STEERING AHEAD

TUBE INVESTMENTS OF INDIA LIMITED

ANNUAL REPORT 2011-12

CONTENTS

Cautionary Statement

Certain expectations and projections regarding the future performance of the Company referenced in the annual report constitute forward-looking statements. These expectations and projections are based on currently available competitive, financial and economic data, along with the Company's operating plans and are subject to certain future events and uncertainties, which could cause actual results to differ materially from those indicated by such statements.

STEERING AHEAD

Innovative product lines. New green field ventures. Enhanced production capabilities. Differentiated business strategies. 2011-12 was a defining year for TI. A year, that marked consolidation and strategic preparation. A year, when the Company steered ahead, following its roadmap for the future.


JAZZA
montra
montra
montra
KENDA

STEERING AHEAD

Through greater market penetration, customer driven product offerings and relationship building.

Bicycles

Innovative product lines, strategic market expansion and experiential customer touch points - 2011-12, the Bicycle business steered ahead on an accelerated growth track. Leveraging on its market leadership and strong brand identity, the business sold close to 4.5 million bicycles, surpassing industry growth. BSA and Hercules, the two flagship brands of the business, were acclaimed nationally as Super Brands. The division capitalised on the increased awareness in health, to position its bicycles on the 'fun, fitness, freedom' platform with relationship building initiatives and participative promotional events, converting potential customers to the cycling experience.

The 'Montra' brand of high end, light weight, carbon frame bikes and the indigenously developed alloy wheel bikes registered their presence in the premium segment. The division's range of fitness equipment also increased market share in the health space.

During the year, the division continued to expand its market reach and channel presence, opening new retail stores to service the growing demand in Tier 3 and Tier 4 towns. An integrated distribution network of over 800 retail stores increased visibility and served as growth drivers. In addition, the division's line of COCO (Company Owned, Company Operated) outlets, redefined customer connect and increased sales.

As part of its growth strategies, the division is also investing in enhancing capacities and capabilities, to participate in the global market, particularly in high end, speciality bicycles.

Future plans of the division include penetrating into new markets, consolidating market leadership and enlarging customer base across a wide and varied product spectrum.

STEERING AHEAD

Through process capabilities and value engineering expertise.

Engineering

2011-12, the Engineering division was a revved up growth engine. The surge in growth of the auto industry, particularly in the two wheeler and commercial vehicle segments contributed to a 22% increase in turnover. The division continued to retain its market leadership in value added precision tubes. Sales of tubular components registered a 48% rise, signalling yet another year of significant growth.

The Engineering division consolidated its market leadership with improved operational efficiencies, infusion of new technologies, customer lock-in strategies and vendor partnering. As part of its strategic plans for competitive edge, the division commissioned a new facility for the manufacture of stainless steel tubes for pharma, sugar and other process industries.

New product lines, new market segments - the Engineering division is steering full steam ahead in the direction of growth.

STEERING AHEAD

Through process engineering and capacity augmentation.

Metal Formed Products

It was speed syncing as the chains and fine blanking business kept pace with the fast sectoral growth of the auto industry. To cater to the burgeoning market demand, capacities were ramped up for chains across its 3 manufacturing plants at Hyderabad, Ambattur and Laksar. Fine blanking products, in which TI is a niche player, also saw capacity augmentation at the plant at Ambattur.

Leveraging the technical knowhow and global reach of Sedis SAS, its subsidiary in France, TI expanded market presence in high performance industrial chains for critical applications. The 'Rombo' brand of industrial chains have already established their footprint in the European market.

In Metal Formed products, TI is a significant supplier of roll-formed, car door frames for major car manufacturers in India. The division has also ventured into motor casings for the auto sector, another product line with growth potential. In the railway space, the division registered its presence with sections and sub assemblies for roof, side and end wall of passenger coaches and wagons. Farm Implements and Boiler accessories are other promising products being explored.

In line with its growth strategies, the Metal Formed Products division is steering ahead, focusing on its core competencies and process engineering expertise, to explore new product lines and new areas of growth.

Message from the Chairman

"We are embarking on a transformation that will redefine our businesses and bring greater synergies."

Dear Shareholders,

The year 2011-12 was a year of consolidation for the Company. Although the business environment, nationally and internationally, remained uncertain through the year, TI was able to build on its trend setting performance of the previous year, touching a higher turnover of ₹3,659 Cr., with all its divisions achieving higher growth than the industry. The Engineering Division fared impressively, followed by Bicycles and Metal Formed Products. Our performance during the year has truly put us on the road towards a better, brighter and a more promising future.

We believe that we have reached a position wherein we feel emboldened to expand our capacities across divisions and initiate green field ventures as we go about consolidating our competencies. We are embarking on a transformation that will redefine our businesses and bring greater synergies. We are making our largest ever investments in creating additional capacities, building new manufacturing capabilities that will help us meet demand pulls and also enable us to explore new opportunities in emerging market segments. We are exploring new business lines, leveraging our technical partnerships with global majors. We have enhanced our R&D focus. In all, TI has recognised the need for a transformational change.

As we continue to steer ahead with our pace of change and transformation, consolidating our market leadership and enlarging our scope of operations, we are confident that we will reach the ambitious goal that we have set for ourselves and provide greater value to all our stakeholders, always putting our customers first.

Directors

It is with deep regret that I record the sad and sudden demise of Major General (Retd.) E J Kochekkan. He was a valuable colleague on the Board since August, 2009 and contributed greatly to the Board's deliberations. His wise counsel will surely be missed.

Mr. C K Sharma joined the Board in April, 2012. The Board is further enriched with his presence and I take this opportunity to welcome him.

Mr. R Srinivasan will be retiring at this Annual General Meeting and has expressed his desire not to seek re-election. Mr. Srinivasan has been associated with TI since June, 2004 and has contributed immensely to TI's growth, as a senior member of the Board, and as Member of the Audit and the Compensation & Nomination Committees. His wisdom and experience have been a source of inspiration and strength to us. I take this opportunity to express our most grateful thanks and also wish him the very best.

The members of the Board have been a constant source of strength and encouragement to the Company's management and to me, personally. I thank them for their active involvement, guidance and support.

The team

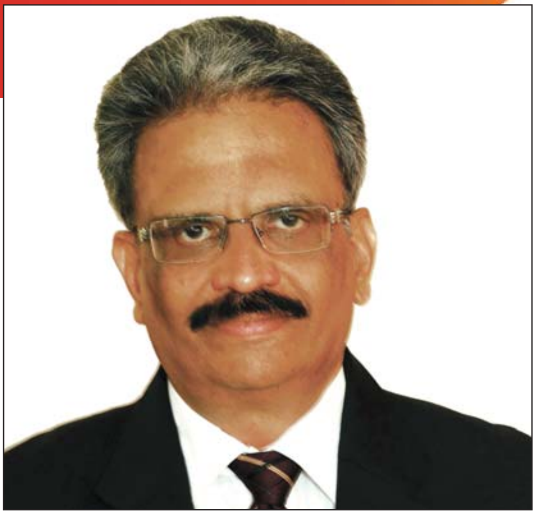
Transformation of a company depends mainly on its people. The respective teams across the Company, ably led by Mr. L Ramkumar, our Managing Director have served as catalysts of change, time and again demonstrating very high standards of performance. I thank them for their dedication and diligence and encourage them towards greater achievement in the future.

I also take this opportunity to express my gratitude to all of you, our dear shareholders, for your continued support and confidence in the Company.

Sincerely yours,

M M Murugappan

M M Murugappan



Managing Director's Message

"We have laid a strong foundation for growth in various areas of business in continuation of our journey, consolidating our people and process capabilities."

Dear Shareholders,

We at TI are very pleased to report yet another year of significant growth in sales and profits across our businesses. Despite a challenging industry environment, we could reach our growth targets and touch a turnover of ₹3,659 Cr., an increase of 17% over the last year. This could be ascribed to the customer focussed team work and the efficiency intensive initiatives across all divisions.

Bicycles

The Bicycle business steered ahead increasing its turnover to ₹1,280 Cr., despite sluggish industry growth. New product launches, with a thrust on high end bicycles drove up the revenue of the business significantly, with 26% of revenue coming from new models introduced during the year. Market activation initiatives, customer driven, product mix and focus on the high end specialty spectrum of carbon and alloy bikes, for the growing band of aspirational customers contributed to an increase in revenues.

In E-Scooters, product re-engineering to suit Indian conditions with focus on specific markets enabled increase in sales by 14%.

Engineering

The Engineering business registered a handsome increase in sales growth at 22%. Top line rose to ₹1,449 Cr. in 2011-12. Growth in two-wheeler and commercial vehicle segments of the auto industry and in large users of value added tubes were behind this remarkable performance. The business continued to be the market leader in the value added tube segment. With the commissioning of the new facility to manufacture stainless steel tubes, the business expects to further strengthen its leadership position. In tubular components too, the business improved sales by 48% establishing itself as a quality supplier of such components.

Metal Formed Products

The business improved its turnover by 12%, to ₹859 Cr. Automotive chains business grew by 18%. The business scaled up manufacturing capacity for automotive chains at its Hyderabad, Ambattur and Laksar facilities and for fine blanking at its Ambattur plant. Domestic industrial chains grew by 11%, which was higher than that of the industry. While exports of industrial chains grew by 40% on the back of higher supplies to the European and American markets, fine blanked components grew by 17%. Off-take of car doorframes was lower coinciding with the lower growth of the passenger car segment of the automotive industry.

Financiere C10, the Company's subsidiary in France, marched on with its creditable performance in 2011; the consolidated turnover grew 19% and profit before tax 110%. TI intends to fully leverage the technical knowhow and global reach of the French subsidiary to broaden its presence in high performance industrial chains for critical applications.

Cholamandalam Investment and Finance Co. Ltd., another subsidiary, had a fine year in 2011-12, with aggregate disbursements higher by 55% over 2010-11 and a 190% spurt in the profit before tax.

At TI, our people are our core strength, the primary force who engineer the growth of the business. It is their dedication, commitment and participative pride that has helped the Company retain its market leadership in each of its businesses. As we enter into another phase of growth, I am confident the team will demonstrate the strength and resilience to scale greater heights.

We have laid a strong foundation for growth in various areas of business in continuation of our journey, consolidating our people and process capabilities.

Yours sincerely,

L Ramkumar

TI INDIA

10 Year Financials

₹ in Crores

	11-12	10-11	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03
OPERATING RESULTS										
Sales (Including excise duty)	**3659.32**	3126.40	2453.65	2212.22	1908.23	1761.84	1584.18	1562.58	1257.34	1197.13
Profit before Depreciation, Interest & Tax (PBDIT)	**397.35**	376.32	225.07	170.33	157.88	256.99	307.09	178.50	147.39	105.82
Profit before Interest & Tax (PBIT)	**321.27**	307.22	158.26	111.21	104.73	206.60	258.53	140.69	117.79	77.65
Profit before Tax (PBT)	**245.10**	241.30	129.50	83.02	83.44	195.31	245.63	126.18	105.30	62.45
Profit after Tax (PAT)	**180.09**	169.66	81.21	72.18	56.50	155.78	182.93	98.55	82.49	45.89
Earnings Per Share (₹)*	**9.69**	9.16	4.39	3.91	3.06	8.43	49.50	26.67	22.32	19.46
Dividend Per Share (₹)*	**3.00**	3.00	1.50	1.00	1.00	1.50	23.50	7.00	10.00	9.00
Book Value Per Share (₹)*	**59.84**	53.40	44.21	39.88	38.86	35.49	143.98	121.28	202.39	163.46
SOURCES AND APPLICATION OF FUNDS										
SOURCES OF FUNDS										
Share Capital	**37.26**	37.13	36.95	36.95	36.95	36.95	36.95	36.95	18.47	18.47
Reserves and Surplus	**1077.70**	954.27	779.95	700.00	681.02	618.90	495.15	411.24	376.83	315.18
Net Worth	**1114.96**	991.40	816.90	736.95	717.97	655.85	532.10	448.19	395.30	333.65
Share Application Money Pending Allotment	**0.03**	–	–	–	–	–	–	–	–	–
Debt	**832.41**	723.80	705.82	399.76	327.50	206.45	244.30	228.12	215.64	262.20
Deferred Tax Liability (Net)	**48.08**	51.76	41.31	45.77	42.64	41.83	41.50	32.71	31.79	31.98
Total	**1995.48**	1766.96	1564.03	1182.48	1088.11	904.13	817.90	709.02	642.73	627.83
APPLICATION OF FUNDS										
Gross Fixed Assets	**1218.32**	1105.75	1028.09	964.02	861.91	734.06	626.01	566.43	432.30	406.08
Accumulated Depreciation	**611.81**	544.91	500.46	449.87	400.43	369.82	324.44	282.96	206.65	180.75
Net Fixed Assets	**606.51**	560.84	527.63	514.15	461.48	364.24	301.57	283.47	225.65	225.33
Capital Work-in-Progress	**38.42**	27.39	42.93	29.68	57.31	105.54	80.49	21.42	13.66	2.93
Investments	**930.15**	910.55	749.44	454.35	316.95	190.55	235.86	189.71	204.17	174.55
Net Working Capital	**420.40**	268.18	244.03	184.30	252.37	243.80	199.98	214.42	177.82	193.32
Deferred Revenue Expenditure	–	–	–	–	–	–	–	–	21.43	31.70
Total	**1995.48**	1766.96	1564.03	1182.48	1088.11	904.13	817.90	709.02	642.73	627.83
RATIOS										
PBDIT To Sales (%)	**10.86**	12.04	9.17	7.70	8.27	14.59	19.38	11.42	11.72	8.84
PBIT To Sales (%)	**8.78**	9.83	6.45	5.03	5.49	11.73	16.32	9.00	9.37	6.49
PBT To Sales (%)	**6.70**	7.72	5.28	3.75	4.37	11.09	15.51	8.08	8.37	5.22
PAT To Sales (%)	**4.92**	5.43	3.31	3.26	2.96	8.84	11.55	6.31	6.56	3.83
Interest Cover (times)	**5.22**	5.71	7.83	6.04	7.42	22.76	23.81	12.30	11.80	6.96
ROCE (%) #	**16.10**	17.39	10.12	9.40	9.62	22.85	31.61	19.84	18.33	12.37
Return on Networth (%) (+)	**16.15**	17.11	9.94	9.79	7.87	23.75	34.38	21.99	22.06	15.20
Total Debt Equity Ratio (+)	**0.75**	0.73	0.86	0.54	0.46	0.31	0.46	0.51	0.58	0.87
Long Term Debt Equity Ratio (+)	**0.48**	0.47	0.61	0.32	0.24	0.13	0.25	0.29	0.32	0.49
Sales/Fixed Assets (times)	**6.03**	5.57	4.65	4.30	4.14	4.84	5.25	5.51	5.57	5.31
Net Working Capital Turnover (times)	**8.70**	11.66	10.05	12.00	7.56	7.23	7.92	7.29	7.07	6.19

Return on Capital Employed (ROCE) is Profit before Interest and Tax divided by the Capital Employed as at the end of the year.

(+) Ratios have been computed after adjusting for Revaluation Reserve & Deferred Revenue Expenditure.

* Based on Face Value per Share of ₹10 each up to 2005-06 and ₹2 each from 2006-07 (consequent to split of one Equity Share of ₹10 each into five Equity Shares of ₹2 each in 2006-07)

Corporate Information

BOARD OF DIRECTORS	M M Murugappan, *Chairman* L Ramkumar, *Managing Director* C K Sharma Pradeep Mallick Pradeep V Bhide S Sandilya N Srinivasan R Srinivasan
COMPANY SECRETARY	S Suresh
REGISTERED OFFICE	'Dare House' 234, N S C Bose Road, Chennai 600 001
PLANTS	**Bicycles & E-Scooters:** TI Cycles of India, Ambattur, Chennai TI Cycles of India, Nashik TI Cycles of India, NOIDA BSA Motors, Ambattur, Chennai **Engineering:** Tube Products of India, Avadi, Chennai Tube Products of India, Shirwal, Satara Tube Products of India, Mohali **Metal Formed Products:** TIDC India, Ambattur, Chennai TIDC India, Kazipally, Medak TIDC India, Uttarakhand TI Metal Forming, Nemilicherry, Chennai TI Metal Forming, Kakkalur, Chennai TI Metal Forming, Bawal TI Metal Forming, Halol TI Metal Forming, Pune TI Metal Forming, Uttarakhand TI Metal Forming, Sanand
AUDITORS	**Deloitte Haskins & Sells** Chartered Accountants
BANKERS	Bank of America Standard Chartered Bank State Bank of India The Hongkong & Shanghai Banking Corporation Limited

INDIA

Directors' Profile

Mr. M M Murugappan, Chairman

Mr. M M Murugappan (56 years) holds a Masters degree in Chemical Engineering from the University of Michigan, USA. He joined the Board in March, 2002. He is currently the Chairman of Carborundum Universal Limited. He is also on the Board of various companies including Mahindra & Mahindra Limited and Wendt (India) Limited.

