



TUBE INVESTMENTS OF INDIA LTD



Investor Meet

JUNE, 2010



DISCLAIMER



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Section 1

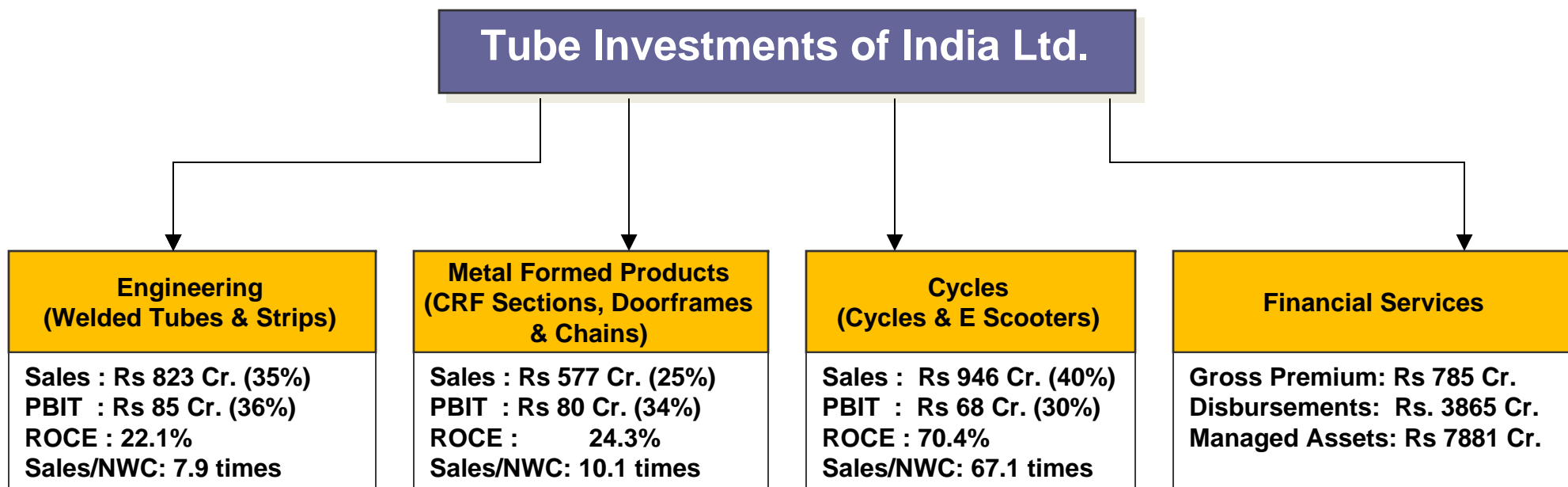
Overview of Tube Investments



Company Overview 2009-10



Tube Investments of India Ltd.



*Figures in brackets represent contribution in % terms to total (Excl. Financial Services) for the year 2009-10



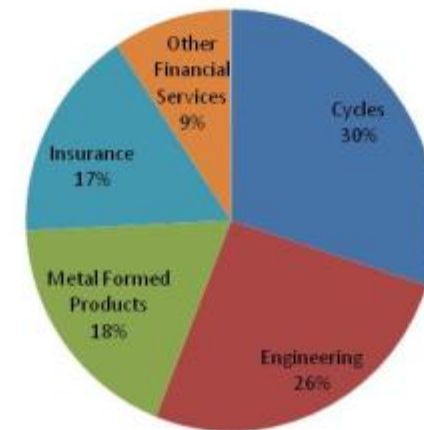
Corporate Overview



Key Competitive Strengths

- Leader in all business segments
 - Precision welded tubes - CDW segment - ~ 60% market share
 - Automotive Chains – 39% market share
 - Roll formed Car doorframes – 64% 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 level
- Operating at “Zero PPM” in
 - car doorframes & automotive chains
- Promoter of Financial Services
 - Holds 64% equity in Chola Finance
 - Holds 74% equity in Chola MS General Insu

Segmental Analysis





Shareholding Pattern: 31st March, 2010



Particulars	Holding %
Promoter Group	49.28
TII Shareholding Trust	2.38
Mutual Funds	6.59
Banks / Insurance Companies	3.94
Depository Receipt Holders	5.72
Bodies Corporate	7.56
Foreign Institutional Investors	3.75
General Public	20.78



