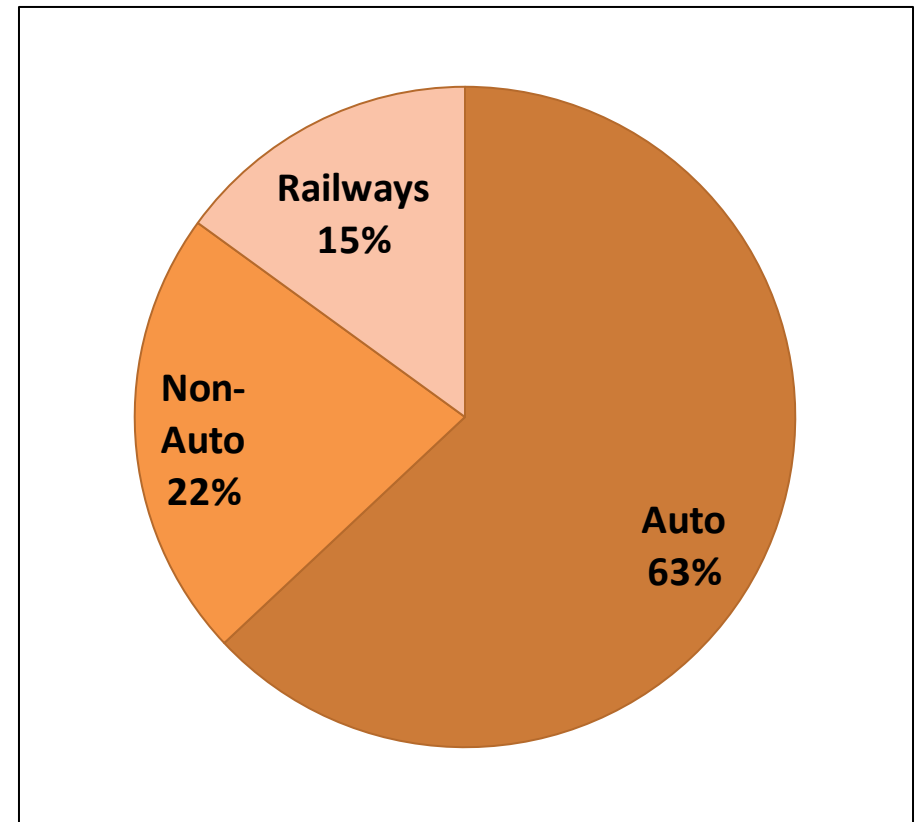


Revenue from Railway Products



figures in ₹ Cr.

Segment Analysis





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			



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 growth to be lower than previous year
- Investments in Infrastructure sector to grow
- 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 – 110 Cr.

Divisional Overview – Metal Formed Products



Financial Summary



Particulars	2012-13 H1	2011-12 H1	2012-13 H1	2011-12 H1	% Growth
Volumes			% to Sales		
Doorframes (Sets)	486834	530567			-8.2%
Sections for railway wagons (Sets)	2058	1936			6.3%
Chains:					
Domestic (Lac ESS feet)	284	315			-9.8%
Exports (Lac ESS feet)	57	52			9.6%
Sales (Net) (including Inter Unit)	423	437			-3.2%
Other Income	3	3	0.7%	0.6%	1.5%
Total Income	426	440			-3.2%
EBITDA	62	76	14.6%	17.4%	-18.4%
Depreciation	16	18	3.8%	4.1%	-11.1%
PBIT	46	58	10.9%	13.3%	-20.7%
APPLICATION OF FUNDS					
Net Fixed Assets (Incl. CWIP)	338	299			
Investments	44	44			
Net Working Capital	122	131			
Total Capital Employed	504	474			
ROCE%	17.8%	24.6%			
Sales/NWC	6.9	6.7			