Mr. L Ramkumar, Managing Director

Mr. L Ramkumar (56 years) is a Cost Accountant and has a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He joined the Board in February, 2008. He has over 32 years of rich and varied experience in management including 20 years in the Company itself in various capacities.

Mr. C K Sharma, Non-Executive Director

Mr. C K Sharma (65 years) is a Graduate in Chemical Engineering from Indian Institute of Technology-Madras and has a Post Graduate diploma in Management from Indian Institute of Management, Ahmedabad. Mr. Sharma joined the Board in April, 2012. He has a mix of industry, academic, entrepreneurial and consulting exposure in India and abroad.

Mr. Pradeep Mallick, Non-Executive Director

Mr. Pradeep Mallick (69 years) holds a Bachelors degree in Engineering from Indian Institute of Technology, Madras and a diploma in Business Management (UK). He is a fellow of the Institution of Engineering & Technology, London. He joined the Board in June, 2003. He was formerly Managing Director of Wartsila India Limited. He is on the Board of various companies including Blue Star Limited and ESAB India Limited.

Mr. Pradeep V Bhide, Non-Executive Director

Mr. Pradeep V Bhide, I.A.S. (Retd.) (62 years) is a Graduate in Science and Law. He also holds a Masters degree in Business Administration with specialisation in Financial Management. He joined the Board in October, 2010. In a career spanning 37 years in the Indian Administrative Service, Mr. Bhide has held senior positions at the State and Central levels. He is on the Board of various companies including GlaxoSmithKline Pharmaceuticals Limited, Heidelberg Cement India Limited, NOCIL Limited and L&T Finance Limited.

Mr. S Sandilya, Non-Executive Director

Mr. S Sandilya (64 years) is a Commerce Graduate and has a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He joined the Board in January, 2005. He is the Group Chairman, Eicher Group. He is on the Board of various companies including Rane Brake Lining Limited and Parry Sugar Industries Limited.

Mr. N Srinivasan, Non-Executive Director

Mr. N Srinivasan (54 years) is a Chartered Accountant and Company Secretary. He joined the Board in January, 2007. He is currently the Vice Chairman of Cholamandalam Investment and Finance Company Limited. He is also on the Board of various companies including Cholamandalam MS General Insurance Company Limited.

Mr. R Srinivasan, Non-Executive Director

Mr. R Srinivasan (70 years) is a Graduate in Mechanical Engineering. He joined the Board in June, 2004. He was formerly the Managing Director of Widia India Limited. He is on the Board of various companies including Sundram Fasteners Limited and Cholamandalam MS General Insurance Company Limited.

Management Discussion and Analysis

OVERVIEW

The year 2011-12 was marked by many challenges in the global and domestic business environments. Uprisings in the Middle East, natural calamities in Japan and Thailand and the sovereign debt crisis in the European economies coupled with high inflation and increasing interest rates in India marked the progress of the year.

Shrugging off all of the above, India grew at the now familiar levels of around 8% in the first few months of the year before headwinds from the European crisis and the impact of high interest rates put the brakes on her growth. Despite all this, the Indian economy is expected to post a growth rate of 6.9% for the year 2011-12, a growth rate that places it among the high growth economies of the world. Affirmative action by the European Central Bank and strong political will from the major European economies of Germany and France have ensured a relatively safe resolution of the debt crisis helping a revival in economic activity in the region which together with the improvements in the US economy should spur global growth.

During the year 2011-12, the Company posted a turnover of ₹3659 Cr., and a Profit before Tax and exceptional items of ₹245 Cr., representing growth rates of 17% and 11% respectively. This growth happened despite the largest user segment of the Company's products registering negative growth rates in two quarters of the financial year. During the previous year, there was an exceptional income of ₹21 Cr. resulting from the sale of land and building.

BUSINESS REVIEW

TI's Presence

Cycles/Components/Electric Scooters

The Cycles/Components/Electric Scooters segment of the Company comprises bicycles of the standard and special variety including the alloy bikes & specialty performance bikes, bicycle components sold as spares, fitness equipment such as motorised tread mills, elliptical, recumbent bikes etc., and electric scooters.

Industry Scenario

The organised bicycle industry in India is estimated to have grown at a rate of 4% during the year just ended. The transformation of the bicycle from being a primary mode of transport into a fun, leisure and fitness product has resulted in a higher growth for the specials segment of bicycles compared to the growth of the standard roadster segment. It is estimated that the market for the specials segment which comprises of the Mountain Terrain Bikes, the Sport Light Roadsters and Kids bikes grew at twice the rate of the overall industry growth.

With increasing aspirations, greater awareness for fitness and a higher proportion of youth backed by higher purchasing power, the demand for premium products has been steadily on the rise over the years.

The Company and two other players cater to about 90% of the market. Regional players and imports constitute the balance. The Company enjoys an overall market share of slightly over 31% while continuing to be a significant leader in the specials and premium segments with a dominant share of the market.

The fitness equipment business can be broadly classified under two segments; home and commercial. The fitness business of the Company is restricted to the home segment. The fitness equipment industry is growing at a compounded rate of 20% annually and there are six national players apart from a slew of importers and regional players.

The electric scooters industry in India is still small in size and is currently estimated at around 0.40 lac scooters annually. During the year, the market is estimated to have shrunk further from about 0.55 lac scooters in the previous year. The industry is witnessing some consolidation with most small unorganised players having exited, leaving the market to the three major national players. In the recent past, there has been an effort to popularise the use of these products by the Government at the Centre and a few States. Sustained support from them would help the industry stabilise and grow in the coming years by providing a cash subsidy to manufacturers on sale of scooters to end consumers.

Review of Performance

During the year, the segment recorded a growth of 8.4% in the volume of bicycles sold, touching a level of close to 4.5 million bicycles during the year. Focus on special and premium products, availability of products across the various retail formats numbering over 800 today, regular introduction of new products based on customer insights and the various activities undertaken to popularise "cycling" helped achieve this growth. The purchase of bicycles by the State governments was higher during the year with more governments using this route to attract the youth to the education stream. The Net Operating Profit before Interest and Tax declined by 3% over the previous year due to the heightened competition, increase in input costs and depreciation of the Indian Rupee which could not be passed on to the users in full, in select product segments, impacting the net margin.

The indigenously developed alloy bikes under the Montra brand were well received by the market. The other premium brands straddling various price points also continue to do well. Being an early entrant into this segment, the Company holds a large share of the market for premium and performance bicycles. As in the previous years, new products continue to be a significant driver of revenue for the Company with as much as 26% of the revenue coming from the 27 new models launched during the year across various segments.

Higher income and a greater desire to be healthy and fit drive the growth of the fitness industry in India. Newer models and better availability of products across the exclusive BSA Workouts outlets and other outlets helped the Company maintain its turnover from these products.

Thanks to the developments carried out on the products making them more attractive to the Indian users and the support of governments in the form of fiscal benefit to promote the use of eco-friendly products, the sale of electric scooters increased by 14% during the year. Creation of better infrastructure for these products and the high prices of fuel could drive the growth of these products.

Customs duties on bicycle and components have been increased steeply and also the Excise duty on bicycles increased from 1% to 2% in the Finance Bill 2012. Industry is pushed to increase the realisation as a result of the above. Consequently, the demand for bicycles could have an impact and to negate this, the Company will continue to pursue its strategic initiatives.

Engineering

TI's Presence

The Engineering segment of your Company consists of cold rolled steel strips and precision steel tubes viz., Cold Drawn Welded tubes (CDW), Electric Resistance Welded tubes (ERW) and Stainless Steel tubes. These products primarily cater to the requirements of the automotive, boiler, bicycles, general engineering and process industries such as pharmaceuticals and food processing.

Industry Scenario

The automotive industry in India saw a year of ups and downs. The passenger car segment grew by 4% in the first half of the year while for the full year, the segment recorded a growth of 2%. The two-wheeler segment grew by a strong 19% in the first half but went into negative territory during the second half and the full year growth was at 16%. However, the commercial vehicles segment performed well across the year and grew by 20%. Increasing fuel price has brought about a shift in the user preference and the demand for diesel vehicles has been on the increase over the years. High interest rates and increasing prices also led to the postponement of purchase, suppressing growth. The attractiveness of the Indian market continues to be high with all leading manufacturers increasing capacity to cater to the domestic and international markets.

Disturbances in the international markets and the uncertain economic environment in Europe kept the overseas markets quiet. Despite this situation, export of cars, commercial vehicles and two wheelers recorded a growth of 24%.

The Cold Rolled Steel Strips segment is dominated by the integrated steel manufacturers. In this business, the Company continues to be a "niche player" focusing on the special grades catering to diverse applications in various sizes and grades. The Company continues to be the leader in this segment in the Southern market.

Review of Performance

Sale of tubes in the domestic market grew by 15% over the previous year and cold rolled steel strips grew 7% over the year. The turnover grew 22% on a base that was already higher due to a growth of 34% in the previous year. During the year, the Company commissioned its new facility for manufacture of stainless steel tubes. These tubes will cater to pharmaceutical, sugar and other process industries. The Company continued to be the undisputed leader in the domestic value added tubes segment with a market share of around 55%. Sales of tubular components grew by 42% in volume terms and by 48% in value terms yet another year, thereby reinforcing the Company's position as a reliable and quality supplier of tubular components to the automobile industry.

The Company continued to stay focused on servicing its customer base with on time deliveries and highest quality. Higher volume and better product mix helped increase the Net Operating Profit before Interest and Tax by 16%. The full impact of increasing input costs could not be passed on to the markets affecting the profitability marginally. Tight control on working capital and optimum utilisation of assets helped improve the return on assets (capital employed).

Metal Formed Products

TI's Presence

Automotive and industrial chains, fine blanked products, roll-formed car doorframes and cold rolled formed sections for railway wagons & passenger coaches constitute the Metal Formed Products of the Company.

Industry Scenario

Your Company is one of the three major players manufacturing roller chains in India. The two wheeler industry grew at a double digit rate during the year but the rate of growth was below the rate of growth witnessed during the last two years. High interest rates and increase in the price of two wheelers led to the lower rate of growth. The rural sector continues to drive the demand for two wheelers while the urban market is moving into the performance motorbikes segment on the back of increasing aspirations and demand from the younger generation in these markets. The advent of all global motorcycle manufacturers in India has also led to the opening up of this segment. The scooter segment in two wheelers has seen a strong revival and found acceptance among the fairer sex. The replacement market continues to grow and constitutes a fair chunk of the market. The market for industrial chains too continued to grow in line with the industrial growth in the country. Demand for industrial chains from the Company's customers overseas and from its subsidiary in France was strong and grew significantly. The Fine Blanking segment which supplies components to the automotive industry is estimated to have grown at about 12% during the year under review. The growth during the year has been lower when compared with the previous year in view of the decline in the passenger car segment during the year. The Company and two other players cater to the bulk of the market.

There are currently three established roll-formed car doorframe manufacturers in India. The domestic passenger car segment registered a small growth of 2% during the year. While the market for cars has grown in India, there have not been many new models with roll formed doors and as a result, there has not been much growth in this segment. India is still an attractive location for the manufacture of cars, especially the small cars, for the export market and export of automotive products grew significantly.

Transport of goods by rail still continues to be a cost effective means in the Indian market and the demand for new wagons is growing to cater to the increase in demand. The Company together with another national player and a clutch of regional companies cater to the requirements of wagons.

Review of Performance

The turnover in this segment was higher by 12%. Strong volume growth in the domestic market for automotive and industrial chains on the back of good growth in the user industries, and higher exports led to this growth. Though the global economy was virtually stagnant after starting off well, demand from the overseas subsidiary and some of its key overseas customers, helped increase the Company's exports of industrial chains and fine blanked components. The volume of car doorframes sold was lower due to the low growth in the industry and labour unrest with a customer which affected their output. Sale of sections for wagons registered a marginal growth.

Higher volume growth, favourable product mix and improvement in operational efficiencies helped the segment grow its Net Operating Profit before Interest and Tax by 10%.

FINANCIAL REVIEW

Profits and Profitability

High inflation, accentuated by high oil prices due to political unrest in the Middle East and North Africa, resulted in a significant increase in the input costs. The Company also witnessed increased competition in most of its product lines and coupled with the decline in growth rates in the key user segment, it was not possible to recover all cost increases from its customers. Despite improvement in operating efficiencies, the unrecovered amount could not be bridged leading to a reduction in the operating margin during the year. During the previous year, the Company earned an exceptional income of ₹21 Cr. from the sale of some of its land and building.

The business segments of the Company continue to strengthen the working capital management and the cash generated from operations was at ₹325 Cr., during the year as compared to ₹327 Cr. the previous year.

Capital Expenditure

The Company continued to invest in capacity expansion in most of its businesses to meet the increase in demand witnessed in the near past. Green field plants in new locations are sought to be established in most businesses. The projects for expansion of capacity for automotive & industrial chains and manufacture of stainless steel tubes have been commissioned while some more projects are in progress. In line with its philosophy of providing its customers the best products, investments in state-of-the-art facilities as well as modernising in current facilities are being carried out. The Company provides for accelerated depreciation with respect to some of its assets to reflect the remaining estimated useful life given the dynamic market conditions. The Company continues to assess the trends emerging in the industry and the changing requirements of its customers and invest appropriately for the long term.

Interest Cost

Considering the expansion plans of the Company, the long-term financial position was fortified during the year by way of additional borrowings at attractive interest rates. The overall borrowing cost of the Company was higher at 9.5% due to the very high interest rates prevailing in the country throughout the financial year.

Internal Control Systems

Internal control systems in the organisation are looked at as the key to effective functioning of the organisation. The Internal Audit team periodically evaluates the adequacy and effectiveness of these internal controls, recommends improvements and also reviews adherence to policies based on which corrective action is taken to address gaps, if any. The Company has a risk management policy and its internal control systems are an integral part of this policy. The Company has extensive internal control systems to mitigate risks inherent in day-to-day functioning and covers all areas of operations. Revenue and capital expenditure are governed by approved budgets and the levels are defined by the delegation of authority mechanism. Review of capital expenditure is undertaken with reference to benefits expected in line with the policy for the same. Investment decisions are subject to formal detailed evaluation and approved by the relevant authority as defined in the delegation of authority mechanism. The Audit Committee reviews the plan for internal audit, significant internal audit observations and functioning of the Company's Internal Audit department on a periodic basis.

By Order of the Board

Chennai
30th April, 2012

L Ramkumar
Managing Director

Enterprise Risk Analysis and Management

Risk management refers to the formal processes whereby risks associated with the "enterprise", as a whole are managed. Risk management encompasses the following sequence:

- Identification of risks and risk owners
- Evaluation of the risks as to likelihood and consequences
- Assessment of options for mitigating the risks
- Prioritising the risk management efforts
- Development of risk management plans
- Authorisation for the implementation of the risk management plans
- Implementation and review of the risk management efforts

Risk management strengthens the robustness of the business. The Company has an established risk assessment and minimisation procedure. There are normal constraints of time, efficiency and cost.

Some of the risks associated with the businesses and the related mitigation plans are discussed hereunder. The risks given below are not exhaustive and the evaluation of risk is based on management's perception.

Further, during 2011-12, to identify, evaluate, assess, manage and mitigate business risks through a Board-monitored mechanism, the Board of Directors has constituted a “Risk Management Committee”. The Committee’s objective is to specifically identify/monitor key risks of the Company and evaluate the management of such risks for effective mitigation. The Committee would provide periodical updates to the Board and provide support in the discharge of the Board’s overall responsibility in overseeing the risk management process. It would give a fillip to the Company’s efforts in ensuring the operation of a comprehensive and well developed risk management policy in the organisation. The Committee met once during the year and reviewed the risks and related mitigation plans across the various SBUs of the Company.