Section 2

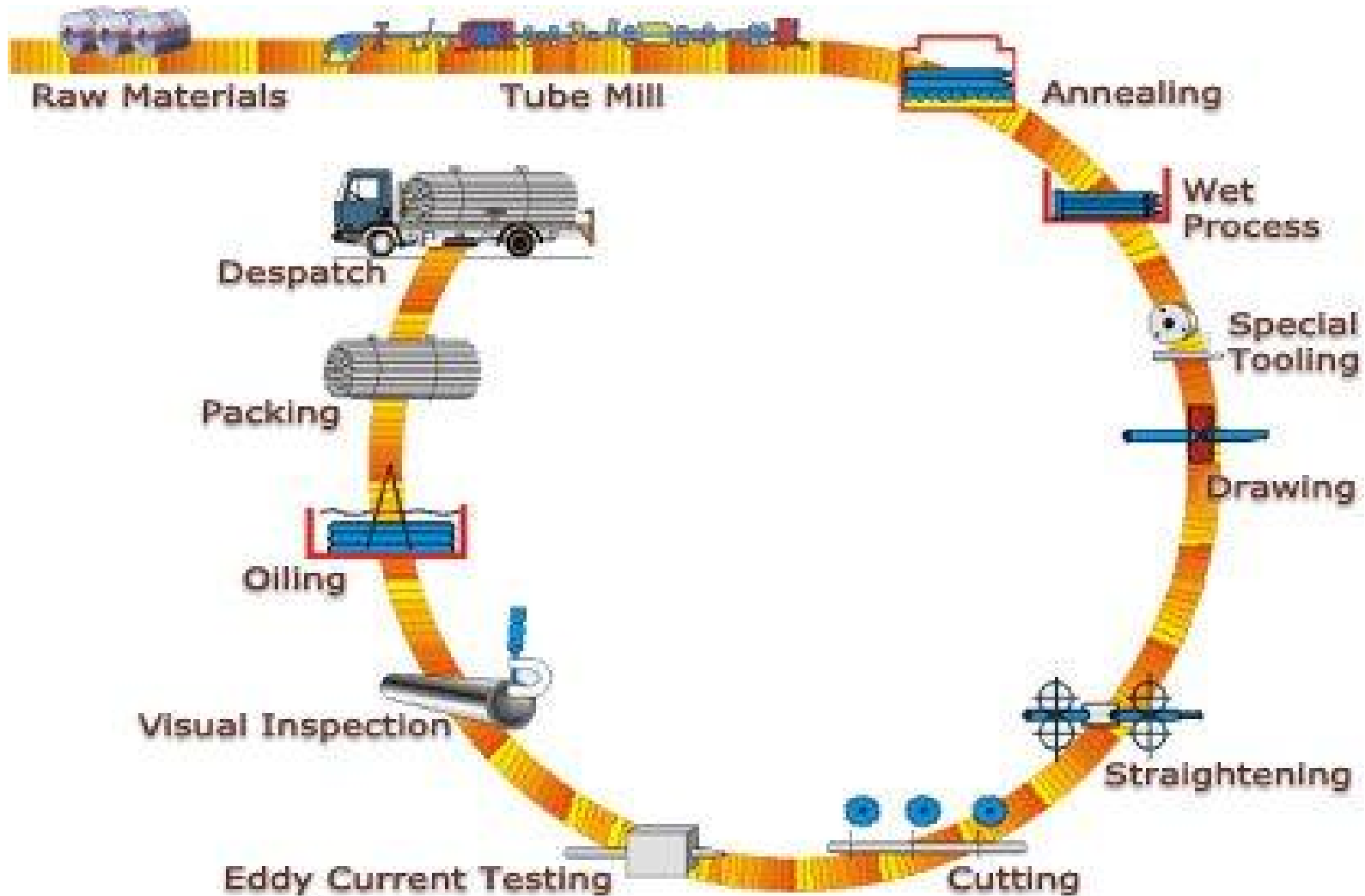
Divisional Overview



Section 2

Divisional Overview - Engineering

CDW Tube Manufacturing Process





Engineering Overview



Precision Tubes

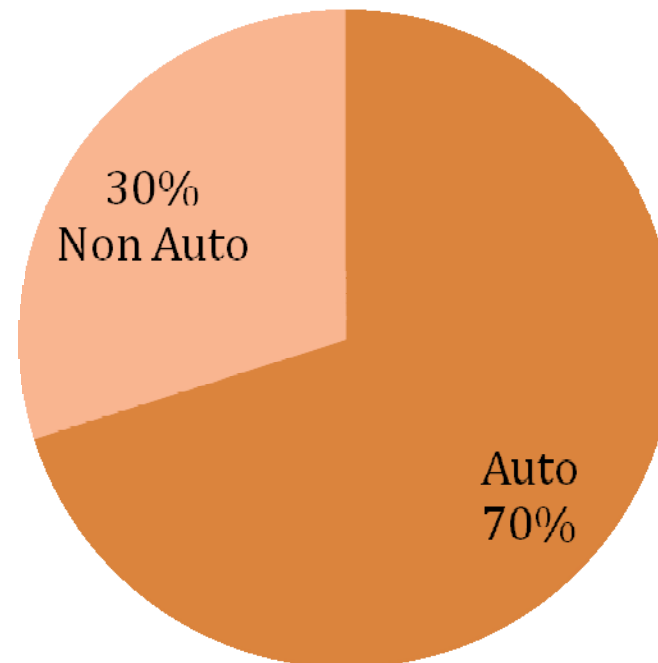
- This industry has two segments - welded and seamless tubes
- Our focus - Ferrous
 - Cold Drawn Welded (CDW)
 - Electric Resistance Welded (ERW) categories
- Applications in
 - Automotive, boiler, cycle and general engineering sectors
- The major application is found in automotive sector
 - 2 wheelers contribute about 40% of the demand
 - 4 wheelers contribute the rest
- The size of the market is approx. 0.40 MM tons
- Our CDW market share is ~60%

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



2009-10: Key Contributors



- Volume growth of 20%
 - Industry growth
 - Two wheelers 24%;
 - Passenger cars – 26%
 - Commercial vehicles – 38%
- Contribution of new products to turnover – 15%
- Favorable product mix
 - Market share improvement in key products
- Focus on operating efficiencies
 - Yield improvement
 - Control on discretionary costs
- Closure of overseas tube plant

Divisional Overview - Engineering



Financial Summary - Engineering



Particulars (Rs Crs)	2009-10	2008-09	2009-10	2008-09	% Growth
Volumes (Tonnes)			% to Sales		
Strips:					
Domestic	45533	50595			-10.0%
Exports	767	3183			-75.9%
Tubes:					
Domestic	92002	74362			23.7%
Exports	8230	9389			-12.3%
Tubular Components	5210	3059			70.3%
Sales (Net) (including Inter Unit)	890	957			-7.0%
Other Income	2	3	0.2%	0.3%	-31.9%
Total Income	893	960			-7.1%
EBITDA	113	43	12.7%	4.5%	
Depreciation	28	27	3.2%	2.8%	5.3%
PBIT	85	17	9.6%	1.7%	414.4%
APPLICATION OF FUNDS					
Net Fixed Assets (Incl. CWIP)	227	225			
Net Working Capital	157	104			
Total Capital Employed	384	329			
Sales/NWC	5.7	9.2			
ROCE%	22.1%	5.0%			



2010-11: Key Drivers



- Industry growth
 - Robust growth in auto industry expected to continue
- Tubular components and solutions
 - Partnership with key auto majors
- New products
 - ~ 20% of revenue
- Focus on internal efficiencies
 - cost reduction
- Enhancement of capacity
 - Shop-floor manpower productivity
 - Re-deploy assets of overseas plant at minimal investment

CAPEX – Rs. 50 Cr.