Performance Trend

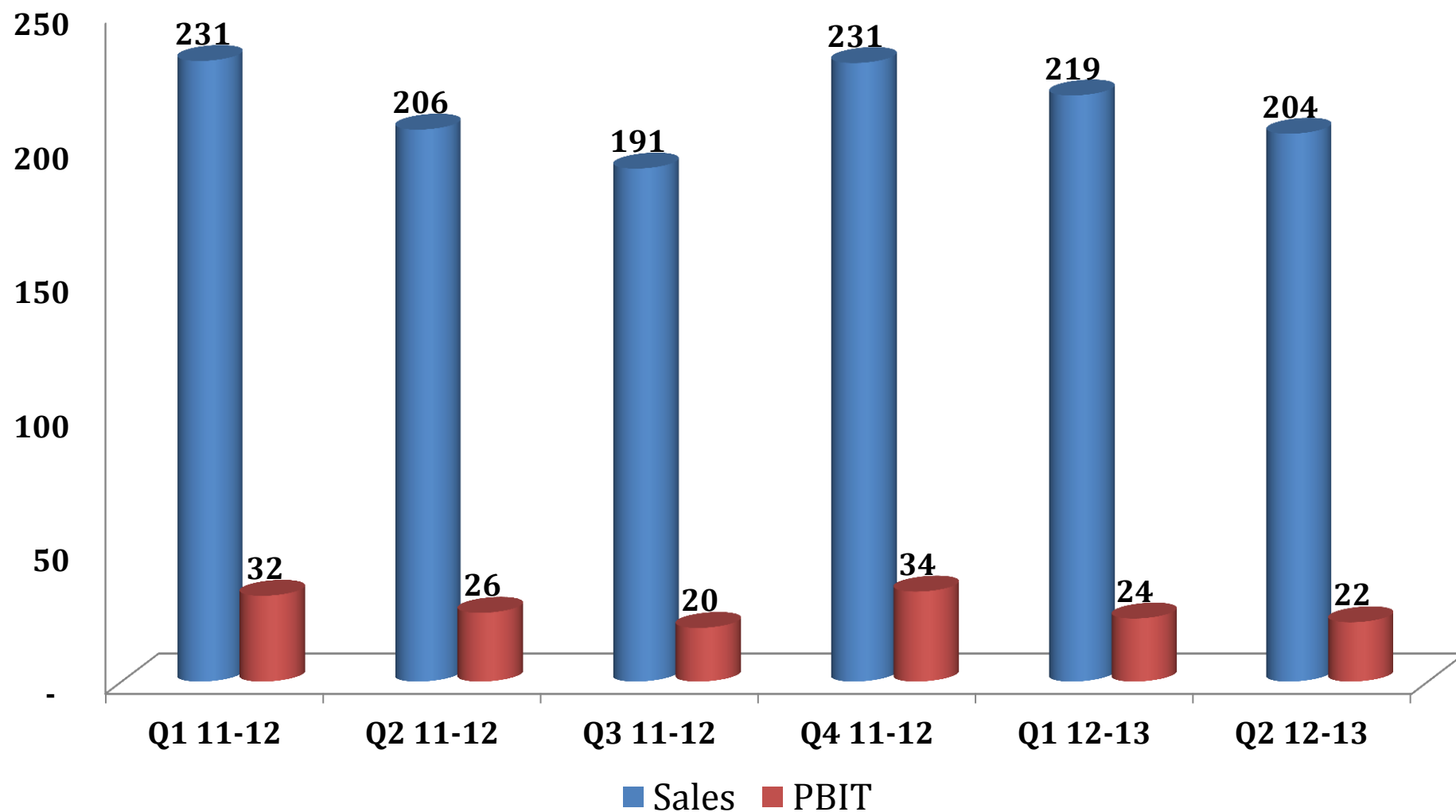


Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 H1
Sales	368	476	576	769	859	423
PBIT	56	51	80	102	112	46
PBIT Margin	15.2%	10.7%	13.9%	13.3%	13.0%	10.9%
ROCE	20.7%	15.0%	21.5%	24.0%	22.8%	18.3%

figures in ₹ Cr.