A. Bicycles

Risk	Why considered as Risk	Mitigation Plan/Counter Measure
Product Obsolescence Risk	• Availability of alternatives • Increased affordability for motorised vehicles • Less road space for cycling	• Higher variety, especially of premium bikes • Products based on customer need • "Cycling" as a concept - leisure, fitness, fun and recreation
Price Risk	• High competition leading to reduction in prices	• Cost competitiveness • Development of lower cost models • Consumer insight based new product development and improving quality of aesthetic
Sourcing Risk	• Dependence on vendor base • Consistent quality and supplies • 25% of vendors located in residential area	• Continuous upgrading of vendor capability • Relationship building • Imports from quality sources • Relocate vendor base through vendor park at new location
Category acceptance for electric scooters	• Product image yet to compare favourably with other two wheelers	• Focus on enhancing quality of key components • Promotional activities for market activation • Development of models meeting price value expectation

B. Engineering

Risk	Why considered as Risk	Mitigation Plan/Counter Measure
User Industry Concentration Risk	• Significant exposure to auto sector • Lag in pass through of input cost changes • Demand declining in global markets	• Introduction of new products catering to non-auto users • New products/applications to existing new customers • Leverage application engineering skills for tubular solutions • Drive operational efficiencies vigorously • Cost reduction through operational excellence initiatives
Technology Obsolescence Risk	• Cheaper alternatives for auto applications affecting revenue streams	• Strategic alliance with educational/ research institutions • Technology tie-up with global major • Imbibing new and relevant technologies
Raw Material Risk	• Volatility in steel price • Inconsistency in quality • High inventory holding	• Alliance with steel producers • Global sourcing • Strategic sourcing • Rationalisation and standardisation of grades • Move to products with higher value addition
Competition Risk	• Competition from integrated steel mills • New entrants with financial strength • Imports	• Consistent quality and timely delivery • Project range of offering leveraging all businesses of the Company • Innovate on products, process and applications • Leveraging metallurgy skills • Enhancing competitiveness • Lock-in with customers

C. Metal Formed Products

Risk	Why considered as Risk	Mitigation Plan/Counter Measure
Product Risk	• Revenues are model specific	• Increase in customer base and models • Indigenisation of equipment • Pursue options for other business using the same facilities • Customer specific investments to be done by them
User Industry Concentration Risk	• Dependence on auto sector	• Diversification into Railway products • Focus on industrial applications • Develop range of power transmission products
Customer Retention Risk	• Availability of alternative source • Disruption in supplies	• Cost competitiveness • Leverage design strength • Leverage proximity to customer • Build technology superiority
Entry of competition	• Low technology barrier • Impact on profit	• Leverage position with customer as technology leader • Continuous upgrading of technical specifications • Cost reduction • Concentration in focus markets
Entry of internationally established players in domestic market	• Better product range • Tie-up with local player/end user • 'High quality' image	• Enhance product portfolio leveraging acquisition • Leverage leadership and competitive position in industry • Strengthen collaboration with R&D team of customers • Pursue opportunities in systems/ components • Pursue options for collaborating with other multi-national player(s) of repute
Sourcing Risk	• Dependence on few vendors for certain components	• Vendor relationship building • Enhancing vendor base, both locally as well as overseas • Leveraging strength of combined entity

D. General

Risk	Why considered as Risk	Mitigation Plan/Counter Measure
HR Risk	• Ability to attract talent, especially people with domain knowledge for new projects • Retention of talent	• Corporate Brand Building • Robust recruitment process • Structured induction and on the job training • Coaching and team building • Individual career and development plan • Effective communication exercises • Continuous engagement with identified talent pool • Deskill operations
Internal Control Risk	• Multiple locations	• Review of controls in a structured manner, at defined frequency • Risk based audit of controls
Currency Risk	• Foreign currency exposure on exports, imports and borrowings	• Early identification and monitoring of exposures • Hedging of exposures based on risk profile
IT Related Risk	• Confidentiality, integrity and availability	• Access controls • Secure Network Architecture • Infrastructure Redundancies & Disaster recovery mechanism. • Audit of controls

On behalf of the Board

Chennai
30th April, 2012

L Ramkumar
Managing Director

General Shareholder Information

Registered Office

'Dare House', 234, N S C Bose Road,
Chennai - 600 001

Annual General Meeting

Day : Monday

Date : 6th August, 2012

Time : 4.00 P.M.

Venue : T T K Auditorium, The Music Academy, 168 (Old No. 306), T T K Road, Chennai - 600 014.

Tentative Calendar for 2012-13

The tentative calendar for Board meetings for approving the quarterly financial results:

Results for the first quarter ending
30th June, 2012 – 6th August, 2012

Results for the second quarter/half-year ending
30th September, 2012 – 2nd November, 2012

Results for the third quarter ending
31st December, 2012 – January/February, 2013

Results for fourth quarter ending 31st March, 2013/ Annual Results for the financial year 2012-13 – April/May, 2013

Book Closure for Dividend

Monday, the 23rd July, 2012 to Monday, 6th August, 2012 (both days inclusive).

Dividend

The Board of Directors has recommended the payment of a final dividend of ₹1 per equity share. The dividend on equity shares will be paid to those members, whose names appear in the Register of Members as on Monday, 6th August, 2012 and the same will be paid on 9th August, 2012. During the year, in February, 2012, the Company paid an interim dividend of ₹2 per equity share.

In respect of shares held in electronic form, dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for the purpose.

Unclaimed Dividend

The details of dividend paid by the Company and the respective due dates of transfer of the unclaimed/ unencashed dividend to the Investor Education & Protection Fund ("IE&P Fund") of the Central Government are as below:

Financial year to which dividend relates	Date of declaration	Due date of transfer to IE&P Fund
2004-05	29.07.2005	03.09.2012
2005-06		
- Interim	23.03.2006	28.04.2013
- Final	28.07.2006	02.09.2013
2006-07	31.07.2007	05.09.2014
2007-08	31.07.2008	05.09.2015
2008-09	29.07.2009	03.09.2016
2009-10	29.07.2010	03.09.2017
2010-11		
- Interim	29.01.2011	06.03.2018
- Final	01.08.2011	06.09.2018
2011-12		
- Interim	01.02.2012	08.03.2019

As provided under the Companies Act, 1956, dividends remaining unclaimed for a period of seven years shall be transferred by the Company to the IE&P Fund. In the interest of the investors, the Company is in the practice of sending reminders to the concerned investors, before transfer of unclaimed dividend to the IE&P Fund. Unclaimed/unencashed dividends up to 2003-04 have been transferred to the IE&P Fund.

Instructions to Shareholders

(a) Shareholders holding shares in physical form

Requests for change of address must be sent to the Company's Registrar & Transfer Agent viz., M/s. Karvy Computershare Private Ltd ("RTA"), not later than 23rd July, 2012 to enable them to forward the dividend warrants to the latest address of Members. Members are also advised to intimate the RTA the details of their bank account to enable incorporation of the same on dividend warrants. This would help prevent any fraudulent encashment of dividend warrants.

(b) Shareholders holding shares in demat form

Shareholders can make use of the National Electronic Clearing Services ("NECS") of Reserve Bank of India, offered at select centres, to receive dividend payment directly into their bank account, avoiding thereby the hassles relating to handling of physical warrants besides elimination of risk of loss in postal transit/ fraudulent encashment of warrants. The NECS operates on the account number allotted by the Bank post Core Banking Solution ("CBS") implementation. The new Bank account number may kindly be intimated by the shareholder to the Depository Participant (in case the shares are held in demat mode) or to the Company's RTA viz., M/s. Karvy Computershare Pvt Ltd., (in case the shares are held in physical mode) by sending a request letter along with a cancelled cheque, if not already done.

If there is any change in bank account details, shareholders are requested to advise their Depository Participant(s)/Company's RTA, as the case may be, immediately about the change.

Further, if in case of any change in address, shareholders are requested to advise their Depository Participant(s) immediately about their new address.

Listing on Stock Exchanges and Stock Code

Equity Shares

National Stock Exchange - TUBEINVEST

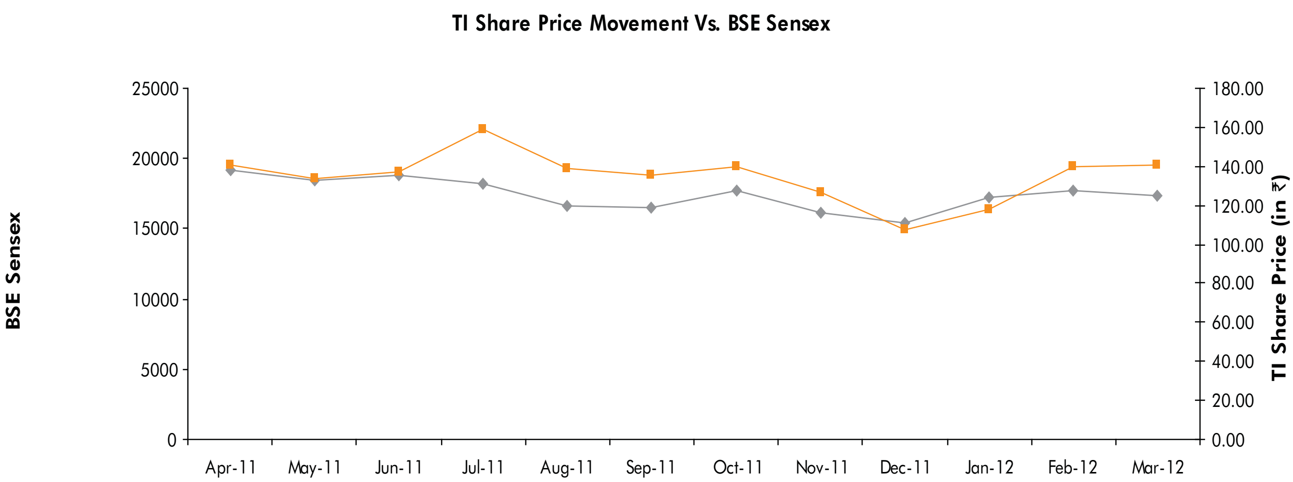
Bombay Stock Exchange - 504973

Listing fee for the year ended 31st March, 2012 has been paid to both the Stock Exchanges in time.

Market Price Data and Comparison

Monthly high and low price of the equity shares of the Company during 2011-12 are as follows:

Month	National Stock Exchange		Bombay Stock Exchange	
	HIGH ₹	LOW ₹	HIGH ₹	LOW ₹
Apr-11	156.00	133.15	154.00	132.50
May-11	142.50	125.10	147.15	128.00
Jun-11	149.70	129.20	149.90	129.30
Jul-11	170.25	137.00	170.25	137.10
Aug-11	165.05	124.00	164.80	124.80
Sep-11	151.75	131.60	151.95	131.30
Oct-11	144.90	124.00	151.00	125.60
Nov-11	147.50	116.70	147.40	117.25
Dec-11	130.00	97.60	130.00	96.00
Jan-12	125.80	105.90	126.00	106.15
Feb-12	141.25	119.05	140.00	119.15
Mar-12	154.55	134.10	154.90	133.05



	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
BSE Sensex	19136	18503	18846	18197	16677	16454	17705	16123	15455	17194	17753	17404
TI Share Price	141.00	133.55	136.85	159.10	138.80	135.15	139.80	127.05	107.05	118.35	139.45	140.60

BSE Sensex   TI Share Price

Note: Closing BSE Sensex and TI share price on BSE are as on the last trading day of each month during 2011-12

Registrar and Share Transfer Agent

Karvy Computershare Private Ltd.
Plot No: 17-24 Vittal Rao Nagar
Madhapur, Hyderabad - 500 081
einward.ris@karvy.com and vlakshmi@karvy.com
Phone No.040 - 23420818
Fax: 040 - 23420814
Contact Person: Mrs. Varalakshmi - Senior Manager

Share Transfer and Investor Service System

The Board has authorised Chairman/Managing Director to approve transfers/transmissions in addition to the committee of the Board constituted for the purpose.

Shareholding Pattern as on 31st March, 2012

Category	No. of shares held	% of shareholding
A Promoter Group	8,97,07,890	48.15
B Non-Promoter Holding		
1 Institutional Investors		
a) Mutual Funds and UTI	2,17,73,294	11.69
b) Banks, Financial Institutions, Insurance Companies	69,47,156	3.73
c) Foreign Institutional Investors	1,57,21,197	8.44
2 Others		
a) Private Corporate Bodies	1,22,63,351	6.58
b) Indian Public	3,27,41,550	17.56
c) NRI	7,37,419	0.40
d) Bank of New York Mellon (Depository for GDR holders)	64,23,460	3.45
Grand Total	**18,63,15,317**	**100.00**

Distribution of Shareholding as on 31st March, 2012

Category	No. of holders	% to Total	No. of shares	% to Total
1 - 5000	20,974	90.72	93,35,070	5.01
5001 - 10000	1,188	5.14	42,06,715	2.26
10001 - 20000	420	1.82	30,52,307	1.64
20001 - 30000	142	0.61	17,83,814	0.96
30001 - 40000	73	0.32	13,11,934	0.70
40001 - 50000	46	0.20	10,33,726	0.55
50001 - 100000	95	0.41	34,87,677	1.87
above 100000	180	0.78	16,21,04,074	87.01
Total	**23,118**	**100.00**	**18,63,15,317**	**100.00**

Nomination Facility

The shareholders holding shares in physical form may avail of the nomination facility under Section 109A of the Companies Act, 1956. The nomination (Form 2B), along with instructions, will be provided to the Members on request. In case the Members wish to avail of this facility, they are requested to write to the Company's RTA viz., M/s. Karvy Computershare Pvt Ltd.

Dematerialisation of Shares

The equity shares of the Company are compulsorily traded in dematerialised form. The code number allotted by the National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) to Tube Investments of India Ltd is ISIN INE149A01025.

GDR Details

As at 31st March, 2012, 64,23,460 GDRs were outstanding representing an equal number of underlying equity shares. The GDRs stand delisted/withdrawn for trading from Luxembourg Stock Exchange, effective 18th May, 2011.

Means of Communication

The quarterly/annual results are published in the leading national English newspapers ("The New Indian Express" and "Business Standard") and in one vernacular (Tamil) newspaper ("Dinamani"). The quarterly/annual results are also available on the Company's website, www.tiindia.com

The Company's website also displays official press releases, shareholding pattern, compliance report on corporate governance and presentations made to analysts and brokers.

Resolutions passed by Postal Ballot

No resolutions were passed by postal ballot in the previous year.

Details of Special Resolutions passed during the last three Annual General Meetings

Date of AGM	Whether any Special Resolution was passed	Particulars
29.07.2009	Yes	Payment of remuneration by way of commission to non-whole time Directors of the Company for a period of 5 years from 1st April, 2009
29.07.2010	No	Not applicable
01.08.2011	No	Not applicable

General Body Meeting

The date, time and venue of the last three Annual General Meetings are given below:

Year	Date	Time	Venue
2008-09	29.07.2009	4.00 P.M.	T.T.K. Auditorium, The Music Academy T.T.K. Road, Chennai 600 014
2009-10	29.07.2010	4.00 P.M.	Same as above
2010-11	01.08.2011	4.00 P.M.	Same as above

Unclaimed Physical Shares

In accordance with Clause 5A of the Listing Agreement with the Stock Exchanges, shareholders under 2,750 folios holding 27,76,770 equity shares were identified as not having claimed the new sub-divided share certificates of the face value of ₹2 each. Reminders were sent to such shareholders. After issue of three reminders, shareholders under 2,463 folios holding 24,14,756 equity shares were still in possession of the old share certificates, as on 31st March, 2012. In the interest of the shareholders concerned, the Company proposes to send a few more reminders and further, take proactive steps, as may be appropriate in this regard, before initiating transfer of the shares remaining unclaimed to the suspense account, as per Clause 5A. It is clarified that the shares which may ultimately get transferred to this account will be held by the Company purely on behalf of the shareholders concerned. On receipt of the claim from the shareholder(s), the Company will transfer back the shares to shareholder(s) concerned from the said account.