Sales & PBIT Trend



	2005-06	2006-07	2007-08	2008-09	2009-10
Sales – Rs Cr.	759	830	877	957	890
PBIT – Rs Cr.	109	82	43	17	85
PBIT Margin	14%	10%	5%	2%	10%
ROCE	33%	24%	12%	5%	22%



Long Term Strategic Initiatives



- Reduce revenue from auto segment to less than 50% in five years (70%)
 - Leveraging current capabilities in growth sectors
 - Infrastructure
 - Energy

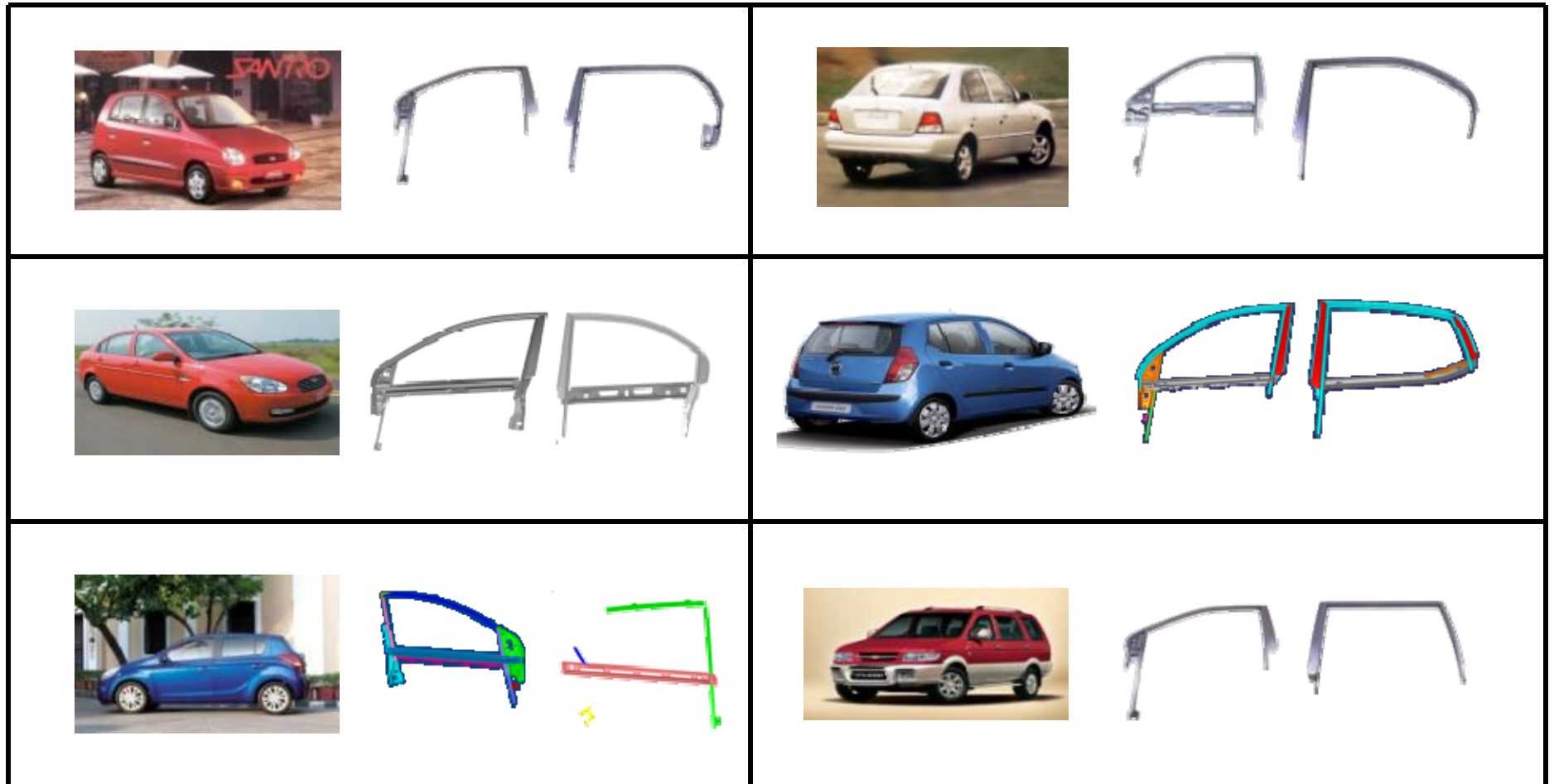


Section 2

Divisional Overview – Metal formed Products

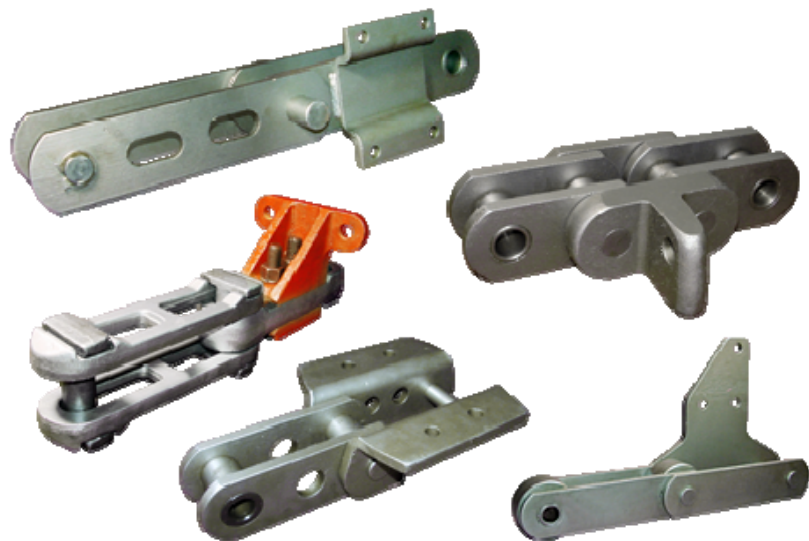


Products-Doorframes





Products-Chains



Engineering Class Chains



INDUSTRIAL CHAINS



FINE BLANKED COMPONENTS



Products-Railways



Side wall assembly



Side wall assembly



Roof assembly



Roof assembly



End wall assembly



End wall assembly



Overview



Auto Products

- Healthy growth of Automotive Industry continues
- Market leader with
 - 64% market share in doorframes
 - 39% in automotive chains