Metal Formed Products Performance





Section 3

Divisional Overview – Cycles & E Scooters



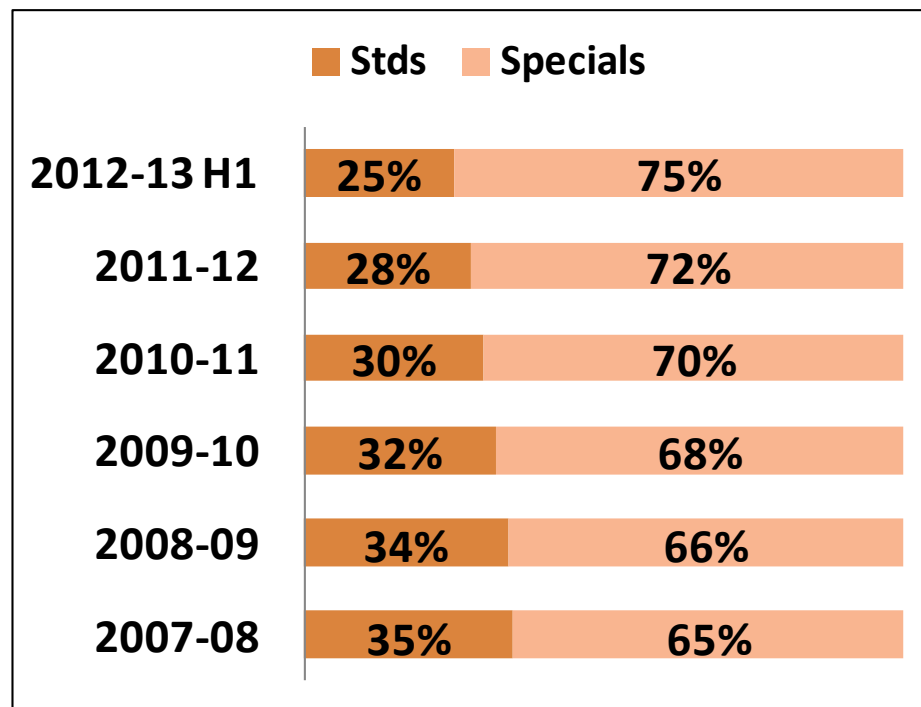
Overview



Industry

- Bicycle Industry size: ~ 15 Mn
 - Standards – 45%; negligible growth
 - Specials – 55%; growing at over 10%
- Fitness Industry: ~ 1200 Cr
 - Growing at ~ 24%
- Electric Scooters/ Pedelecs
 - Nascent segment

Our Segment Analysis





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



- Continue expansion of Retail Formats
- Growth opportunity in Exports
 - Explore International Brand Acquisition
 - Cycles
 - Fitness

CAPEX – 50 Cr.



Financial Summary



Particulars	2012-13 H1	2011-12 H1	2012-13 H1	2011-12 H1	% Growth
Volumes			% to Sales		
Cycles (Lac nos)	23	22			4.5%
Sales (Net) (including Inter Unit)	708	632			12.0%
Other Income	4	7	0.6%	1.1%	-42.9%
Total Income	712	638			11.6%
EBITDA	47	46	6.7%	7.3%	2.2%
Depreciation	3	3	0.5%	0.5%	
PBIT	44	43	6.2%	6.8%	2.3%
APPLICATION OF FUNDS					
Net Fixed Assets (Incl. CWIP)	50	44			
Investments	4	3			
Net Working Capital	103	76			
Total Capital Employed	157	123			
ROCE%	55.7%	70.2%			
Sales/NWC	13.7	16.7			