Plant Locations

TI Cycles of India
Post Bag No.5
Ambattur, Chennai 600 053
Tel : (044) - 42093434
Fax: (044) - 42093345

TI Cycles of India
Plot No. E - 8, MIDC
Malegaon, Sinnar
Nashik Dist 422 103
Tel : (02551) - 230472
Fax: (02551) - 230183

TI Cycles of India
A-32, Phase II Extn,
Hoisery Complex
Gautam Budh Nagar
NOIDA 201 305
Tel : (0120) - 2462201/203
Fax: (0120) - 2462397

BSA Motors
Post Bag No. 5
Ambattur, Chennai 600 053
Tel : (044) - 42093434
Fax: (044) - 42292900

Tube Products of India
Avadi, Chennai 600 054
Tel : (044) - 42291999
Fax: (044) - 42291990

Tube Products of India
A-16 & 17, Industrial Focal Point
Phase VI, SAS Nagar
Mohali (PB) 160 051
Tel : (0172) - 4009318
Fax: (0172) - 2271375

Tube Products of India
Shirwal Post, Khandala Taluk
Satara Dist 412 801
Tel : (02169) - 244080-85
Fax: (02169) - 244087

TI Metal Forming
Plot No.245 Sector 3,
Growth Centre
Bawal, Rewari Dist,
Haryana 123 501
Tel : (01284) - 260707, 264106,
09812038561
Fax: (01284) - 264426

TI Metal Forming
Chennai - Tiruvallur High Road
Tiruninravur RS PO 602 024
Tel : (044) - 26390194,
26390437
Fax: (044) - 26390634

TI Metal Forming
80/81, SIDCO Industrial Estate
Kakkalur
Thiruvallur - 602 003
Tel : (044) - 27667104
Fax : (044) - 26390634

TI Metal Forming
Gat No.312
Sable Wadi Bahul Post
Chakan-Shikrapur Road
Khed Taluk, Pune 410 501
Tel : 09272237117/8

TI Metal Forming
Khasra No. 222,
Gangnouli Village
Tehsil - Laksar, Haridwar
Uttarakhand 247 663
Tel : 09219401388
Fax : (01332) - 259100

TI Metal Forming
Khasra No. 227,
Gangnouli Village
Tehsil - Laksar, Haridwar
Uttarakhand 247 663
Tel : 09219403539

TI Metal Forming
Tata Motors Ltd. Vendors Park
Plot No. C11, Survey No. 1
North Kotpura, Sanand,
Viroch Nagar Post
Ahmedabad, Gujarat - 382 170
Tel : 09228021343/
09228021179

TI Metal Forming
Plot No.501 - B & C,
Halol Indl. Estate
Survey Nos. 32 & 34,
Village Dunia
Tk Halol, Dist Panchmahals
Baroda 389 350
Tel : (02676) - 224647
Fax: (02676) - 224035

TIDC India
Ambattur
Chennai 600 053
Tel : (040) - 42235555
Fax: (044) - 42235406

TIDC India
Kazipally Village, Plot No.1
Jinnaram Mandal
Medak Dist 502 319
Tel : (08458) - 277240
Fax: (08458) - 277241

TIDC India
Gangnouli,
Laksar 247 663
Uttarakhand
Tel : (01332) - 271295

CONTACT ADDRESS

COMPLIANCE OFFICER
Mr. S Suresh
Company Secretary
Tube Investments of India Limited
'Dare House' 234, N S C Bose Road,
Chennai – 600 001
e-mail: sureshs@tii.murugappa.com
Tel : (044) – 42286711
Fax : (044) – 42110404

For all matters relating to investor services:
Karvy Computershare Private Ltd.
Plot No. 17-24 Vittal Rao Nagar
Madhapur, Hyderabad – 500 081
e-mail : einward.ris@karvy.com and
vlakshmi@karvy.com
Tel : (040) – 23420818
Fax: (040) – 23420814
Contact Person – Mrs. Varalakshmi – Senior Manager

Report on Corporate Governance

Your Company believes that the fundamental objective of corporate governance is to enhance the interests of all stakeholders. The Company's corporate governance practices emanate from its commitment towards discipline, accountability, transparency and fairness. Key elements in corporate governance are timely and adequate disclosure, establishment of internal controls and high standards of accounting fidelity, product and service quality.

Your Company also believes that good corporate governance practices help to enhance performance and valuation of the Company.

Board of Directors

The Board provides leadership, strategic guidance and objective judgement on the affairs of the Company. The Board comprises persons of eminence with excellent professional achievements in their respective fields. The independent Directors provide their independent judgement, external perspective and objectivity on the issues which are placed before them.

The Board consists of 8 members, as on the date of this Report (7 members, as at 31st March, 2012), with knowledge and experience in different fields viz., engineering, manufacturing, finance and business management. Mr. M M Murugappan, Chairman (Promoter, non-executive), Mr. L Ramkumar, Managing Director (executive), Mr. N Srinivasan, Director (non-executive), and Mr. Pradeep V Bhide, Director (non-executive) are non-independent Directors. Mr. C K Sharma, Mr. Pradeep Mallick, Mr. S Sandilya and Mr. R Srinivasan are independent Directors. None of the said Directors are related to each other.

The Committees of the Board viz., Audit Committee, Compensation & Nomination Committee and Shareholders'/Investors' Grievance Committee have specific scope and responsibilities.

Your Company has a well-established practice with regard to deciding the dates of meetings. The annual calendar for the meetings of the Board is finalised early on in consultation with all the Directors. A minimum of 5 Board meetings are held each year. Evolving strategy, annual business plans, review of actual performance and course correction, as deemed fit, constitute the primary business of the Board. The role of the Board also includes de-risking, investment, divestment and business reorganisation. Matters such as capital expenditure, recruitment of senior level personnel, safety & environment, HR related developments, compliance with statutes and foreign exchange exposures are also reviewed by the Board from time to time.

The Company’s commitment to good governance practices allows the Board to effectively perform these functions. The Company ensures that timely and relevant information is made available to all the Directors in order to facilitate their effective participation and contribution during meetings and discussions.

There were 5 meetings of the Board during the financial year 2011-12. The dates of the Board meetings, attendance and the number of Directorships/Committee memberships held by the Directors as on 31st March, 2012 are given in **Table 1** of the annexure to this Report.

Audit Committee

The role of the Audit Committee, in brief, is to review financial statements, internal controls, accounting policies and internal audit reports.

The Company has an independent Audit Committee. All the three members of the Committee are independent Directors, with Mr. S Sandilya, as the Chairman. All the members of the Committee have excellent financial and accounting knowledge. The Chairman, Managing Director and the Heads of Strategic Business Units are invitees to the meetings of the Audit Committee.

The quarterly financial results are placed before the Audit Committee for its review, suggestions and recommendations, before taking the same to the Board. The statutory audit plans and progress are shared with the Committee for its review. The internal audit plans are drawn up in consultation with the Managing Director, Chief Financial Officer, Heads of Strategic Business Units and the Audit Committee. The Committee reviews the observations of the internal auditors periodically. The Committee also provides guidance on compliance with the Accounting Standards and accounting policies. The statutory and internal auditors attend the Audit Committee meetings. The Committee also tracks the implementation of its guidelines/suggestions through review of action taken reports.

The Committee met four times during the year ended 31st March, 2012. The composition of the Audit Committee and the attendance of each member at these meetings are given in **Table 2** of the annexure to this Report.

Remuneration to Directors

The success of the organisation in achieving good performance and governance depends on its ability to attract quality individuals as executive and independent Directors.

The compensation to the Managing Director comprises a fixed component and a performance incentive. The compensation is determined based on the level of responsibility and scales prevailing in the industry. The Managing Director is not paid sitting fees for any Board/ Committee meetings attended by him.

The compensation to the non-executive Directors takes the form of commission on profits. Though the shareholders have approved payment of commission up to one per cent of the net profits of the Company for each year calculated as per the provisions of Companies Act, 1956, the actual commission paid to the Directors is restricted to a fixed sum. The sum is reviewed periodically taking into consideration various factors such as performance of the Company, time devoted by the Directors in attending to the affairs and business of the Company and the extent of responsibilities cast on the Directors under various laws and other relevant factors. Considering the time and efforts put in by the Chairman towards the affairs of the Company, the Chairman of the Company is being paid a differential remuneration from the financial year 2011-12. The non-executive Directors are also paid sitting fees as permitted by government regulations for all Board and Committee meetings attended by them.

Compensation & Nomination Committee

The role of the Compensation & Nomination Committee is to recommend to the Board the appointment/re-appointment of the executive and non-executive Directors. The Committee has further been vested with the authority to determine the periodic increments in salary and annual incentive of the Executive Directors. The increments and incentive of the Managing Director are determined on the basis of a balanced score card with its three components viz., company financials, company score card and strategic business unit scores being given appropriate weightage.

In addition to the above, the Committee is also vested with the powers and authority for implementation, administration and superintendence of the Employees' Stock Option Plan (ESOP)/Scheme(s) and also to formulate the detailed terms and conditions of the ESOP Schemes.

The members elect one amongst themselves as the Chairman for each meeting. The Committee met three times during the year ended 31st March, 2012. The composition of the Committee and the attendance of each member at these meetings are given in **Table 3** of the annexure to this Report.

The details of remuneration paid/payable to the Managing Director and to the non-executive Directors, for the financial year ended 31st March, 2012, are given in **Table 4** and **Table 5** of the annexure to this Report.

Subsidiary Companies

Cholamandalam MS General Insurance Company Ltd (CMSGICL) is a 'material non-listed Indian subsidiary company' in terms of the Listing Agreement. Mr. R Srinivasan, an independent Director of the Company, is also on the Board of CMSGICL, as required under the Listing Agreement.

The Audit Committee reviews the financial statements and in particular, the investments made by the unlisted subsidiary companies. Further, the Board of Directors is apprised of the Business Plan and the half-yearly/annual performance of the unlisted subsidiary companies.

The Minutes of the Board meetings as well as the statements of all significant transactions and arrangements of the unlisted subsidiary companies are placed before the Board periodically for its review.

Dissemination of Information

Your Company is conscious of the importance of timely and proper dissemination of adequate information. A press release is given along with the publication of the quarterly/annual results, explaining the business environment and performance. This is being provided to enable the investing community to understand the financial results better and in a more meaningful manner. The press release includes non-financial aspects such as development of new products, change in market share, price movement of raw materials and in general, the business conditions. The quarterly and annual audited financial results are normally published in the Business Standard and The New Indian Express (English) and in Dinamani (Tamil). Press releases are given to all the important dailies. The financial results, press releases, shareholding pattern and the presentations made to Analysts and Brokers are posted on the Company's website viz., www.tiindia.com. The Company's commitment to transparency is reflected in the information-rich Annual Report, investors' meets, periodic press releases and continuous updating of its website.

Investors' Service

Your Company promptly attends to investors' queries/ grievances. In order to provide timely services, the power to approve transfer of shares has been delegated by the Board to the Shares and Debentures Committee. The Board has also authorised the Chairman/Managing Director to approve transfers/transmissions. Share transfer requests are processed within 15 days from the date of receipt. Karvy Computershare Private Limited, Hyderabad, is the Company's share transfer agent and depository registrar.

The Shareholders'/Investors' Grievance Committee was constituted to specifically focus on investor service levels. This Committee has prescribed norms for attending to the investors' services and the Committee periodically reviews the service standard achieved by the Company and its Registrar and Transfer Agent as against the prescribed norms.

Mr. M M Murugappan, a non-executive Director, is the Chairman of the Shareholders'/Investors' Grievance Committee. The Committee met twice during the year ended 31st March, 2012. The composition of the Committee and attendance of its members at the meetings are given in **Table 6** of the annexure to this Report.

The Company received 72 complaints during the year ended 31st March, 2012 and all of them were resolved to the satisfaction of the investors. There were no pending complaints as at 31st March, 2012.

In order to expedite the redressal of complaints, the investors are requested to register their complaints and also to take follow up action, as necessary, to the exclusive e-mail id i.e., investorservices@tii.murugappa.com. Mr. S Suresh, Company Secretary is the Compliance Officer.

Members are further welcome to utilise the facility extended by the Registrar & Transfer Agent for quick redressal of investor queries. Kindly visit http://karisma.karvy.com and click on the 'Investors' option for query registration through free identity registration process. Investors can submit their query in the 'Queries' option provided in the above website, which would give the grievance registration number. For accessing the status/response to your query, the same number can be used at the option 'View Reply" after 24 hours. The investor can continue to put an additional query relating to the case till a satisfactory reply is received.

Statutory Compliance

The Company attaches the highest importance to compliance with statutes. Every function/department of the business is aware of the requirements of various statutes relevant to them. The Company has systems in place to remain updated with the changes in statutes and the means of compliance. An affirmation regarding compliance with the statutes by the heads of businesses and functions is placed before the Board on a quarterly basis for its review.

Internal Control

The Company is conscious of the importance of the internal processes and controls. The Company has a robust business planning & review mechanism and has adequate internal control systems commensurate with the nature of its business, size and geographical spread. These systems are regularly reviewed and improved upon. The Managing Director and the Chief Financial Officer have certified to the Board on matters relating to financial reporting and related disclosures, compliance with the relevant statutes, Accounting Standards and the adequacy of internal control systems.

Whistle Blower Policy

Pursuant to the non-mandatory requirements of the Listing Agreement, the Company has established a whistle blower mechanism to provide an avenue to raise concerns. The mechanism also provides for adequate safeguards against any victimisation of employees who avail of the mechanism and also for appointment of an Ombudsperson who will deal with the complaints received. The Policy further lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the Chairman of the Audit Committee. It is confirmed that during the year, no employee was denied access to the Audit Committee.

Compliance of Corporate Governance Norms

The Company has complied with all the mandatory requirements of corporate governance norms during the financial year. The quarterly financial results are published in leading financial newspapers, uploaded on the Company's website and any major developments are covered in the press releases issued by the Company and also posted on its website. In view of the same, half-yearly financial results for the year ended 30th September, 2011 were not separately sent by post to the shareholders.

In line with its stated policy of being committed to the principles and practices of good corporate governance, the Company is in compliance with most of the requirements forming part of the voluntary guidelines on Corporate Governance issued by the Ministry of Corporate Affairs, Government of India, as reported in the earlier paragraphs. As regards the remaining guidelines, the Company, after careful evaluation, would strive to implement the same progressively, as appropriate.

The Board of Directors has laid down a Code of Conduct for all the Board members and the Senior Management of the Company. The Code of Conduct has been posted on the website of the Company. A declaration of affirmation in this regard certified by the Managing Director is annexed to this Report.

Other Disclosures

A Management Discussion and Analysis Report highlighting the performance of individual businesses has been included in the Annual Report.

A write up on the risks associated with the business and mitigation plans therefor is included in the Management Discussion and Analysis, annexed to the Annual Report.

Related party transactions during the year have been disclosed as a part of the financial statements as required under the Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

There have been no instances of non-compliance by the Company or have any penalty or strictures been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India or by any statutory authority on any matter related to the capital markets during the last three years.

General Shareholder Information

A separate section has been annexed to the Annual Report furnishing various details viz., last three Annual General Meetings, its time and venue, share price movement, distribution of shareholding, location of factories, means of communication etc., for shareholders' reference.

On behalf of the Board

Chennai
30th April, 2012

M M Murugappan
Chairman

Declaration on Code of Conduct

To

The Members of Tube Investments of India Limited

This is to confirm that the Board has laid down a Code of Conduct for all Board members and Senior Management of the Company. The Code of Conduct has also been posted on the website of the Company.

It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2012, as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

Chennai
30th April, 2012

L Ramkumar
Managing Director

Annexure to the **Corporate Governance Report**

(A) Board Meeting Dates and Attendance

The Board of Directors met five times during the financial year 2011-12. The dates of the Board meetings were 2nd May, 2011, 1st August, 2011, 2nd November, 2011, 1st February, 2012 and 27th March, 2012.

The attendance of each Director at the meetings, the last Annual General Meeting and number of other Directorships/committee memberships held by them as on 31st March, 2012 are as follows:

TABLE 1

Sl. No.	Name of Director	Board meetings attended (no. of meetings held)	Number of Directorships[a] – excluding TI (out of which as Chairman)	Number of committee memberships[b] – excluding TI (out of which as Chairman)	Attendance at last AGM	No. of shares held as on 31st March, 2012
1.	Mr. M M Murugappan	5 (5)	10 (6)	4 (3)	Present	13,07,275
2.	Mr. L Ramkumar	4 (5)	2 (1)	Nil	Present	2,00,216
3.	Mr. Pradeep Mallick	4 (5)	8 (2)	9 (2)	Present	-
4.	Mr. Pradeep V Bhide	4 (5)	6	3 (2)	Present	-
5.	Mr. S Sandilya	5 (5)	4 (2)	6 (2)	Present	-
6.	Mr. R Srinivasan	5 (5)	11	7 (3)	Present	-
7.	Mr. N Srinivasan	5 (5)	6	3	Present	64,516
8.	Maj. Gen. (Retd.) E J Kochekkan[c]	3 (3)	Not applicable	Not applicable	Present	-
9.	Mr. C K Sharma[d]	Not applicable	Nil	Nil	Not applicable	-

(a) Excludes foreign companies, private limited companies simpliciter, alternate Directorships and companies registered under Section 25 of the Companies Act, 1956.