Non-auto Products

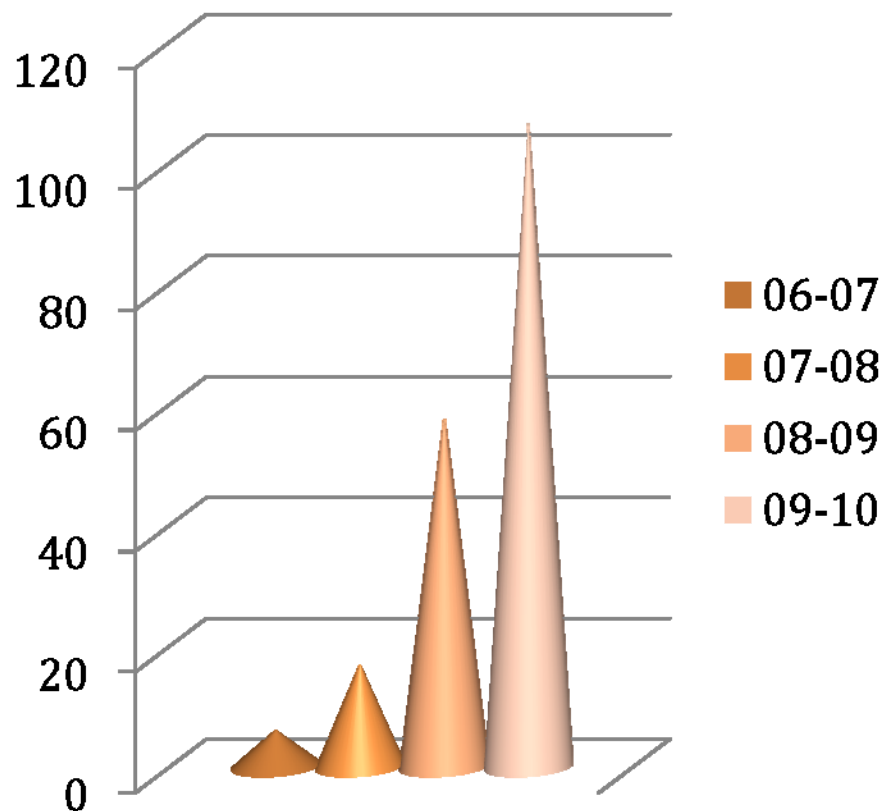
- Estimated annual wagon requirement – 20,000
 - 60% with CRF sections
 - 48% market share in CRF sections for railway products
- Robust manufacturing & infrastructure growth
 - 40% market share in industrial chains
- Opportunity for growth in chains in global markets
 - Industrial
 - Agricultural



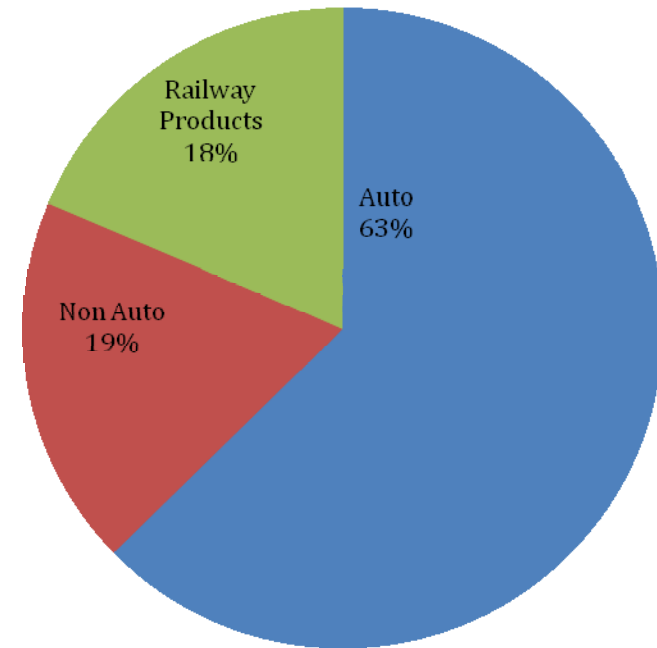
Overview



Revenue from Railway Products



Segment Analysis





2009-10: Key Contributors



AUTO

- Volume growth
 - 30% in doorframes versus industry growth of 26%
 - 53% in automotive chains versus industry growth of 24%
- Market share gain with key customers

NON-AUTO

- Growth in railway products – 48 %
 - Turnover crosses Rs. 100 Cr.
- 11% in industrial chains versus industry growth of 7%
- Operating costs in check
- Customer service and high quality levels maintained

Divisional Overview – Metal Formed Products



Financial Summary



Particulars (Rs Crs.)	2009-10	2008-09	2009-10	2008-09	% Growth
Volumes			% to Sales		
Door Frames (Sets)	985894	753686			30.8%
Sections for railway wagons (Sets)	3158	2127			48.5%
Chains					
Domestic (Lac ESS feet)	440	298			47.6%
Exports (Lac ESS feet)	49	102			-51.8%
Sales (Net) (including Inter Unit)	577	476			21.1%
Other Income	4	9	0.7%	1.8%	-52.0%
Total Income	581	485			19.8%
EBITDA	111	75	19.2%	15.8%	
Extraordinary/Non-operating	0	0			
Depreciation	30	24	5.3%	5.1%	24.9%
PBIT	80	51	13.9%	10.7%	58.2%
APPLICATION OF FUNDS					
Net Fixed Assets (Incl. CWIP)	272	251			
Net Working Capital	56	89			
Total Capital Employed	329	340			
Sales/NWC	10.2	5.4			
ROCE %	24.3	15.0			



Sales & PBIT Trend



	2005-06	2006-07	2007-08	2008-09	2009-10
Sales	269	325	368	476	577
PBIT	47	55	56	51	80
PBIT Margin	17%	17%	15%	11%	14%
ROCE	28%	27%	21%	15%	24%



Global Footprint



Acquisition:

- Financiere C 10 – Holding company of Sedis
 - Acquired 77.13% for Rs 43.6 Cr.
 - Two plants in France
 - About 23% market share in France
 - Five global patents
 - Leader in special and engineering class chains
 - Turnover of Euro 27 M in 2009 and PBT of 0.3 M
- Range of industries catered to:
 - Car / escalator / textiles / food processing / packaging / cement / sugar / paper / water treatment / lumber / dams / amusement park

Divisional Overview – Metal Formed Products



Products



sedis 

The specialist
for the replacement
of heavy duty
public escalator and
moving walkway chains

