TUBE INVESTMENTS OF INDIA LTD CONSOLIDATED Q1 PAT UP BY 34%

The Board of Directors of Tube Investments of India Limited (TII) met today and approved the un-audited financial results for the quarter ended 30th June, 2012.

Consolidated Results

The Company's consolidated Profit after Tax for the quarter was at Rs. 119 Cr. against Rs. 89 Cr. in the corresponding period of previous year, a growth of 34%.

During the quarter Cholamandalam Investment & Finance Company Ltd, a subsidiary company in the financial service business, achieved a Profit after tax of Rs. 70 Cr against Rs. 32 Cr in the corresponding period of previous year. The total disbursements grew by 52% for the quarter.

Cholamandalam MS General Insurance Company Ltd., a general insurance subsidiary of the Company, registered a significant growth of 25% in Gross Written Premium during the quarter. During the quarter, the company raised Rs. 50Cr through rights issue at a premium of Rs. 50 per share and TII invested a sum of Rs. 37Cr towards 74% of its holding. The profit after tax for the quarter was at Rs. 11 Cr. as against Rs. 6 Cr. during corresponding period last year.

Standalone Results

Sales for the quarter were up by 5% at Rs. 910 Cr. as against Rs. 869 Cr. for the same period last year. The profit before depreciation, interest and tax for the quarter was at Rs. 94 Cr. against Rs.106 Cr. last year. The profit before tax and exceptional items for the quarter was Rs. 55 Cr. as compared to Rs. 70 Cr. for the corresponding period in the previous year.

Mr. L. Ramkumar, Managing Director said, "The Bicycles division has registered a 5% growth in revenue over corresponding period last year. The Engineering division also registered a growth of 10% against the Auto industry growth of 8%. The chains segment, in the metal formed products division, registered a revenue growth of 11% and a growth of 21% in the exports segment in volume terms. Lower off-take in the passenger car segment and delay in release of orders for railway wagons resulted in a decline of 5% in revenues of the metal formed products division. The margins were under pressure across all segments due to increased material cost, inflation in power & fuel costs and rupee depreciation"

Review of Businesses – First Quarter

Bicycles/E scooters

The bicycle division's turnover for the quarter was up by 5% over the same quarter last financial year. The specials segment registered a volume growth of 7%. The expansion of retail network continued and 54 new outlets have been added in the rural / urban - semi urban areas during the quarter. The margins continued to be under pressure due to exchange rate fluctuation, levy of additional customs & excise duty and inability to pass on the cost increases fully to the market due to competitive environment.

Engineering

During the quarter this division recorded a revenue growth of 10% over the corresponding period of last year. Auto industry continued to grow at a lower rate of 8% during the quarter. Tubular components segment grew by 19% and Precision Tubes (electrical resistance welded and cold drawn welded) grew by 5% in volume terms. The Cold Rolled Steel sales grew by 4% during the quarter. The margins were affected by increase in power & fuel cost and delay in passing on the entire cost increase to the customers.

Metal Formed Products

During the quarter this division recorded a negative growth of 5% in revenues. There was a revenue growth of 11% in Chains and a growth of 21% in volume terms in the exports segment which was due to the higher sale in the Europe and US market. Due to sluggish after-market demand, there was a drop in volumes for automotive chains in the home market by 7%.

There was a drop of 14% in doorframe volumes due to lower production of cars that the division caters to. There was also a delay in release of orders for Railway wagons apart from severe price pressure due to competition. This resulted in lower volumes and price realization thereby affecting the margins of the division.

Share Purchase Agreement and open offer for acquiring stake in Shanthi Gears Limited

The Company has entered into a Share Purchase Agreement with the Promoters of Shanthi Gears Limited ("SGL") on 13th July, 2012 for the purchase of 3,60,50,291 fully paid up equity shares of Re.1 each of SGL, representing 44.12% of SGL's share capital, at Rs.81 per share. Consequently, in accordance with the SEBI Regulations, the Company is in the process of making an Open Offer to the shareholders of SGL to acquire from them, up to 2,12,46,122 fully paid up equity shares of Re.1 each, representing 26% of SGL's share capital, at Rs. 81 per share. The company has circulated requisite Special Resolution under a Notice of Postal Ballot to its shareholders seeking approval for the investment.

About Murugappa Group

Founded in 1900, the Rs. 22314 Crores (USD 4.4 billion) Murugappa Group is one of India's leading business conglomerates. The Group has 28 businesses including eight listed Companies actively traded in NSE & BSE. Headquartered in Chennai, the major Companies of the Group include Carborundum Universal Ltd., Cholamandalam Investment and Finance Company Ltd., Cholamandalam MS General Insurance Company Ltd., Coromandel International Ltd., Coromandel Engineering Company Ltd., E.I.D. Parry (India) Ltd., Parry Agro Industries Ltd., Tube Investments of India Ltd., and Wendt (India) Ltd.

Market leaders in served segments including Abrasives, Auto Components, Cycles, Sugar, Farm Inputs, Fertilizers, Plantations, Bio-products and Nutraceuticals, the Group has forged strong alliances with leading international companies like Groupe Chimique Tunisien, Foskor, Cargill, Mitsui Sumitomo, Morgan Crucible and Sociedad Química y Minera de Chile (SQM). The Group has a wide geographical presence spanning 13 states in India and 5 continents.

Renowned brands like BSA, Hercules, Ballmaster, Ajax, Parry's, Chola, Gromor and Paramfos are from the Murugappa stable. The organization fosters an environment of professionalism and has a workforce of over 32,000 employees. For more details, visit www.murugappa.com.

For further information, please contact:

U Rajagopal
Vice President - Finance
Tube Investments of India Ltd.
Ph - 044 – 4228 6726
RajagopalU@tii.murugappa.com

D Vijayalakshmi
General Manager–Group Corporate Communications
Ph – 044-25306535/ 9444029527
vijayalakshmid@corp.murugappa.com