(b) Includes only membership in Audit and Shareholders'/Investors' Grievance Committee.

(c) Maj. Gen. (Retd.) E J Kochekkan expired on 26th November, 2011.

(d) Mr. C K Sharma was co-opted as an Additional Director w.e.f. 30th April, 2012.

(B) Composition of Audit Committee and Attendance

The Committee met four times during the year ended 31st March, 2012. The composition of the Audit Committee and the attendance of each member at these meetings are as follows:

TABLE 2

Name of the Member	Number of meetings attended (number of meetings held)
Mr. S Sandilya	4 (4)
Mr. Pradeep Mallick	4 (4)
Mr. R Srinivasan	4 (4)

(C) Composition of Compensation & Nomination Committee and Attendance

The Committee met three times during the year ended 31st March, 2012. The composition of the Compensation & Nomination Committee and the attendance of each member at these meetings are as follows:

TABLE 3

Name of the Member	Number of meetings attended (Number of meetings held)
Mr. R Srinivasan	3 (3)
Mr. S Sandilya	3 (3)
Mr. M M Murugappan	3 (3)

(D) Remuneration of Managing Director

The details of remuneration paid/provision made for payment to the Managing Director are as follows:

TABLE 4

(Amount in ₹)

Name of the Managing Director	Salary	Incentive[a]	Allowance	Perquisites & Contributions[b]	Total
Mr. L Ramkumar	52,24,590	41,83,079	93,81,000	24,93,728	2,12,82,397

(a) Provisional and subject to determination by the Compensation & Nomination Committee and the same will be paid after the adoption of accounts by the shareholders at the Annual General Meeting.

(b) Managing Director's remuneration excludes provision for Gratuity since the amount cannot be ascertained individually.

(E) Remuneration of Non-Executive Directors

The details of commission provided for/sitting fees paid to non-executive Directors for the year ended 31st March, 2012 are as follows:

TABLE 5

(Amount in ₹)

Name of the Director	Commission[a]	Sitting fees	Total
Mr. M M Murugappan	1,00,00,000	1,25,000	1,01,25,000
Mr. Pradeep Mallick	5,00,000	1,20,000	6,20,000
Mr. Pradeep V Bhide	5,00,000	70,000	5,70,000
Mr. S Sandilya	5,00,000	1,65,000	6,65,000
Mr. R Srinivasan	5,00,000	1,65,000	6,65,000
Mr. N Srinivasan	5,00,000	95,000	5,95,000
Maj. Gen. (Retd.) E J Kochekkan	5,00,000	45,000	5,45,000

(a) Provisional and will be paid after the adoption of accounts by the shareholders at the Annual General Meeting.

(F) Composition of Shareholders'/Investors' Grievance Committee and Attendance

The Committee met twice during the year ended 31st March, 2012. The composition of the Shareholders'/ Investors' Grievance Committee and attendance of Members at the above meetings are as follows:

TABLE 6

Name of the Member	Number of meetings attended (Number of meetings held)
Mr. M M Murugappan	2 (2)
Mr. L Ramkumar	2 (2)
Mr. N Srinivasan	2 (2)

On behalf of the Board

Chennai
30th April, 2012

M M Murugappan
Chairman

Certificate on Compliance of Corporate Governance Under Clause 49 of the Listing Agreement(s)

To the Members of Tube Investments of India Limited

- We have examined the compliance of conditions of Corporate Governance by Tube Investments of India Limited (the Company) for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

- The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

- In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

- We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Chennai
30th April, 2012

Directors' Report

Dear Shareholders,

The Board of Directors is pleased to present the performance of your Company for the year ended 31st March, 2012.

Financial Highlights

₹ in Crores

	2011-12	2010-11
Sales of Products – Gross	**3659.32**	**3126.40**
Less : Excise duty on sales	200.35	163.82
Sales of Products – Net	**3458.97**	**2962.58**
Earnings Before Finance Costs, Tax, Depreciation and Amortisation Expense	**397.35**	**355.72**
Less: Finance Costs	76.17	65.92
Depreciation and Amortisation Expense	76.08	69.10
Earnings Before Tax and Exceptional Item	**245.10**	**220.70**
Add: Exceptional Item - Profit on sale of land and building	–	20.60
Profit Before Tax	**245.10**	**241.30**
Less: Tax Expense	65.01	71.64
Profit After Tax	**180.09**	**169.66**
Add: Surplus at the beginning of the year	392.70	334.61
Less: Final dividend including tax on dividend	0.02	0.02
Add: Earlier year's provision for dividend tax no longer required	1.76	–
Profit available for appropriation	**574.53**	**504.91**
Less: Transfer to General Reserve	200.00	25.00
Transfer to Debenture Redemption Reserve	31.66	23.34
Interim Dividend @ ₹2 (Previous year ₹1.50) per Equity Share of ₹2 each	37.24	27.84
Final Dividend Proposed @ ₹1 (Previous year ₹1.50) per Equity Share of ₹2 each	18.63	27.85
Dividend Tax - Current year	7.30	8.18
Balance carried to Balance Sheet	**279.70**	**392.70**

Review of Performance

During the year 2011-12, the Company consolidated and built on its position in the markets it operates and achieved a higher turnover of ₹3,659 Cr. (Previous year ₹3,126 Cr.) despite the presence of a few adverse factors in both the domestic and international markets. This growth of 17% in turnover comes on the back of higher volume and better product mix from most product lines. The Earnings before Finance Costs, Tax, Depreciation and Amortisation Expense were at ₹397 Cr. as against ₹356 Cr. during the previous year. The outflow on finance cost was higher due to increase in borrowing rates and the enhanced capital expenditure programme of the Company. The Profit before Tax was at ₹245 Cr. for the year 2011-12 as against ₹241 Cr. during the previous year. The Profit before Tax for the previous year included an exceptional income of ₹21 Cr. from the sale of land and building.

The Bicycle division recorded a turnover of ₹1,280 Cr. against ₹1,114 Cr. in the previous year. Higher volume, better product mix and focus on the growing premium segment helped the division improve its performance over last year. The new premium alloy bicycle, developed indigenously, has been well received. This, together with other premium brands catering to different user segments, has enabled the Company to be the leader in this segment. The division continues to focus on product development based on customer needs, improving the buying experience of customers, an efficient supply chain and ground level activities aimed at increasing the user base. During the year, the division launched 27 new products. Over 800 retail outlets in various formats across the country, including one for the rural markets, returned revenue of 26% during the year.

In the Electric Scooters business, the division re-engineered the product to make it more suitable to Indian conditions and focused its efforts on specific markets thereby helping it increase the number of electric scooters sold by 14%.

Increased competition from other manufacturers, higher steel prices and depreciation of the Indian Rupee kept the margin under pressure and consequently, the Net Operating Profit before interest and tax dropped 3% to ₹76 Cr.

In the Engineering division of the Company, the turnover grew 22% to ₹1,449 Cr. This growth was possible due to the growth in the two-wheeler and commercial vehicle segments of the auto industry, large users of the value added tubes supplied by the business. The volume of value added precision tubes sold was higher by 13%. The Company continues to be the market leader in this segment with a market share of around 55%. Sale of cold rolled steel strips was also higher by 7%. Consolidating on its position as a supplier of quality tubular components, the Company increased the sale of such components by 48%. During the year, the segment commissioned a facility for manufacture of stainless steel tubes and marked its entry into the segment with a small sale. The new range of tubes is expected to contribute higher revenues to the segment in the ensuing financial year.

The division has reported a Net Operating Profit before Interest and Tax of ₹131 Cr. as against ₹113 Cr. in the previous year, registering a growth of 16% in a not too favourable year. Despite input cost increases and inflation, the margin for the year was affected only marginally due to the tight control on costs and various measures taken by the segment to improve its operational efficiencies.

In the Metal Formed Products segment of the Company, the turnover increased by 12% to ₹859 Cr. The Automotive chains business registered a growth of 14% in line with the growth in the motor cycle segment of the auto industry. A new facility for manufacture of automotive chains was commissioned during the year at the Company's plant near Hyderabad. Domestic Industrial chains grew at a rate higher than the industry and achieved a growth of 11%. Export of Industrial chains registered a good growth of 40% due to the higher supplies to its customers in the European and American markets. In Fine Blanked components too, the segment grew by 17% despite some segments of the user industry not performing as well as the previous year. In the Car Doorframe business, however, there was a decline in the volume of doorframes sold due to the low growth rate in the passenger car segment of the auto industry. Off-take of doorframes by one of the segment's customers was affected due to the labour unrest at their plant. The sale of sections for railway wagons registered a small growth during the year.

Net Operating Profit before Interest and Tax for this segment was at ₹112 Cr., representing a growth of 10%. This growth is creditable considering the low growth in demand, increased competition in some product lines and inability to recover all cost increases. Control on costs and focus on improving its efficiencies helped the segment retain its margin at the levels prevailing last year.

Management Discussion and Analysis

The Management Discussion and Analysis, which forms part of this Annual Report, sets out an analysis of the individual businesses including the industry scenario, performance, financial analysis, investments and risk mitigation.

Dividend

The Board of Directors has recommended a final dividend of ₹1 per share, on equity shares of face value of ₹2 each, for the financial year ended 31st March, 2012. Together with the interim dividend of ₹2 per share, paid on 13th February, 2012, the total dividend for the year works out to ₹3 per share on equity share of face value of ₹2 each. Final dividend, if approved by shareholders, will be paid on 9th August, 2012.

Subsidiary Companies

Cholamandalam Investment and Finance Co. Ltd. (CIFCL)

The year 2011-12 was a good year for CIFCL, the Company's subsidiary. Disbursement in vehicle finance continued to be robust and grew by 63% and home equity by 24%, compared to the previous year, 2010-11. During the year under review, the company disbursed ₹7,306 Cr. (₹4,496 Cr.) in vehicle finance assets and ₹1,528 Cr. (₹1,235 Cr.) by way of home equity loans. The aggregate disbursement of the Company for the year was higher at ₹8,889 Cr. (₹5,731 Cr.), registering a growth of 55% for 2011-12. Profit Before Tax was ₹290 Cr. (₹100 Cr.) for 2011-12, registering a growth of 190%. During the year under review, CIFCL issued 1,32,55,454 equity shares of ₹10 each at ₹160 per share aggregating ₹212 Cr., on preferential basis, to two foreign and one domestic investors to meet its projected growth in loan disbursements and to augment the capital adequacy ratio. Consequently, the Company's holding in CIFCL was reduced to 54.49% from 60.56%.

Cholamandalam MS General Insurance Co. Ltd. (CMSGICL)

CMSGICL, a joint venture with Mitsui Sumitomo Insurance Company Ltd, Japan, achieved a Gross Written Premium (including reinsurance acceptance) of ₹1,506 Cr. during 2011-12 (previous year ₹1,047 Cr.), a growth of 44%.

CMSGICL registered a Profit before Tax of ₹16 Cr. for 2011-12 (previous year loss of ₹23 Cr.) after making a provision of ₹66 Cr. (previous year ₹61 Cr.) toward share of losses from Indian Motor Pool Third Party Insurance.

During the year under review, CMSGICL infused ₹50 Cr. to its equity share capital by way of issue of rights shares and your Company's subscription was ₹37 Cr.

Financiere C10

Financiere C10, the holding company of Sedis SAS, Societe De Commercialisation De Composants Industriels (S2CI) and Sedis Company Ltd., UK, performed creditably during the calendar year 2011. The consolidated turnover of the company grew by 19% to reach a level of €33.3 M. The profit before tax was at €1.05 M registering a growth of 110%. The improved performance came on the back of long-term supply contracts with two key manufacturers of automotives in Europe and also the supply of special chains to meet specific user requirements in the refining sector. The distribution segment of the company moved in line with the trends in the economy and tapered off during the year after registering a strong start. Sedis continues to focus on it superior strength in providing solutions for complex applications and enhancing its business from such products.

TICI Motors (Wuxi) Co Ltd.

The operations of TICI Motors (Wuxi) Co Ltd. (TICI Motors), a wholly-owned subsidiary established in China, have been stabilised. The plant is presently geared up to produce 1,000 CKD E-bikes per month. During calendar year 2011, TICI Motors produced 6,310 CKD E-bikes (1,545 in 2010). The operations of the subsidiary resulted in a loss of ₹0.72 Cr. (₹1.02 Cr.) in 2011. A sum of $800,000 has so far been infused in TICI Motors' share capital, making the company fully capitalised.

The Statement pursuant to Section 212 of the Companies Act, 1956 containing details of the Company's subsidiaries is attached.

The Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with the Accounting Standard (AS) 21, form part of the Annual Report.

Directors

Your Directors regret to inform the sad demise of Maj. Gen. (Retd.) E J Kochekkan, Director, on 26th November, 2011. The Board places on record its deep sense of appreciation of the valuable contribution made by Maj. Gen. (Retd.) E J Kochekkan to the Company's growth during his association as a Director, since August 2009.

Mr. M M Murugappan will retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Mr. C K Sharma was appointed as an Additional Director with effect from 30th April, 2012 and a resolution under Section 257 of the Companies Act, 1956 for the appointment is being placed before the shareholders at the ensuing Annual General Meeting for their approval.

Corporate Governance

Your Company is committed to maintaining high standards of corporate governance. A Report on corporate governance, along with a certificate from the Statutory Auditors on compliance with corporate governance norms forms part of this Annual Report.

Human Resources

The HR strategy and initiatives of your Company are designed to effectively partner the business in the achievement of its ambitious growth plans. During the year under review, thrust has been laid on creating a more effective organisation structure, injection of new talent, developing leadership pipeline and in building capabilities across different functions and levels. The Organisation Structure was revisited in most of the SBUs. New business verticals, strategic sourcing and manufacturing engineering functions were created to meet the increasing need for a structure which would aid and assist the growth of the business.

The regionalised Total Employee Involvement (TEI) Program organised during the year witnessed good participation and involvement of employees across all the locations. A similar program for the benefit of contract workmen too was facilitated.

With a view to bring in more transparency and make the employees' appraisal process more objective oriented, an online performance management system was introduced during the year for Management Staff.

The Company had 3,194 permanent employees on its rolls, as on 31st March, 2012. Industrial relations remained cordial during the year under review.

Employees' Stock Option Scheme

Details of the Employees' Stock Option Scheme as required under the relevant SEBI Guidelines are annexed to this Report.

Social Commitment

As a corporate citizen, your Company is committed to the conduct of its business with a strong sense of social responsibility. Every year, the Company has been contributing a small portion of its profits for the promotion of worthy causes like education, healthcare, scientific research etc. This year too, a sum of ₹1.07 Cr. was contributed to various organisations engaged in the aforesaid fields and to others.

Voluntary delisting

On the Company's application made in June, 2010, in compliance with the provisions of the SEBI (Delisting of Equity Shares) Regulations, 2009, for voluntary delisting of its Equity Shares from the Madras Stock Exchange ("MSE"), by its letter dated 10th April, 2012, MSE has informed that the Company's shares stood withdrawn for dealings on MSE, effective from that date. The delisting from MSE will not affect investors as the Company's shares will continue to remain listed on the National Stock Exchange of India Ltd ("NSE") and the Bombay Stock Exchange Ltd ("BSE"), which have nationwide terminals.

Auditors

Messrs. Deloitte Haskins & Sells, Chartered Accountants and Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. V Kalyanaraman, Cost Accountant, has been appointed as the Cost Auditor for audit of the cost accounting records for Bicycles, Steel Products and Metal Formed Products for the financial year ended 31st March, 2012. The Cost Audit Reports relating to the above products will be filed within the stipulated period of 180 days of the close of the financial year.

In respect of the previous year, 2010-11, the Cost Audit Reports relating to Bicycles (audited by Mr. D Narayanan, Cost Auditor) and Steel Tubes (audited by Mr. V Kalyanaraman, Cost Auditor) were filed within the stipulated time frame of 180 days of the close of the financial year viz., on 20th September, 2011 and 24th September, 2011 respectively.

The other information required to be furnished in the Directors' Report under the provisions of Section 217 of the Companies Act, 1956 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, particulars of employees and Directors' Responsibility Statement are annexed and form part of this Report.

The Directors thank all Customers, Vendors, Financial Institutions, Banks, State Governments and Investors for their continued support to your Company's performance and growth. The Directors also wish to place on record their appreciation of the contribution made by all the employees of the Company resulting in the good performance during the year under review.