Escalator



Head Office: SEDIS - 35, rue des Bas-Trévois - BP 104 - 10003 TROYES - FRANCE
Tél. +33 (0)3 25 76 29 50 - Fax +33 (0)3 25 80 31 62

UK Subsidiary: SEDIS Company Ltd - PO Box 6529 - Wellingborough NN8 4YS
Tél. +44 (0) 870 160 7840 - Fax +44 (0) 1604 764162
Web: www.sedis.com - E-mail: contact@sedis.com

sedis 

1st Chain Manufacturer
in the world awarded
ISO 9001 certification
Quality is the key for
increased safety

Theme and amusement parks



Head Office: SEDIS - 35, rue des Bas-Trévois - BP 104 - 10003 TROYES - FRANCE
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Products



sedis

Dams & Barriers

The specialist of high resistance chains for Dams and Barriers

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GREEN CHAIN



Maintenance free Chain that can operate under water

- Long experience since 1977
 - Process completely mastered :
- 
- The only manufacturer with green chains in operation for several years.
 - Operating successfully in a wide variety of applications (escalators, car industry, food industry, wood industry, electronic etc.) certified by market survey carried out by ARIST/FRENGER.



2010-11: Key Drivers



- Industry growth
 - India emerging as hub for small cars
 - Two – wheelers- growth from rural India
 - Govt. thrust in increasing wagon availability
- New products
 - Wall, roof assemblies for wagons & coaches
 - Fine blanked components for 4 wheelers
- Synergies from acquisition
 - Leveraging technology for Indian markets
 - Manufacture in India for global markets
 - Technical services

CAPEX– Rs. 100 Cr.



Long Term Strategic Initiatives



- Explore opportunities for
 - Entry into manufacture of bogies and full wagons
- Systems solution provider – material handling segment
- Enhance range of power transmission products
- Penetrate new markets in North America, ASEAN



Section 2

Divisional Overview – Cycles & E Scooters



Products-E-Scooters





Products- Home Fitness Equipment





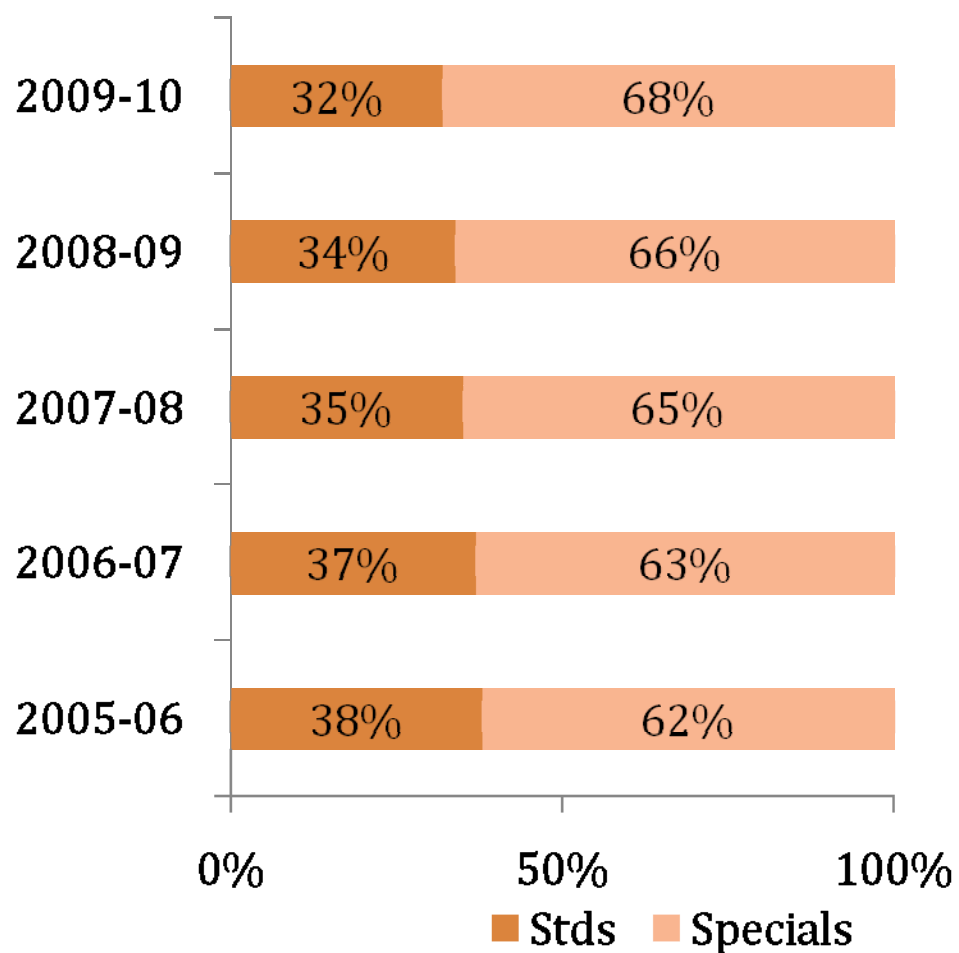
Overview



Industry

- Bicycle Industry size - ~ 12 M
 - Standards – 60% ; negligible growth
 - Specials – 40 %; growing at over 10%
- Fitness Industry - ~ 300 Cr.
 - Growing at ~ 10%
- Electric Scooters
 - Nascent segment

Segment Analysis





2009-10: Key Contributors



- Volume growth of 24%
 - Industry growth – 8%
- 77 New models launched; 23% revenue from new products
- 4 fold growth in Fitness equipment
- Promotion of “**Cycling**”
- Cyclothon at three metros
- Retail outlets under various formats – 482
- 22% of revenue
- Focus on cost & efficient use of capital
- Electric Scooters – 9082 nos sold

Divisional Overview – Cycles & E Scooters



Financial Summary



Particulars (Rs Crs.)	2009-10	2008-09	2009-10	2008-09	% Growth
Volumes (Lac cycles)	38	31			24.0%
Sales (Net)	946	722			31.0%
Other Income	7	3	0.7%	0.4%	147.6%
Total Income	953	725			31.4%
EBITDA	75	35	8.0%	4.8%	
Depreciation	7	6	0.7%	0.8%	16.0%
PBIT	69	29	7.3%	4.0%	135.6%
APPLICATION OF FUNDS					
Net Fixed Assets (Incl. CWIP)	50	45			
Investments	2	0			
Net Working Capital	47	11			
Total Capital Employed	98	56			
Sales/NWC	20.3	65.6			
ROCE %	70.4%	52.3%			



Sales & PBIT Trend



	2005-06	2006-07	2007-08	2008-09	2009-10
Sales	466	511	569	722	946
PBIT	13	19	22	29	69
PBIT Margin	3%	4%	4%	4%	7%
ROCE	14%	20%	26%	52%	70%



2010-11: Key Drivers



- Industry growth of 6%
- Growth initiatives
 - Introduction of
 - 50 models in Bicycles
 - 2 models in E scooters
 - New range of home fitness equipment
- Sourcing benefit – WFOE at China for electric scooters

CAPEX – Rs. 35 Cr.