Performance Trend

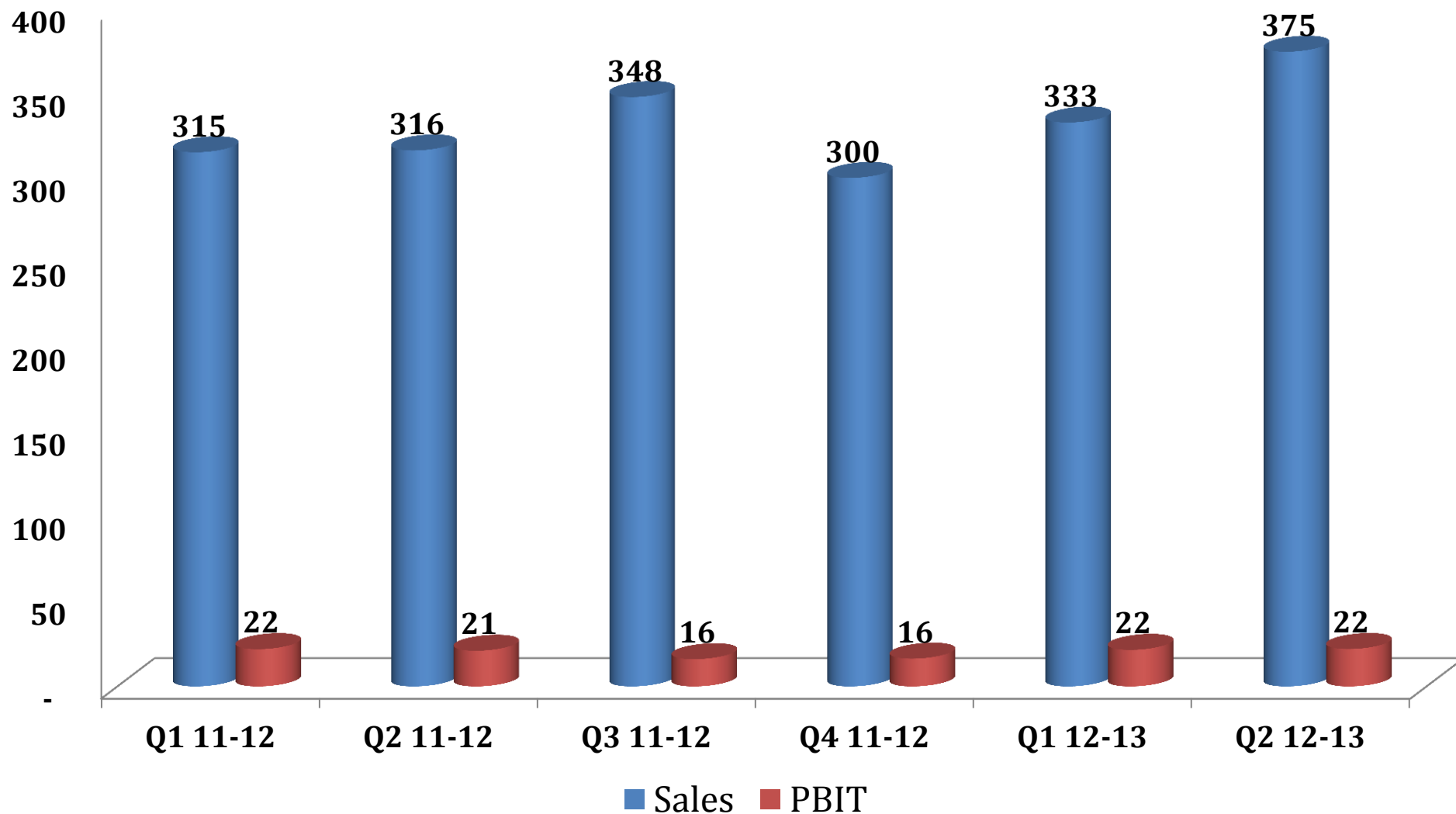


Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 H1
Sales	568	723	946	1114	1280	708
PBIT	22	29	69	78	76	44
PBIT Margin	3.9%	4.0%	7.3%	7.0%	5.9%	6.2%
ROCE	26.2%	51.8%	69.7%	104.0%	84.4%	56.1%

figures in ₹ Cr.