On behalf of the Board

Chennai
30th April, 2012

M M Murugappan
Chairman

Directors' Responsibility Statement

(Pursuant to Section 217(2AA) of the Companies Act, 1956)

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- in the preparation of the Statement of Profit and Loss for the financial year ended 31st March, 2012 and the Balance Sheet as at that date ("financial statements"), applicable Accounting Standards have been followed.
- appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such system of internal controls its inherent limitations should be recognised. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The Audit Committee meets at regular intervals to review the internal audit function.
- the financial statements have been prepared on a going concern basis.
- the financial statements have been audited by Messrs. Deloitte Haskins & Sells, Statutory Auditors and their report is appended thereto.

On behalf of the Board

Chennai
30th April, 2012

M M Murugappan
Chairman

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report:

Power & Fuel Consumption

	2011-12	2010-11
1 Electricity		
(a) Purchased		
Units (kWh)	3,89,98,679	3,70,30,047
Total Amount (₹ Crores)	29.64	21.67
Rate/unit (₹)	7.60	5.85
(b) Own Generation through Diesel Generator		
Unit (kWh)	32,41,207	41,13,057
Units per Litre of Diesel Oil (kWh)	2.91	2.84
Cost per unit (₹)	14.50	13.87
(c) Own Generation through Furnace Oil Generator		
Units (kWh)	1,89,18,094	2,31,16,577
Units per litre of furnace oil (kWh)	3.91	4.03
Cost per unit (₹)	9.04	6.29
(d) Own generation through windmills (units)	3,61,022	4,00,996
2 Furnace Oil		
Quantity (kilo litres)	4,836	5,741
Total Amount (₹ Crores)	17.09	14.55
Average Rate/kilo litre (₹)	35,350	25,343
Consumption per unit of production (kWh per ton)		
A. Strips & Tubes	203	239
B. Metal Form	273	245

Conservation of Energy

Your Company is committed to the conservation of energy and pursues various measures in this regard. Some of these measures have been highlighted hereunder.

In the Bicycles business, the changes in the heating system from furnace oil to high speed diesel in phosphate plant, temperature setting optimisation in dip phosphate plant and putting to use waste wood for heating the boiler for stripping plant, resulted in considerable savings in energy.

In Metal Formed Products business, measures undertaken to optimise the pressure in the compressor and operating frequency of diesel generators yielded desired results in reducing energy cost. The other measures included modification to the stretch bending/press motor and installation of various energy efficient devices in critical operations of the business.

In Engineering business, ODC scrubber was placed with energy efficient scrubber and installed independent solenoid control for Bell furnace heating burner towards energy saving measures.

Research and Development (R&D)

The research projects at Nano Functional Materials Technology Centre (NFMTC), IIT - Madras, of which your Company is a sponsor member, have yielded good results. NCD coating on forming dies has yielded appreciable life improvement in tools. Nano additive to lubricants has resulted in tangible improvements in lubricant performance. Your Company is now examining the commercial prospects based on the results achieved.

Simultaneously, additional projects are being planned at NFMTC.

Researchers from the Corporate Technology Center of your Company have, in conjunction with the Advanced Steel Processing & Products Research Center, Colorado School of Mines, USA, of which your Company is a sponsor member, have developed a new family of Advanced High Strength Steels with specific applicability to structural and automotive tube applications. Your Company is now training its resources on development of processing technologies to handle various types of stainless steels.

Your Company continues to enjoy the confidence of OEM customers. Several Value Analysis and Value Engineering (VAVE) projects have been successfully converted into business with leading commercial vehicle manufacturers. Your Company is also engaged in a joint R&D project with a leading manufacturer of industrial equipment.

Expenditure on R & D

	₹ in Crores
Capital expenditure	1.21
Recurring	8.70
Total	**9.91**
Total R&D expenditure as a % of total turnover	0.29%

Technology Absorption, Adaptation and Innovation

Your Company has successfully assimilated and reproduced the proprietary hard surfacing 'Delta' process, which came through its recently acquired French subsidiary. Your Company is also currently in the process of implementing new parts-forming technologies that have originated from the same subsidiary.

Your Company has instituted an Innovations Center at the IIT-Madras Research Park. This Center is staffed by researchers from the Company's Corporate Technology Center and the researchers are working on new metal cutting and metal finishing processes.

Foreign Exchange Earnings and Outgo

	₹ in Crores
i) Foreign exchange earnings (CIF Value)	198.07
ii) Foreign exchange outgo	456.33

On behalf of the Board

Chennai
30th April, 2012

M M Murugappan
Chairman

Employees Stock Option Scheme

	Nature of Disclosure	Particulars	
(a)	Options granted	46,76,940 Options have been granted so far in ten tranches i.e. on 31st October, 2007, 31st January, 2008, 24th March, 2008, 31st July, 2008, 31st October, 2008, 30th January, 2009, 29th January, 2011, 2nd May, 2011, 1st August, 2011 and 2nd November, 2011. Each Option would be exercisable for one equity share of a face value of ₹2 each, fully paid up, on payment of the requisite exercise price to the Company.	
(b)	Pricing Formula	The Options were granted at an exercise price equal to the latest available closing price of the equity shares on the stock exchange where there was highest trading volume prior to the date of grant of Options by the Compensation and Nomination Committee.	
(c)	Options vested	24,57,466	
(d)	Options exercised	15,40,613 (including 5,296 Options exercised pending allotment)	
(e)	Total number of shares arising as a result of exercise of Option	15,40,613 (including 5,296 Options exercised pending allotment)	
(f)	Options lapsed/cancelled	14,55,434	
(g)	Variation of terms of Option	No variation has been done	
(h)	Money realised by exercise of Options	₹8,82,83,689 (including ₹3,00,813 towards application money received pending allotment)	
(i)	Total number of Options in force	16,80,893	
(j)	i. Details of Options granted to Senior Management Personnel	*Name and Designation* *Messrs*	*No. of Options granted*
		L Ramkumar *Managing Director*	3,10,260
		A R Rao *President – TPI*	71,800
		D Raghuram *President - TICI*	1,27,760
		P Ramachandran *President - TIDC*	71,800
		K Balasubramanian *Chief Financial Officer*	71,800
		R Natarajan *Sr. Vice President – Corporate R&D*	89,760
		N Prasad *Sr. Vice President - HR*	69,000
		K R Srinivasan *Sr. Vice President - TIMF*	53,280
	ii. Any other employee who received a grant in any one year of Options amounting to 5% or more of Options granted during that year	*Name of the Employees* *Messrs*	*No. of Options granted during 2008-09*
		Shanmugam N	30,600
		Sairam S	30,600
		Babu G	30,600
		Senthilvel K	38,200
		Mohan Kalyanaraman	30,600
		Krishnamurthy	30,600
		Ravikumar D	30,600
		Subrahmanya U	38,200
		Jayaraman B	30,600
		Manoj Kotwani	30,600
		Augustine Justine	27,000
		Sharad K Sharda	27,000
		Ravichannthar S R	28,100

	Nature of Disclosure	Particulars	
		Name of the Employees Messrs	*No. of Options granted during 2010-11*
		K K Paul	86,200
		Siladitya Chaudhuri	38,000
		Name of the Employees Messrs	*No. of Options granted during 2011-12*
		Subratasen Sarma	30,400
		Krishna Srinivas	24,600
		Pandian P M	33,600
		Deotta K Tembhekar	30,800
		U Rajagopal	24,900
		P Ramachandran	40,300
	iii. Employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant	None	
(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard AS – 20	₹9.66	
(l)	i. Difference between the compensation cost using the intrinsic value of the Stock Options (which is the method of accounting used by the Company) and the compensation cost that would have been recognised in the accounts if the fair value of Options had been used as the method of accounting	The employee compensation cost for the year would have been higher by ₹0.60 Cr. had the Company used the fair value of Options as the method of accounting instead of the intrinsic value.	
	ii. Impact of the difference mentioned in (i) above on the profits of the Company	The profit before tax for the year would have been lower by ₹0.60 Cr. had the Company used the fair value of Options as the method of accounting instead of the intrinsic value.	
	iii. Impact of the difference mentioned in (i) above on the EPS of the Company	The basic and diluted EPS would have been higher by ₹0.02 and ₹0.03 respectively	
(m)	i. Weighted Average exercise price of Options granted	₹71.54	
	ii. Weighted average fair value of Options granted	₹25.51	
(n)	i. Method used to estimate the fair value of Options	Black-Scholes Options Pricing Model	
	ii. Significant assumptions used (weighted average information relating to all grants):-		
	(a) Risk-free interest rate	7.74%	
	(b) Expected life of the Option	3.93 years	
	(c) Expected volatility	42.95%	
	(d) Expected dividend yields	3.13%	
	(e) Price of the underlying share in market at the time of Option grant	₹71.54	

On behalf of the Board

Chennai
30th April, 2012

M M Murugappan
Chairman

Annexure to the **Directors' Report**

Information under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March, 2012.

Name	Designation	Gross Remune-ration (₹)	Qualification & Experience (years in brackets)	Date of Commencement of Employment	Age	Last Employer	Last Designation
Balasubramanian K	Sr. Vice President & Chief Financial Officer	66,89,850	B.Sc., ACA (34)	02.09.1991	57	Price Waterhouse Liberia & Ghana	Senior Consultant
Paul K K	Sr. Vice President - Sales & Marketing - Tube Products of India	73,50,977	B.Sc (Hons), MBA-Marketing (32)	07.12.2009	55	Nitco Ltd	Chief Operating Officer
Ramachandran P	President - TIDC India	70,16,525	B.Tech, PGDM (29)	23.11.1989	53	Asian Paints Ltd	Branch Manager
Rajeshwara Rao A	President - Tube Products of India	91,12,607	B.Sc., M.A. (PM & IR) (39)	16.01.1985	60	Ashok Leyland Ltd	Asst. Manager (Employment)
Raghuram D	President - TI Cycles & BSA Motors	90,62,027	B.Tech, MS & Ph.D. in Mech Engg (23)	12.02.2004	44	EMEA i2 Technologies	Director (Customer Support & Services)
Sajiv K Menon	Executive on Deputation	63,28,621	B.Tech & PGDM (30)	10.07.2006	52	Parry Enterprises India Ltd	Vice President
Shyam C Raman	Executive on Deputation	73,14,198	B.E., PGDM (IIM) (24)	01.02.2008	49	Cholamandalam DBS Finance Ltd	Vice President - HR
Employed for Part of the year							
Ravi Kannan	Sr. Vice President - Defence & Aerospace	65,57,885	B.Tec - Mettalurgy, M.A. – SC (32)	09.07.1993	54	Carborundum Universal Limited	DGM – Technical Refractories
Shyam Sundar B	Vice President - New Project – Tube Products of India	28,18,706	B.E. (Mechanical), PGDM (IIM) (29)	07.05.1984	53	Widia (India) Ltd.	Gradute Engg Trainee
Suryanarayan A	President - Diversification & New Projects	65,17,485	B.Com, ACA, AICWA (36)	25.11.1976	59	–	–

Notes

1. Remuneration includes Salary, Allowances and Taxable Value of Perquisites and Company's contribution to Provident, Gratuity & Super Annuation Funds. Payments made under Voluntary Retirement have not been considered being a one time payment.
2. Nature of employment : The above employees were whole-time employees of the Company during the year ended 31st March, 2012 and the nature of their employment was contractual.
3. Conditions of employment provide for termination of service by either party upon giving 3 months' notice.
4. None of the above employees is related to the Directors of the Company.
5. No employee of the Company is covered by the provisions of Section 217(2A)(a)(iii) of the Companies Act, 1956.

On behalf of the Board

Chennai
30th April, 2012

M M Murugappan
Chairman

Auditors' Report

To the Members of Tube Investments of India Limited

1. We have audited the attached Balance Sheet of **TUBE INVESTMENTS OF INDIA LIMITED** ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in paragraph 3 above and Annexure referred to in paragraph 3 above, we report that:

   (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

      (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

      (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No.008072S)

Geetha Suryanarayanan
Partner
(Membership No.29519)

CHENNAI, 30th April 2012

INDIA

Annexure to the **Auditors' Report**

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result, clauses vi, x, xii, xiii, xiv, xv, xviii and xx of CARO are not applicable for the current year.

(ii) In respect of its fixed assets

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transaction is in excess of ₹5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.

(vii) In our opinion, the internal audit functions carried out during the year by the Internal Audit Department of the Company as well as some external agencies appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.

(ix) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in Crores)
Local Sales Tax Laws - Various States	Sales tax	Sales Tax Appellate Tribunal	2000-01 & 2003-04	0.11
	Sales Tax	Deputy Commissioner (Appeals)	2002-03 to 2010-11	0.13
	Sales Tax	Joint Commissioner	2005-06	0.05
Central Sales Tax Act, 1956	Sales Tax	Sales Tax Appellate Tribunal	1990-91 to 2001-02	0.37
	Sales tax	Joint Commissioner (Appeals)	1999-00 to 2005-06	1.07
	Sales tax	Deputy Commissioner (Appeals)	2005-06 & 2006-07	0.11
Central Excise Act, 1944	Interest	Commissioner of Central Excise (Appeals)	2009-10 & 2010-11	0.10
	Excise Duty	Joint Secretary, Government of India	2001-02 & 2002-03	0.11
	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal	2000-01 to 2005-06	1.17
	Penalty	Customs, Excise and Service Tax Appellate Tribunal	2000-01 to 2005-06	1.17
	Interest	Customs, Excise and Service Tax Appellate Tribunal	2002-03 to 2005-06	0.04
	Excise Duty	Madras High Court	2000-01	0.09
	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal	2002-03 to 2006-07	0.69
	Excise Duty	Bombay High Court	1994	0.02
	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal	2006-07 to 2010-11	1.34
	Excise Duty	Commissioner of Central Excise (Appeals)	2004-05 & 2005-06	0.01
	Interest	Commissioner of Central Excise (Appeals)	2006-07	0.00*
Service Tax (Chapter V of the Finance Act, 1994)	Service Tax	Customs, Excise and Service Tax Appellate Tribunal	1999-00 to 2004-05	0.29
Income tax Act, 1961	Income tax	Commissioner (Appeals)	2007-08	1.91

* Amount involved is ₹6,860/-.

(x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.

(xi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.

(xii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(xiii) According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 9.90% Non-convertible debentures of ₹100 Crores each having a face value of ₹1 Crore. The Company has created security in respect of the debentures issued.

(xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No.008072S)

Geetha Suryanarayanan
Partner
(Membership No.29519)

CHENNAI, 30th April 2012

INDIA

Balance Sheet

₹ in Crores

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
Equity and Liabilities			
Shareholders' Funds			
(a) Share Capital	2	37.26	37.13
(b) Reserves and Surplus	3	1077.70	954.27
		1114.96	**991.40**
Share Application Money Pending Allotment	4	0.03	–
Non-Current Liabilities			
(a) Long Term Borrowings	5	418.71	362.68
(b) Deferred Tax Liabilities (Net)	6	48.08	51.76
		466.79	**414.44**
Current Liabilities			
(a) Short Term Borrowings	7	296.23	258.38
(b) Trade Payables	8	555.84	515.77
(c) Other Current Liabilities	9	167.58	147.34
(d) Short Term Provisions	10	41.02	49.48
		1060.67	**970.97**
Total		**2642.45**	**2376.81**
Assets			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	606.51	560.84
(ii) Capital Work-in-Progress		38.42	27.39
(b) Non-Current Investments	12	930.15	892.50
(c) Long Term Loans and Advances	13	86.99	55.79
		1662.07	**1536.52**
Current Assets			
(a) Current Investments	14	–	18.05
(b) Inventories	15	409.51	387.69
(c) Trade Receivables	16	435.85	373.37
(d) Cash and Cash Equivalents	17	85.92	13.64
(e) Short Term Loans and Advances	18	49.10	47.54
		980.38	**840.29**
Total		**2642.45**	**2376.81**
Significant Accounting Policies	1		

The Notes referred to above form an integral part of the Financial Statements.