Long Term Strategic Initiatives



- Export of bicycles, electric scooters
- Investment in technological developments
 - Bikes of alloy's, carbon fiber etc
 - Motor controllers
 - Batteries
- Introduction of hybrid scooters



Section 3

Financial Services



Overview



Investments

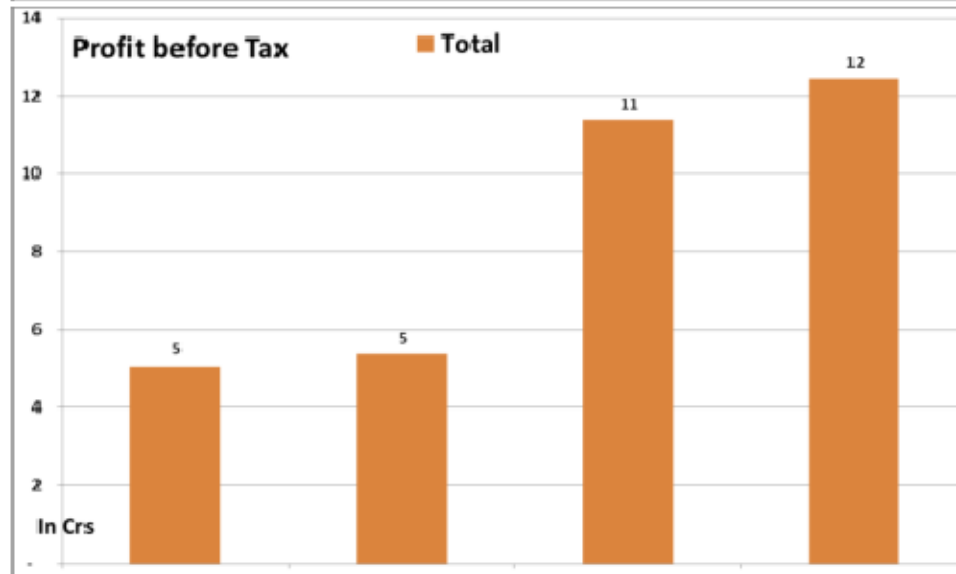
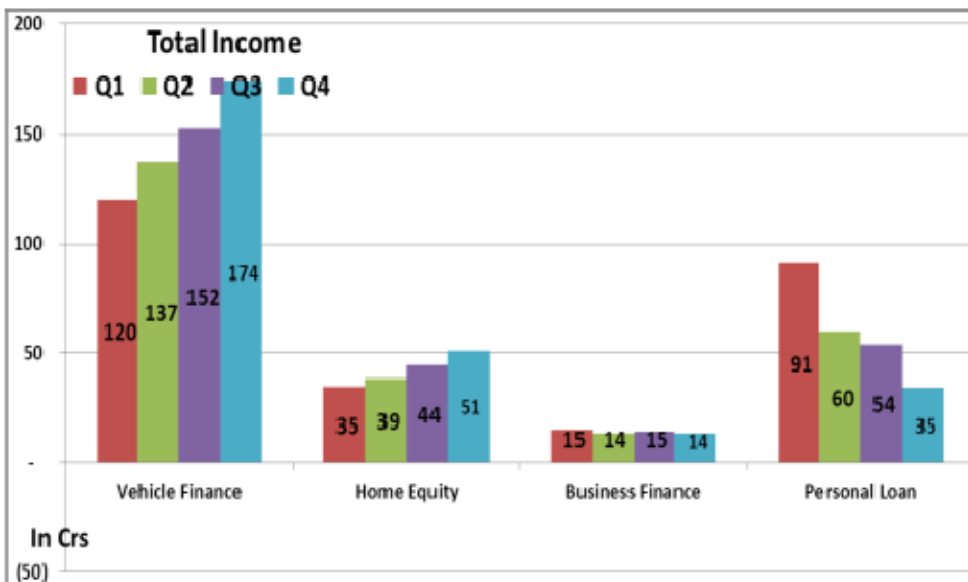
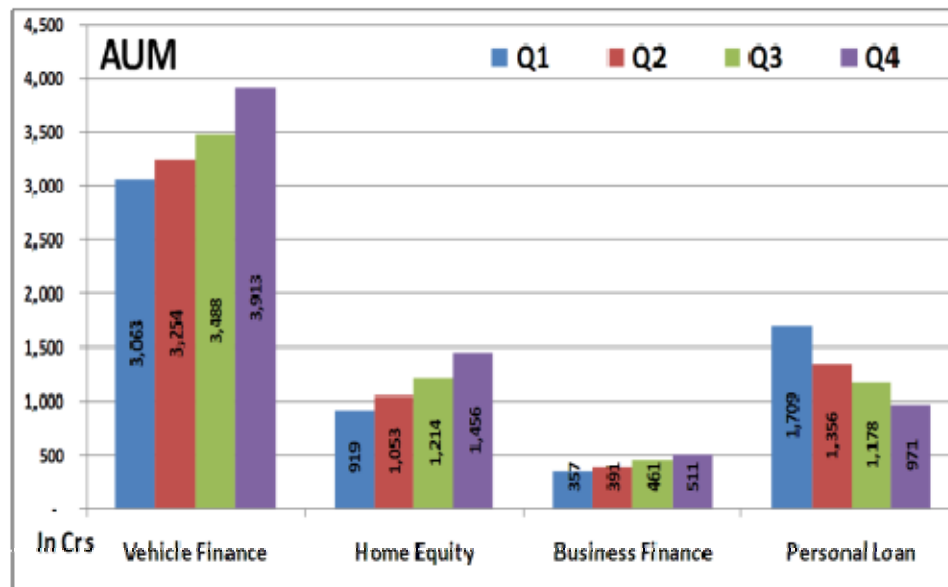
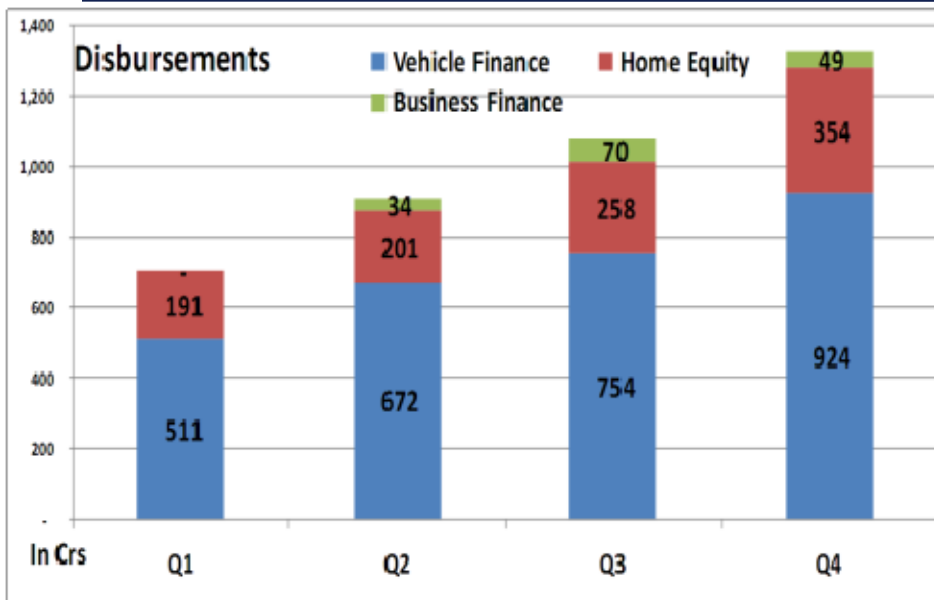
- Investment of Rs. 619 Cr.
- 64% of capital held by TII
- Average price per share – Rs. 87.54
- Current market price per share – Rs. 130