Cycles & E Scooters Performance





Section 4

Financial Services



Overview



Investments

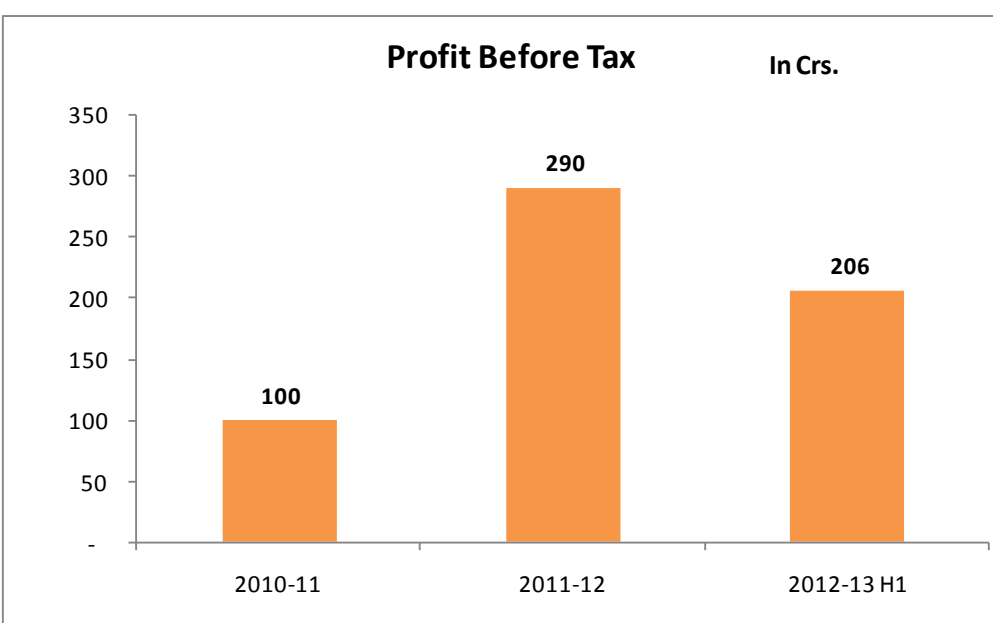
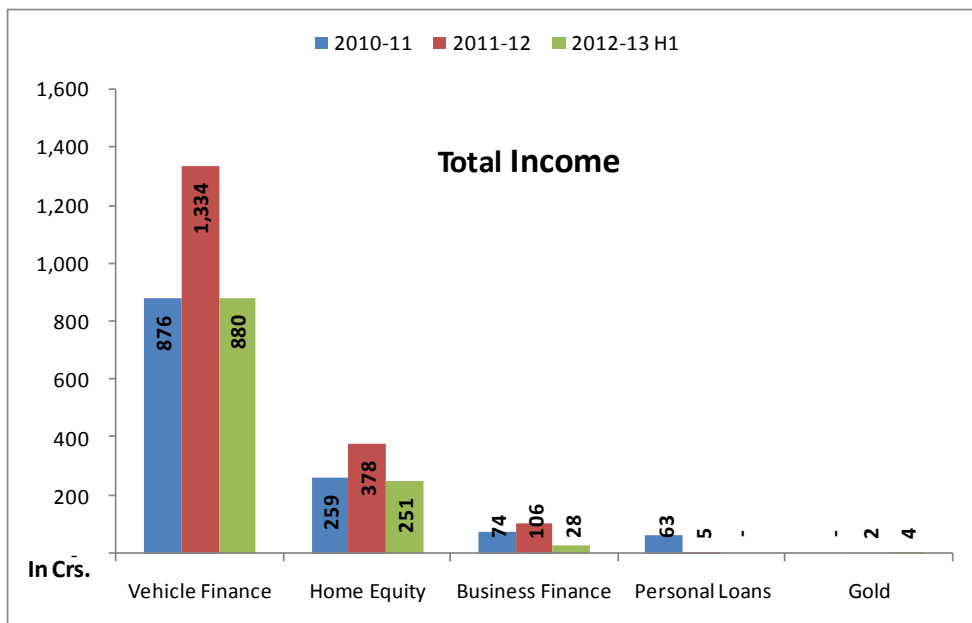
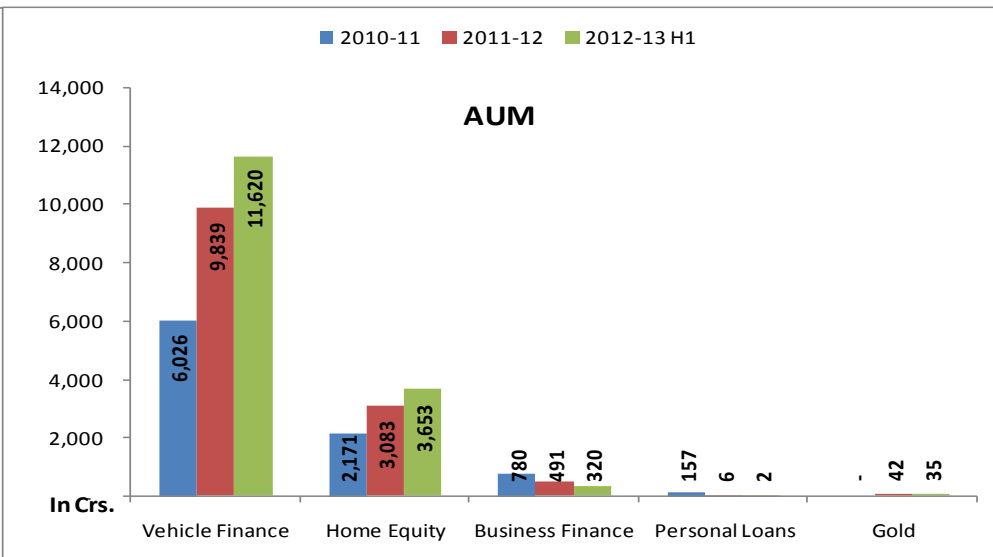
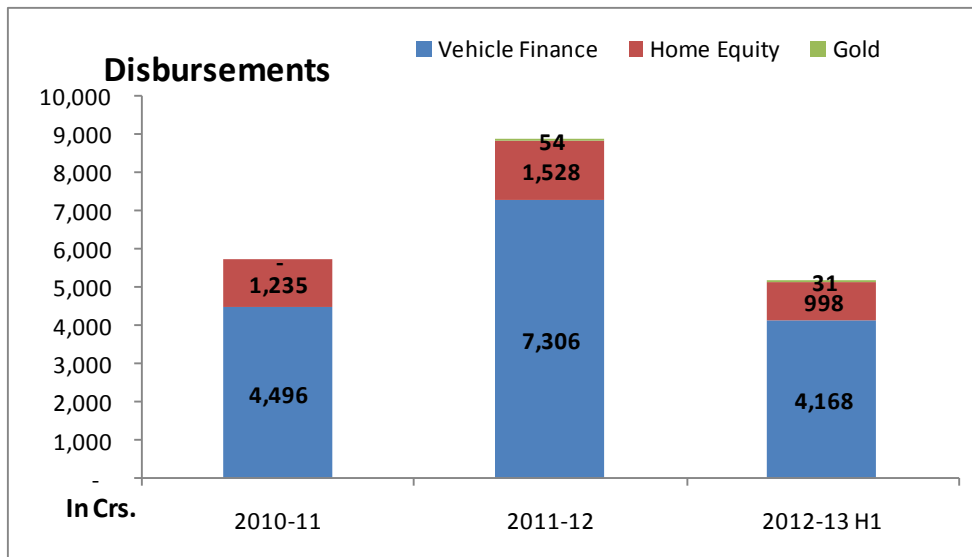
- Investment of Rs. 682 Cr.
- 54.49 % of capital held by TII
- Average Cost of Acquisition per share – Rs. 89
- Market price per share – Rs. 218 (*as on 30/09/2012*)