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

On behalf of the Board

M M Murugappan
Chairman

Chennai
30 April 2012

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Statement of Profit and Loss

₹ in Crores

Particulars	Note No.	Year Ended 31.03.2012	Year Ended 31.03.2011
Revenue From Operations			
Sale of Products - Gross		3659.32	3126.40
Less: Excise Duty on Sales		200.35	163.82
Sale of Products - Net		**3458.97**	**2962.58**
Other Operating Revenue	19	30.80	18.52
		3489.77	**2981.10**
Other Income	20	30.97	10.79
Total Revenue		**3520.74**	**2991.89**
Expenses			
Cost of Materials Consumed	21	2013.73	1704.90
Purchase of Traded Goods		185.82	143.12
Changes in Inventories of Finished Goods, Work in Process and Traded Goods	22	(37.79)	(47.52)
Employee Benefits Expense	23	259.23	243.54
Other Expenses	24	702.40	592.13
		3123.39	**2636.17**
Earnings Before Finance Costs, Tax, Depreciation and Amortisation Expense		**397.35**	**355.72**
Depreciation and Amortisation Expense		76.08	69.10
Finance Costs	25	76.17	65.92
Profit Before Tax and Exceptional Item		**245.10**	**220.70**
Exceptional Item - Profit on Sale of Land and Building		–	20.60
Profit Before Tax		**245.10**	**241.30**
Tax Expense			
Income Tax			
– Current Year		64.50	66.80
– Prior Years		4.19	(5.61)
Deferred Tax		(3.68)	10.45
		65.01	**71.64**
Profit for the Year		**180.09**	**169.66**
Earnings per Equity Share			
Basic		9.69	9.16
Diluted		9.66	9.11
Significant Accounting Policies	1		

The Notes referred to above form an integral part of the Financial Statements.

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

Chennai
30 April 2012

On behalf of the Board

M M Murugappan
Chairman

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

INDIA

Cash Flow Statement

₹ in Crores

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
A. Cash Flow from Operating Activities:		
Net Profit Before Tax	**245.10**	**241.30**
Adjustments for :		
Depreciation and Amortisation Expense	76.08	69.10
Finance Costs	76.17	65.92
Profit on Tangible Assets Sold/Discarded (Net)	(0.12)	(17.77)
Profit on Sale of Investments (Net)	–	(0.01)
Provision For Doubtful Trade Receivables and Advances (Net)	(0.78)	1.05
Trade Receivables Written off	1.75	0.97
Provision for Contingencies	1.00	–
Provision for Doubtful Advances no longer required written back (Net)	–	(0.09)
Provision for Diminution in Value of Investments	–	0.09
Liabilities no longer payable written back	(4.16)	(0.31)
Interest Income	(3.45)	(1.32)
Dividend Income	(26.50)	(9.03)
Operating Profit before Working Capital Changes	**365.09**	**349.90**
Adjustments for :		
Increase in Inventories	(21.82)	(93.30)
Increase in Trade Receivables	(63.45)	(49.83)
Increase in Trade Payables	40.07	62.25
(Increase)/Decrease in Loans and Advances	(0.27)	4.37
Increase in Liabilities and Provisions	4.89	53.33
Cash Generated From Operations	**324.51**	**326.72**
Direct Taxes Paid (Net)	(68.45)	(65.69)
Net Cash Flow from Operating Activities	**256.06**	**261.03**
B. Cash Flow from Investing Activities:		
Capital Expenditure (Including Capital Work in Progress and Capital Advances)	(166.90)	(86.77)
Sale of Tangible Assets	1.51	13.95
Investments in Subsidiaries	(37.65)	(338.01)
Proceeds from Sale of Own Shares held through Trust	–	61.96
Proceeds from Sale of Other Investments (Net)	18.05	173.63
Interest Received	3.45	1.19
Dividend on Own Shares held through Trust	–	0.66
Dividend Received	26.50	9.03
Net Cash Used in Investing Activities	**(155.04)**	**(164.36)**
C. Cash Flow from Financing Activities:		
Proceeds from exercise of Employees Stock Option	3.71	5.12
Proceeds from Long Term Borrowings	173.50	250.00
Repayment of Long Term Borrowings	(100.00)	(132.59)
Repayment of Inter Corporate Borrowing	–	(150.00)
Repayment of Sales Tax Deferral	(2.74)	(1.94)
Increase in Short Term Borrowings	37.03	53.67
Finance Costs Paid (Including Exchange Differences on Foreign Currency Borrowings)	(68.76)	(52.52)
Dividends Paid (Including Dividend Tax) - Net	(71.88)	(63.49)
Receipt of Industrial Promotion Subsidy	0.40	0.10
Net Cash Used in Financing Activities	**(28.74)**	**(91.65)**
Net Increase in Cash and Cash Equivalents [A+B+C]	**72.28**	**5.02**
Cash and Cash Equivalents at the Beginning of the Year	**13.64**	**8.62**
Cash and Cash Equivalents as at End of the Year	**85.92**	**13.64**

Note: Capital Expenditure includes and Finance Cost excludes ₹1.79 Cr. (Previous Year ₹ Nil) of Borrowing Costs Capitalised.

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

Chennai
30 April 2012

On behalf of the Board

M M Murugappan
Chairman

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Notes to Financial Statements

1. Significant Accounting Policies

1.1 Accounting Convention

The financial statements of the Company are prepared under the historical cost convention, on an accrual basis, in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified by the Government of India/ issued by the Institute of Chartered Accountants of India (ICAI), as applicable, and the relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

1.2 Presentation and disclosure of financial statements

For the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. Though adoption of revised Schedule VI does not impact recognition and measurement principles followed, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

An asset has been classified as current when it satisfies any of the following criteria;

a) It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) It is held primarily for the purpose of being traded;

c) It is expected to be realised within twelve months after the reporting date; or

d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability has been classified as current when it satisfies any of the following criteria;

a) It is expected to be settled in the Company's normal operating cycle;

b) It is held primarily for the purpose of being traded;

c) It is due to be settled within twelve months after the reporting date; or

d) The Company does not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets and liabilities have been classified as non-current.

1.3 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses like provision for employee benefits, provision for doubtful trade receivables/ advances/contingencies, provision for warranties, allowance for slow/non-moving inventories, useful life of fixed assets, provision for retrospective price increases on purchases, provision for taxation, etc., during the reporting year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

1.4 Tangible Fixed Assets

Fixed Assets are stated at historical cost less accumulated depreciation and impairment losses, if any. Cost includes related taxes, duties, freight, insurance, etc., attributable to the acquisition and installation of the fixed assets but excludes duties and taxes that are recoverable from tax authorities. Borrowing costs are capitalised as part of qualifying fixed assets. Exchange differences arising on restatement/ settlement of long term foreign currency borrowings relating to acquisition of depreciable fixed assets are recognised in the Statement of Profit and Loss.

Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised

Notes to Financial Statements

1. Significant Accounting Policies *(Contd.)*

and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Capital Work-in-Progress: Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and attributable interest.

1.5 Impairment of Assets

The carrying values of assets/cash generating units are reviewed at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the Statement of Profit and Loss.

1.6 Investments

a) Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as Current Investments. All other investments are classified as Non-Current Investments.

b) Non-Current Investments are carried at cost. Diminution in the value of such investments, other than temporary, is provided for.

c) Current Investments are carried at lower of cost and fair value.

1.7 Inventories

a) Raw materials, stores & spare parts and traded goods are valued at lower of weighted average cost (net of allowances) and estimated net realisable value. Cost includes freight, taxes and duties and is net of credit under VAT and CENVAT scheme, where applicable.

b) Work-in-process and finished goods are valued at lower of weighted average cost (net of allowances) and estimated net realisable value. Cost includes all direct costs and appropriate proportion of overheads to bring the goods to the present location and condition.

c) Due allowance is made for slow/non-moving items, based on Management estimates.

1.8 Revenue and Other Income

a) Sales are recognised on shipment or on unconditional appropriation of goods and comprise amounts invoiced for the goods, including excise duty, but excluding Sales Tax/ Value Added Tax and Quantity Discounts.

b) Service revenues are recognised when services are rendered.

c) Dividend income is accounted for when the right to receive it is established as on the date of Balance Sheet.

d) Interest Income is recognised on time proportion basis.

1.9 Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidy will be received.

When the grant or subsidy from the Government relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the period necessary to match them with the related costs, which they are intended to compensate.

When the grant or subsidy from the Government is in the nature of promoters' contribution, where no repayment is ordinarily expected in respect

Notes to Financial Statements

1. Significant Accounting Policies *(Contd.)*

thereof, it is credited to Capital Reserve and treated as a part of the Shareholders' funds on receipt basis.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

1.10 Employee Benefits

I. Defined Contribution Plan

a) Superannuation

The Company contributes a sum equivalent to 15% of the eligible employees salary to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India (LIC). The Company has no liability for future Superannuation Fund benefits other than its annual contribution and recognises such contributions as an expense in the year incurred.

b) Provident Fund

Contributions are made to the Company's Employees Provident Fund Trust/Regional Provident Fund in accordance with the Fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

In the case of contribution to the Trust, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognizes such obligation as an expense.

II. Defined Benefit Plan

Gratuity

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by LIC. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method. Actuarial gains/ losses are immediately recognised in the Statement of Profit and Loss.

III. Long Term Compensated Absences

The liability for long term compensated absences carried forward on the Balance Sheet date is provided for based on an actuarial valuation using the Projected Unit Credit method, as at the Balance Sheet date.

IV. Short Term Employee Benefits

Short term employee benefits includes short term compensated absences which is recognised based on the eligible leave at credit on the Balance Sheet date, and the estimated cost is based on the terms of the employment contract.

V. Voluntary Retirement Scheme

Compensation to employees under Voluntary Retirement Schemes is expensed in the period in which the liability arises.

1.11 Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the revenue account as per the lease terms.

1.12 Foreign Currency Transactions

a) Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

b) Measurement

Foreign currency monetary items (other than derivative contracts) of the Company outstanding at the Balance Sheet date are restated at year end exchange rates.

Non-monetary items are carried at historical cost.

c) Treatment of exchange differences

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Notes to Financial Statements

1. Significant Accounting Policies *(Contd.)*

d) Accounting of forward contracts

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract (other than for a firm commitment or a highly probable forecast transaction) or similar instrument is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation of such a contract is recognised as income or expense for the year.

1.13 Derivative Instruments and Hedge Accounting

The Company uses forward contracts and currency swaps to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates these as cash flow hedges.

The use of forward contracts is governed by the Company's policies on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

Forward contract derivative instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in "Hedge Reserve Account" under Shareholders' Funds and the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If any of these events occur or if a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised under shareholders' funds is transferred to the Statement of Profit and Loss for the year.

1.14 Depreciation and Amortisation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of the following categories of assets, where depreciation is provided based on useful life of the assets assessed as under:

Description of assets	Useful life and Basis of depreciation/ amortisation
Special tools and special purpose machines used in door frame products	4 Years
Furniture and fixtures	5 Years
Motor cars	4 Years
Office Equipment (including Data Processing Equipment)	3 Years
Lease hold land/ improvements	Over the primary lease period
Individual fixed assets whose actual cost does not exceed ₹5000/-	Fully depreciated in the year of acquisition

Depreciation is provided pro rata from the month of Capitalisation.

Certain fixed assets are treated as Continuous Process Plants based on technical evaluation done by the Management and are depreciated at the applicable rates. The Company also has a system of providing additional depreciation, where, in the opinion of the Management, the recovery of the fixed asset is likely to be affected by the variation in demand and/or its condition/ usability.

1.15 Research and Development

Revenue expenditure on research and development is expensed when incurred. Capital expenditure on research and development is capitalised under fixed assets and depreciated in accordance with Note1.14 above.

Notes to Financial Statements

1. Significant Accounting Policies *(Contd.)*

1.16 Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences; being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

1.17 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

1.18 Segment Accounting

a) The Generally Accepted Accounting Principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.

b) Segment revenue and segment results include transfers between business segments. Such transfers are accounted for at a competitive market price and are eliminated in the consolidation of the segments.

c) Expenses that are directly identifiable to segments are considered for determining the segment results. Expenses which relate to the Company as a whole and are not allocable to segments are included under unallocated corporate expenses.

d) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and are not allocable to any segment.

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Notes to Financial Statements

2. Share Capital

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Authorised Capital		
21,50,00,000 Equity Shares of ₹2 each	43.00	43.00
Issued, Subscribed and Paid-up Capital		
18,63,15,317 Equity Shares of ₹2 each fully paid up (Previous Year 18,56,66,931 Equity Shares of ₹2 each fully paid up)	37.26	37.13
	37.26	**37.13**

a) The Reconciliation of Share Capital is given below:

Particulars	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	**₹ in Crores**	**No. of Shares**	**₹ in Crores**
At the beginning of the year	18,56,66,931	37.13	18,47,81,000	36.95
Shares alloted on exercise of Employee Stock Options	6,48,386	0.13	8,85,931	0.18
At the end of the year	**18,63,15,317**	**37.26**	**18,56,66,931**	**37.13**

b) Terms/Rights attached to class of shares

The Company has only one class of shares referred to as Equity Shares having a par value of ₹2. The holders of equity shares are entitled to one vote per share.

c) Details of Shareholder(s) holding more than 5% of Equity Shares in the Company as on 31 March 2012

Name of the Shareholder	No. of Shares	% against total number of shares
Murugappa Holdings Limited – Associate Company	6,40,54,680	34.38%

d) Status on Global Depository Receipts

The aggregate number of Global Depository Receipts (GDRs) outstanding as at 31 March 2012 is 64,23,460 (Previous Year 65,30,630) each representing one Equity Share of ₹2 face value. GDR % against total number of shares is 3.45% (Previous Year 3.52%).

Notes to Financial Statements

e) **Stock Options**

The Company has granted Stock Options to certain employees in accordance with the Employees Stock Option Scheme and details are as follows :

Particulars	Date of grant	Exercise price (₹)	Options granted	Options vested	Options cancelled/ lapsed	Options exercised & allotted	Options excercised, pending allotment	Options outstanding at the end of the year	Vesting (subject to continuous association with the Company and performance rating parameters)
Grant 1	31.10.07	62.85	6,00,120	3,80,874	2,36,496	3,63,624	–	–	31.10.08 – 100%
Grant 2	31.01.08	66.10	1,05,460	81,324	24,136	81,324	–	–	31.01.09 – 100%
Grant 3	24.03.08	56.80	26,55,260	16,13,270	10,41,990	9,62,521	5,296	6,45,453	31.10.09 – 25% 31.10.10 – 37.5% 31.10.11 – 37.5%
Grant 4	31.07.08	44.45	3,86,900	2,03,426	76,584	95,096	–	2,15,220	31.07.09 – 20% 31.07.10 – 20% 31.07.11 – 30% 31.07.12 – 30%
Grant 5	31.10.08	24.25	54,000	23,760	22,140	23,760	–	8,100	31.10.09 – 20% 31.10.10 – 20% 31.10.11 – 30% 31.10.12 – 30%
Grant 6	30.01. 09	31.05	28,100	15,736	3,934	8,992	–	15,174	30.01.10 – 20% 30.01.11 – 20% 30.01.12 – 30% 30.01.13 – 30%
Grant 7	29.01.11	140.05	4,25,400	67,716	37,604	–	–	3,87,796	29.01.12 – 20% 29.01.13 – 20% 29.01.14 – 30% 29.01.15 – 30%
Grant 8	29.01.11	140.05	1,92,400	65,800	11,160	–	–	1,81,240	29.01.12 – 40% 29.01.13 – 30% 29.01.14 – 30%
Grant 9	29.01.11	140.05	13,900	5,560	1,390	–	–	12,510	29.01.12 – 50% 29.01.13 – 50%
Grant 10	02.05.11	140.45	55,000	–	–	–	–	55,000	02.05.12 – 20% 02.05.13 – 20% 02.05.14 – 30% 02.05.15 – 30%
Grant 11	01.08.11	159.75	33,600	–	–	–	–	33,600	01.08.12 – 20% 01.08.13 – 20% 01.08.14 – 30% 01.08.15 – 30%
Grant 12	02.11.11	143.10	1,26,800	–	–	–	–	1,26,800	02.11.12 – 20% 02.11.13 – 20% 02.11.14 – 30% 02.11.15 – 30%
			46,76,940	**24,57,466**	**14,55,434**	**15,35,317**	**5,296**	**16,80,893**	

During the past 5 years, the Company has allotted 15,35,317 Shares of ₹2 each to employees, pursuant to the exercise of their Option under the Employees Stock Option Scheme.

The total number of such Options outstanding as at 31 March 2012 is 16,80,893 (Previous Year 23,67,969) and each Option is exercisable into One Equity Share of ₹2 face value within 3 Years from the date of vesting.