Performance in 09-10

- Disbursements in asset financing – Rs. 3865Cr.
 - Vehicle finance – growth of 91%
 - Home equity – growth of 100%
- Capital adequacy ratio – 14.9%
- Personal loan book reduced
 - Rs 1543 Cr to Rs 519 Cr
- Sale of AMC
 - Loss recognized – Rs 47 Cr
- Profit before tax – Rs. 31 Cr.



Performance Overview– 2009-10





2010-11: Key Drivers



- Disbursements growth planned
 - Vehicle Finance – 30% growth
 - Home equity – 30% growth
- Personal loan book will become NIL
- Infusion of Equity by IFC – Rs 100 Cr
 - Capital Adequacy to be maintained at 15%



Overview



About Mitsui Sumitomo

- Largest non-life insurer in Asia & Largest in Japan
- Net premium written cross US \$ 15 billion (approx) in 2008-09
- Global player with presence in over 38 countries
- Rated AA- by Standard & Poor
- Front runners in Property & Marine lines of businesses

Chola MS JV

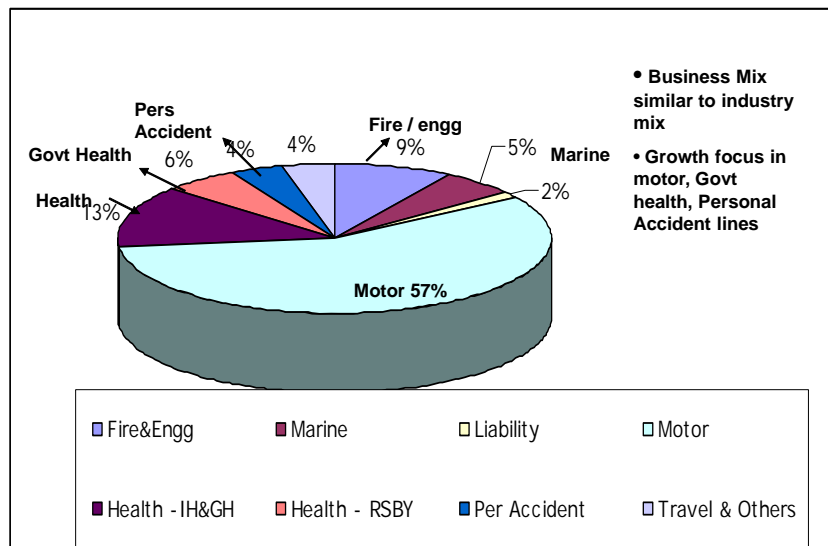
- Equity Capital – Rs 267 Cr
- Shareholding pattern
 - TII holds 74%
 - Mitsui Sumitomo 26%
- Market Share – 2.3%
- Solvency Ratio – 1.76
- Distribution Framework
- Market presence - 113 branches; 90 locations
- Marketing team of over 1500 (direct & indirect)
- Multiple business tie-ups – banks, NBFCs, Auto mfrs etc
- Leading insurer for Japanese / Korean business interests in India
- Customer base over 800000 & Over 5000 Agents