Performance in 12-13 H1

- Disbursements in asset financing – Rs. 5166 Cr.
 - Vehicle finance – growth of 38%
 - Home equity – growth of 40%
- Capital adequacy ratio – 18.2%
- Presence – 484 branches
- Profit after tax – Rs. 139 Cr



Performance Overview– 2012-13 H1





2012-13: Key Drivers



- Disbursements growth planned
- 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

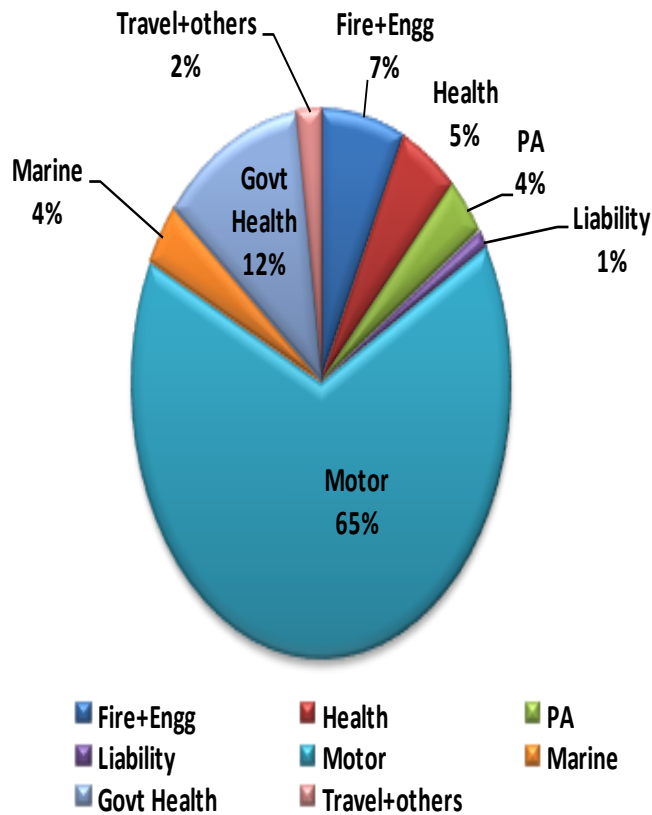
- Equity Capital & Premium – ₹ 367 Cr
- Shareholding pattern
 - TII holds 74%
 - Mitsui Sumitomo 26%
- Market Share – 2.6%
- Solvency Ratio – 1.49
- Distribution Framework
 - Market presence - over 90 branches
 - Multiple business tie-ups – banks, NBFCs, Auto mfrs etc
 - Leading insurer for Japanese / Korean business interests in India