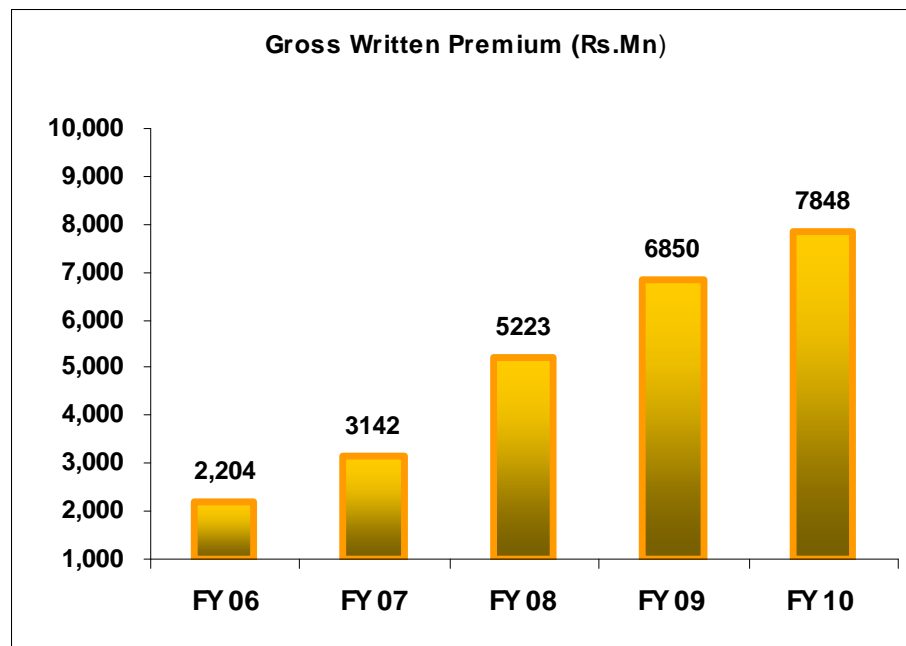
Overview



Chola MS - Business Mix – 2009-10



9



- Growth (09/10) in GWP – 14.5 % vs. industry growth of 13%
- Profit making company for the last 4 years
- PAT 2009-10 – Rs. 2.4 Cr.



2010-11: Key Drivers



Grow Retail volumes

- Contributes 77% of company GWP volumes
- Grow volumes thru tie-ups
 - Presently 46% of retail volumes
 - Banc assurance tie-ups
 - NBFC tie-ups

Grow proprietary channels

- Contribute 30% of retail volumes
- Web-channel introduced in Feb 2010
- Grow thru new products –
- Focus on people / branch productivity
- Leverage geographical presence in 113 locations

Reduce exposure to group health business



Section 4

Financials



Financials - Summary



Particulars (Rs Crs.)	2009-10	2008-09	% to Sales		% Growth
			2009-10	2008-09	
Sales (Net)	2346	2059			13.9%
Other Income	16	29			-44.3%
Total Income	2362	2088			13.1%
Raw Material (Net of Inventory change)	1420	1359	60.5%	66.0%	4.5%
Employee Cost	178	155	7.6%	7.5%	14.7%
Other Costs	499	451	21.3%	21.9%	10.8%
Total Cost (before Depn. & Interest)	2097	1965			6.7%
EBITDA	265	124	11.3%	6.0%	
EBIDTA %	11%	6%			
Extraordinary/Non-operating	-40	47			
Depreciation	67	59	2.8%	2.9%	13.0%
Interest	29	28	1.2%	1.4%	2.0%
PBT	130	83	5.5%	4.0%	56.0%
PAT	81	72	3.4%	3.5%	12.5%

Guidance - Revenue Growth of 15%



Financials - Summary



Particulars (Rs Crs.)	2009-10	2008-09
SOURCES OF FUNDS		
Equity Share Capital	37	37
Reserves & Surplus	780	700
Loan Funds	706	400
Deferred Tax Liability	41	46
Total Capital Employed	1564	1182
APPLICATION OF FUNDS		
Net Fixed Assets (Incl. CWIP)	571	544
Investments	749	454
Net Working Capital	244	184
Total Capital Employed	1564	1182
Key Ratios		
ROCE %	10.12	9.40
Sales / NWC (times)	9.61	11.17
EPS	4.39	3.91
Debt equity ratio %	0.83	0.54
Book Value Per Share	44.21	39.88



Sales & PBIT Trend



(Rs Crs.)	2005-06	2006-07	2007-08	2008-09	2009-10
Sales	1461	1615	1744	2059	2346
PBIT	148	135	97	60	198
PBIT Margin	10%	8%	6%	3%	8%
ROCE	32%	23%	10%	9%	10%



Cash Generation



	05-06	06-07	07-08	08-09	09-10	Total
Operating Cash Flow	146	79	151	110	152	638
Capital Expenditure	132	140	109	87	96	564

Capital Expenditure met out of internal accruals



Dividend Per Share



	05-06	06-07	07-08	08-09	09-10
Per Share of FV 2/-	4.7	1.5	1.0	1.0	1.5

- **60 years of uninterrupted Dividend Record**
- **Dividend distribution policy: Minimum 1/3rd of PAT**



Consolidated Financials - Summary



Particulars (Rs Crs.)	31.03.2010	31.03.2009
Segment Revenue		
Cycles / Components / E Scooters	952.75	725.10
Engineering	897.25	965.15
Metal Formed Products	580.18	491.08
Un-allocable Operating Income	0.23	0.45
Insurance	519.53	418.79
Other Financial Services	294.41	346.06
Others	4.09	2.96
Total	3248.44	2949.59
Less : Inter Segment Revenue	-71.78	-99.80
Net Revenue	3176.66	2849.79
Segment Results [Profit / (Loss) before Interest and Tax from each Segment except Other Financial Services]		
Cycles / Components / E Scooters	68.72	29.17
Engineering	58.13	3.76
Metal Formed Products	80.42	51.02
Insurance	1.85	11.85
Other Financial Services (Profit After Interest and Before Tax)	21.59	-14.81
Others	0.96	0.73
Total	231.67	81.72
Less :		
Interest	-29.41	-28.46
Other Un-allocable Expenditure Net of Un-allocable Income	-36.03	-38.44
Un-allocable Exceptional Items	0	46.66
Net Profit / (Loss) before Tax	166.23	61.48
Capital Employed (Segment Assets - Segment Liabilities)		
Cycles / Components / E Scooters	99.93	55.78
Engineering	384.50	356.41
Metal Formed Products	417.68	339.55
Insurance	280.49	149.23
Other Financial Services	232.65	219.94
Others	2.44	2.04
Other Un-allocable Assets Net of un-allocable Liabilities	268.98	69.48
Total	1686.67	1192.43



Financial Calendar



2010-11	
Q I	29 th July 2010
Q II	28 th Oct 2010
Q III	Last week of January 2011
Q IV	May 2011



Investor Desk



- Contact Particulars
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 - ramkumarr@tii.murugappa.com



THANK YOU