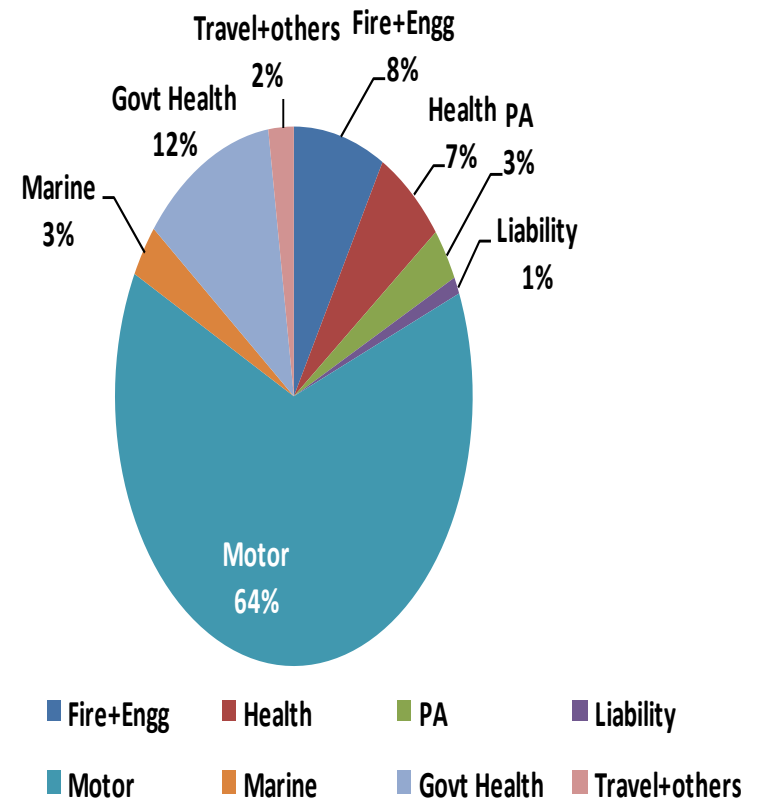
Business Mix



Chola Business Mix FY 2011-12



CholaMS Business Mix H1 FY 2012-13





Chola MS – Income Statement



Particulars	2010-11	2011-12	2012-13 H1
Gross Written Premium	1047	1506	792
Less: RI cession	320	515	157
Net Written Premium	727	991	635
Net Earned Premium	629	869	474
Commission			
Customer Acquisition costs	118	182	109
Less: RI Commission etc..	29	36	20
Net Commission costs	90	146	89
Incurred claims	486	658	345
Total Claims	486	658	345
People Related costs	53	64	34
Other operating expenses	88	84	54
Total Expenses of Management	142	148	88
Underwriting results	(88)	(83)	(48)
Investment income	66	99	78
Operating PBT	(23)	16	30
PBT	(23)	16	30
PAT	(23)	19	21
Combined ratio	114%	110%	99.9%

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	2012-13 H1
Sales	1744	2059	2346	2963	3459	1835
PBIT	97	60	159	307	321	150
PBIT Margin	5.6%	2.9%	6.8%	10.4%	9.3%	8.2%
ROCE	8.9%	5.1%	10.2%	17.4%	16.1%	11.5%
EPS	3.06	3.91	4.39	9.16	9.69	4.06
EPS (Cons)	3.66	2.85	6.08	10.58	14.46	8.61



Cash Generation



Description	07-08	08-09	09-10	10-11	11-12	12-13 H1
PAT	57	72	81	170	180	76
Depreciation	53	59	67	69	76	38
Change in NWC	-8	68	-60	-20	-120	-159
Exceptional Items	-5	-47	40	-21	0	0
Free Cash Flow	97	152	128	198	136	-45
Capital Expenditure	109	87	96	87	167	126



Financial - Summary



Particulars	2011-12	2010-11	% to Sales		% Growth
			2011-12	2010-11	
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	2012-13	2011-12	2012-13	2011-12	% Growth
	H1	H1	H1	H1	
			% to Sales		
Sales (Net)	1835	1714			7.1%
Other Income	25	26			-3.8%
Total Income	1859	1740			6.8%
Raw Material (Net of Inventory change)	1146	1071	62.5%	62.5%	7.0%
Employee Cost	139	128	7.6%	7.5%	8.6%
Other Costs	386	337	21.0%	19.7%	14.6%
Total Cost (before Deprn. & Interest)	1671	1537			8.7%
EBITDA	188	204	10.3%	11.9%	
Depreciation	38	36	2.1%	2.1%	5.6%
Interest	45	37	2.4%	2.2%	21.6%
PBT	105	131	5.7%	7.6%	-19.9%
PAT	76	95	4.1%	5.6%	-20.0%



Financial - Summary



PARTICULARS	As at 30.09.2012	As at 31.03.2012
EQUITY AND LIABILITIES		
Shareholder's Funds		
a) Share Capital	37	37
b) Reserves and Surplus	1155	1078
	1192	1115
Share Application Money Pending Allotment	-	0
Non-Current Liabilities		
a) Long Term Borrowings	616	419
b) Deferred Tax Liabilities (Net)	47	48
	663	467
Current Liabilities		
a) Short Term Borrowings	345	296
b) Trade Payables	577	556
a) Other Current Liabilities	475	168
b) Short Term Provisions	22	41
	1419	1061
TOTAL	3274	2642

figures in ₹ Cr.



Financial - Summary



PARTICULARS	As at 30.09.2012	As at 31.03.2012
ASSETS		
Non-Current Assets		
a) Fixed Assets		
(i) Tangible Assets	628	607
(ii) Capital Work-in-Progress	88	38
b) Non-Current Investments	1259	930
c) Long Term Loans and advances	95	87
	2070	1662
Current Assets		
a) Current Investments	11	-
b) Inventories	423	409
c) Trade Receivables	510	436
d) Cash and Cash Equivalents	29	86
e) Open Offer Escrow Deposit	173	
f) Short Term Loans and Advances	58	49
	1204	980
TOTAL	3274	2642

figures in ₹ Cr.



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
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
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



Consolidated Financial - Summary


figures in ₹ Cr.

Particulars	30.09.2012	30.09.2011
Segment Revenue		
Cycles / Components / E Scooters	716.60	640.87
Engineering	772.34	713.89
Metal Formed Products	537.01	554.07
Un-allocable Operating Income	0.21	0.07
Insurance	552.05	399.08
Other Financial Services	1169.26	780.40
Others	2.99	2.98
Total	3750.46	3091.36
Inter Segment Revenue	(70.91)	(79.17)
Total Revenue	3679.55	3012.19
Segment Results		
Cycles / Components / E Scooters	43.27	42.52
Engineering	60.68	63.39
Metal Formed Products	46.07	62.58
Insurance	30.68	14.54
Other Financial Services	205.55	122.95
Others	0.45	0.70
Total	386.70	306.68
Interest	(45.33)	(37.40)
Other Un-allocable Expenditure Net of Un-allocable Income / Inter Segment Eliminations	(7.17)	(8.43)
Un-allocable Exceptional Items		
Net Profit / (Loss) before Tax	334.20	260.85
Capital Employed (Segment Assets - Segment Liabilities)		
Cycles / Components / E Scooters	155.20	124.63
Engineering	493.68	403.77
Metal Formed Products	529.86	554.67
Insurance	394.30	319.97
Other Financial Services	1501.05	1126.74
Others	4.38	3.45
Other Un-allocable Assets Net of un-allocable Liabilities	546.26	154.08
Total	3624.73	2687.31



Financial Calendar



2012-13

Schedule

Q III

January, 2013

Q IV

May, 2013



Investor Desk



- Contact Particulars
 - Mr. U Rajagopal
 - Phone – 91-44-42286726
 - E-mail – RajagopalU@tii.murugappa.com



THANK YOU