The movement in Stock Options during the year is given below

Particulars	Date of grant	Options outstanding at the beginning of the year	During the year				Options outstanding at the end of the year
			Options granted	Options cancelled/ lapsed	Options exercised & allotted	Options exercised & pending allotment	
Grant 1	31.10.07	89,598	–	17,250	72,348	–	–
Grant 2	31.01.08	22,730	–	–	22,730	–	–
Grant 3	24.03.08	13,02,509	–	1,43,488	5,08,272	5,296	6,45,453
Grant 4	31.07.08	2,72,172	–	18,396	38,556	–	2,15,220
Grant 5	31.10.08	32,400	–	17,820	6,480	–	8,100
Grant 6	30.01.09	16,860	–	1,686	–	–	15,174
Grant 7	29.01.11	4,25,400	–	37,604	–	–	3,87,796
Grant 8	29.01.11	1,92,400	–	11,160	–	–	1,81,240
Grant 9	29.01.11	13,900	–	1,390	–	–	12,510
Grant 10	02.05.11	–	55,000	–	–	–	55,000
Grant 11	01.08.11	–	33,600	–	–	–	33,600
Grant 12	02.11.11	–	1,26,800	–	–	–	1,26,800
Total		**23,67,969**	**2,15,400**	**2,48,794**	**6,48,386**	**5,296**	**16,80,893**

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Notes to Financial Statements

₹ in Crores

3. Reserves and Surplus

Particulars	As at 31.03.2012		As at 31.03.2011	
Capital Reserve				
Balance at the beginning of the year	0.37		0.27	
Industrial Promotion Subsidy from Government of Maharashtra	0.40		0.10	
Balance at the end of the year		**0.77**		**0.37**
Capital Redemption Reserve (Refer Note a below)		**6.15**		**6.15**
Securities Premium Account				
Balance at the beginning of the year	186.58		122.87	
Additions during the year (Refer Note b below)	3.55		63.71	
Balance at the end of the year		**190.13**		**186.58**
Debenture Redemption Reserve				
Balance at the beginning of the year	36.67		13.33	
Additions during the year	31.66		23.34	
Balance at the end of the year		**68.33**		**36.67**
Hedge Reserve Account				
Balance at the beginning of the year	(0.36)		(4.44)	
Additions/(Deductions) during the year (Net)	0.82		4.08	
Balance at the end of the year		**0.46**		**(0.36)**
General Reserve				
Balance at the beginning of the year	332.16		307.16	
Additions during the year	200.00		25.00	
Balance at the end of the year		**532.16**		**332.16**
Surplus/(Deficit) in the Statement of Profit and Loss				
Surplus at the beginning of the year	392.70		334.61	
Profit for the period	180.09		169.66	
Final dividend including tax on dividend (Refer Note c below)	(0.02)		(0.02)	
Dividend on Own Shares held through Trust (Refer Note d below)	–		0.66	
Transfer to General Reserve	(200.00)		(25.00)	
Transfer to Debenture Redemption Reserve	(31.66)		(23.34)	
Interim Dividend @ ₹2 (Previous year ₹1.50) per Equity Share of ₹2 each	(37.24)		(27.84)	
Final Dividend Proposed @ ₹1 (Previous year ₹1.50) per Equity Share of ₹2 each	(18.63)		(27.85)	
Dividend Tax - Current year	(7.30)		(8.18)	
Earlier year's provision for dividend tax no longer required (Refer Note e below)	1.76		–	
Net Surplus in the Statement of Profit and Loss		**279.70**		**392.70**
Total Reserves and Surplus		**1077.70**		**954.27**

Notes:

a) Represents the amount transferred, for a sum equal to the nominal value of the Shares, at the time of Buy-back.

Notes to Financial Statements

b) Additions relate to:

₹ in Crores

Particulars	2011-12	2010-11
Proceeds received from the employees pursuant to the exercise of options under the Employees Stock Option Scheme	3.55	4.94
Profit on sale of TII Shareholding Trust Shares (Refer Note *d* below)	–	58.77
	3.55	**63.71**

c) Final Dividend including Dividend Distribution Tax

Subsequent to the date of Balance Sheet and before the book closure date, 1,29,721 (Previous Year 1,18,296) equity shares were allotted under the Tube Investments of India Limited Employees Stock Option Scheme to employees and dividend of ₹0.02 Cr. (Previous year ₹0.02 Cr.) on these shares were paid. The total amount of ₹0.02 Cr. (Previous year ₹0.02 Cr.) including tax on dividend, have been appropriated from the opening balance of the Statement of Profit and Loss.

d) Amalgamation of erstwhile TIDC India Limited with the Company

In accordance with the Scheme of Arrangement, approved by the Honourable High Court of Madras vide its Order dated 30 November 2004, all the assets, liabilities and business of TIDC India Ltd. (TIDC), (formerly a subsidiary of the Company) were transferred to and vested in the Company, as a going concern, effective from 1 April 2004. Accordingly, 20,30,374 Equity Shares of ₹10 each (Post-Split 1,01,51,870 Equity Shares of ₹2 each) held in the Company by TIDC was vested in a Trust, namely, TII Shareholding Trust, created for the purpose.

Pursuant to an application by the Company, the said Honourable High Court vide its order dated 11 February 2009 granted an extension of time till 14 December 2010 for the sale/disposal of the balance shares held by the Trust.

The Trust had sold 57,50,000 Equity Shares in 2007-08 and the balance quantity of 44,01,870 shares were sold during the previous year 2010-11. The net surplus on sale of shares was credited to Securities Premium Account.

Since the beneficiary of the Trust is the Company itself, the dividend distributed to the Trust relating to the Company's shares held by the Trust, was credited back to the Statement of Profit and Loss on receipt of the same from the Trust in the year of sale.

e) Represents set-off of Dividend Distribution Tax paid by Subsidiary on dividend distributed to the Company against Dividend Distribution Tax payable by the Company.

4. Share application money pending allotment

Pursuant to Options granted under Grant 3 of Employees Stock Option Scheme, the Company has received ₹0.03 Cr. (Previous Year ₹ Nil) towards Share Application money for 5,296 (Previous Year ₹ Nil) Equity Shares of ₹2 each with a premium of ₹54.80 per share.

Pending allotment of shares, the said amount was held in a designated bank account and was not available for use by the Company. The shares have since been allotted as per the Scheme.

Notes to Financial Statements

₹ in Crores

5. Long Term Borrowings

Particulars	As at 31.03.2012	As at 31.03.2011
Secured Borrowings		
Non Convertible Debentures		
9.90% Privately Placed Non Convertible Debentures (Note a)	100.00	–
11.70% Privately Placed Non Convertible Debentures (Note b)	50.00	50.00
8.75% Privately Placed Non Convertible Debentures (Note c)	150.00	150.00
8.60% Privately Placed Non Convertible Debentures (Note d)	–	50.00
8.50% Privately Placed Non Convertible Debentures (Note e)	–	50.00
Foreign Currency Term Loan		
External Commercial Borrowing (Note f)	73.50	–
External Commercial Borrowing (Note g)	28.97	43.46
Unsecured Borrowings		
Deferred Payment Liability – Sales Tax Deferral (Note h)	16.24	19.22
	418.71	**362.68**

Notes:

a) The 9.90% Debentures are secured by a *pari passu* first charge on certain immovable properties of the Company. The Debentures are redeemable at par, five years from the date of allotment, i.e., on 11 August 2016. The Debentures also carry a put and call option at the end of three years from the date of allotment, i.e., on 11 August 2014.

b) The 11.70% Debentures are secured by a *pari passu* first charge on all the Plant & Machinery and certain immovable properties of the Company. The Debentures are redeemable at par, five years from the date of allotment, i.e., on 25 February 2014.

c) The 8.75% Debentures are secured by a *pari passu* first charge on certain immovable properties of the Company. The Debentures are redeemable at par, five years from the date of allotment, i.e., on 7 May 2015. The Debentures also carry a put and call option at the end of three years from the date of allotment, i.e., on 7 May 2013.

d) The 8.60% Debentures are secured by a *pari passu* first charge on all the Plant & Machinery and certain immovable properties of the Company. The Debentures are redeemable at par, five years from the date of allotment, i.e., on 9 March 2015. The Debentures also carry a put and call option at the end of three years from the date of allotment, i.e., on 9 March 2013 and has been reported under the head "Other Current Liabilities" (Refer Note 9).

e) The 8.50% Debentures are secured by a *pari passu* first charge on all the Plant & Machinery and certain immovable properties of the Company. The Debentures are redeemable at par, five years from the date of allotment, i.e., on 27 November 2014. The Debentures also carry a put and call option at the end of three years from the date of allotment, i.e., on 27 November 2012 and has been reported under the head "Other Current Liabilities" (Refer Note 9).

f) External Commercial Borrowing is to be secured by a *pari passu* first charge on all the Plant & Machinery. Interest at the rate of 3 Months USD LIBOR plus 2.00% p.a. is payable quarterly. The said Loan is fully hedged and repayable at the end of three years from the date of drawdown, i.e., on 2 March 2015.

g) External Commercial Borrowing is secured by a *pari passu* first charge on all the Plant & Machinery and certain immovable properties of the Company. Interest at the rate of 3 Months USD LIBOR plus 2.40% p.a. is payable quarterly. The said Loan is fully hedged and repayable equally in three instalments on 10 February 2013, 2014 and 2015. The first instalment of ₹14.49 Cr. has been reported under the head "Other Current Liabilities" (Refer Note 9).

h) The Company has availed benefit for establishing capacities in various states in the form of Sales Tax Deferral. The repayment under the Schemes is over the period and the final instalment is in the year 2020-21. An amount of ₹2.98 Cr. to be repaid in 2012-13 has been reported under the head "Other Current Liabilities" (Refer Note 9).

Notes to Financial Statements

6. Deferred Tax Liabilities (Net)

The net deferred tax liability of ₹48.08 Cr. as at 31 March 2012 (Previous Year ₹51.76 Cr.) has arisen on account of the following:

₹ in Crores

Nature – Liability/(Asset)	As at 01.04.2011	Charged/ (Credited) to Statement of Profit and Loss	As at 31.03.2012
Deferred Tax Liabilities			
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961	60.50	(1.07)	59.43
Total (A)	**60.50**	**(1.07)**	**59.43**
Deferred Tax Assets			
Deferred Revenue Expenses	(0.96)	(0.78)	(1.74)
Provision for Doubtful Receivables	(3.14)	0.25	(2.89)
Provision for Employee Benefits and Others	(4.64)	(2.08)	(6.72)
Total (B)	**(8.74)**	**(2.61)**	**(11.35)**
Net Deferred Tax Liability (A+B)	**51.76**	**(3.68)**	**48.08**

7. Short Term Borrowings

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Secured Borrowings (secured by *pari passu* first charge on inventories and trade receivables)		
From Banks		
Foreign Currency Loans	117.32	86.08
Working Capital Demand Loans	–	85.00
Cash Credit and other borrowings	42.85	–
	160.17	**171.08**
Unsecured Borrowings		
From Banks		
Foreign Currency Loans	4.79	14.25
Working Capital Demand Loans	100.00	45.00
Cash Credit and other borrowings	31.27	28.05
	136.06	**87.30**
	296.23	**258.38**

Notes to Financial Statements

8. Trade Payables

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Sundry Creditors		
– Dues to Micro, Small & Medium Enterprises	0.88	0.45
– Goods and Services*	495.90	455.05
Acceptances	59.06	60.27
	555.84	**515.77**
* Includes Dues to subsidiaries		
– Sedis SAS	0.03	–
– Cholamandalam Investment and Finance Co. Ltd.	0.03	–

Note:

Based on, and to the extent of information received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), and relied upon by the auditors, the relevant particulars as at 31 March 2012 are furnished below:

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Principal amount due to suppliers under MSMED Act	0.88	0.45
Interest accrued and due to suppliers under MSMED Act, on the above amount	0.00	0.02
Payment made to suppliers (other than interest) beyond the appointed day, during the year	5.70	8.84
Interest paid to suppliers under MSMED Act (Section 16)	0.02	0.06
Interest due and payable to suppliers under MSMED Act, for payments already made	0.02	0.00
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.02	0.02

9. Other Current Liabilities

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Current Maturities of Long Term Borrowings		
– Rupee Term Loan	–	100.00
– 8.60% Privately Placed Non Convertible Debentures (Refer Note 5d)	50.00	–
– 8.50% Privately Placed Non Convertible Debentures (Refer Note 5e)	50.00	–
– External Commercial Borrowing (Refer Note 5g)	14.49	–
Deferred Payment Liability - Sales Tax Deferral (Refer Note 5h)	2.98	2.74
Interest Accrued but Not Due	21.06	14.97
Unpaid Dividends	1.91	1.64
Advances and Deposits from Customers/Others	5.17	7.28
Dues to Directors	1.72	0.78
Other Liabilities		
– Recoveries from employees	2.00	1.94
– Statutory liabilities	12.94	14.37
– Capital Creditors	4.85	3.25
– Others	0.46	0.37
	167.58	**147.34**
Amounts to be credited to Investor Education and Protection Fund towards :		
Unpaid Dividends	–	–

Notes to Financial Statements

10. Short Term Provisions

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for Compensated Absences	15.17	13.91
Provision for Warranties (Note a)	1.63	1.63
Provision for Contingencies (Note b)	2.50	1.50
Provision for Wealth Tax	0.07	0.07
Proposed Dividend	18.63	27.85
Dividend Tax	3.02	4.52
	41.02	**49.48**

(a) Provision for Warranties

₹ in Crores

Particulars	2011-12	2010-11
At the beginning of the year	1.63	0.46
Created during the year	3.13	4.79
Utilised during the year	(3.13)	(3.62)
At the end of the year	**1.63**	**1.63**

Provision for Warranties is estimated based on past experience and technical estimates.

(b) Provision for Contingencies

The Company carries a general provision for contingencies towards various claims against the Company not acknowledged as debts.

₹ in Crores

Particulars	2011-12	2010-11
At the beginning of the year	1.50	1.50
Created during the year	1.00	–
Utilised during the year	–	–
At the end of the year	**2.50**	**1.50**

Notes to Financial Statements

11. Tangible Assets

₹ in Crores

Particulars	Gross Block at Cost				Depreciation/Amortisation				Net Block	
	As at 31.03.2011	Additions	Deletions	As at 31.03.2012	As at 31.03.2011	Additions (Note 1)	Deletions	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Land (Freehold)	29.61	24.90	–	54.51	–	–	–	–	54.51	29.61
Land (Leasehold) (Note 2)	1.14	–	–	1.14	0.10	0.01	–	0.11	1.03	1.04
Buildings										
– Research & Development	0.37	–	–	0.37	0.08	0.01	–	0.09	0.28	0.29
– Others (Note 3)	160.80	13.28	0.12	173.96	43.13	5.21	0.05	48.29	125.67	117.67
Plant & Machinery										
– Research & Development	9.61	0.63	–	10.24	3.34	0.64	–	3.98	6.26	6.27
– Others	863.78	75.63	7.95	931.46	467.35	65.82	7.00	526.17	405.29	396.43
Railway Siding	0.21	–	–	0.21	0.19	0.01	–	0.20	0.01	0.02
Office Equipment										
– Research & Development	0.27	0.30	–	0.57	0.20	0.09	–	0.29	0.28	0.07
– Others	22.63	5.06	1.05	26.64	18.25	2.48	1.05	19.68	6.96	4.38
Furniture & Fixtures										
– Research & Development	0.02	0.08	–	0.10	0.01	–	–	0.01	0.09	0.01
– Others	10.17	1.84	–	12.01	8.47	0.80	–	9.27	2.74	1.70
Vehicles										
– Research & Development	0.15	0.20	–	0.35	0.09	0.04	–	0.13	0.22	0.06
– Others	6.99	1.22	1.45	6.76	3.70	0.97	1.08	3.59	3.17	3.29
Total	**1105.75**	**123.14**	**10.57**	**1218.32**	**544.91**	**76.08**	**9.18**	**611.81**	**606.51**	**560.84**
Previous Year	**1028.09**	**107.18**	**29.52**	**1105.75**	**500.46**	**69.10**	**24.65**	**544.91**	**560.84**	**527.63**

Notes:

1. Additions to Depreciation includes depreciation amounting to ₹2.39 Cr. (Previous Year ₹2.97 Cr.) charged additionally on certain assets.
2. Amortisation of Leasehold Land for the year is ₹0.01 Cr. (Previous Year ₹0.03 Cr.).
3. Net Block of Buildings includes Improvement to Buildings ₹3.11 Cr. (Previous Year ₹3.35 Cr.) constructed on Leasehold Land.

Notes to Financial Statements

12. Non-Current Investments

(Valued at cost unless stated otherwise)

₹ in Crores

Particulars	Nominal Value (₹)/Unit	Number		Amount	
		As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Investment in Subsidiary Companies:					
Trade Investments:					
Equity Shares (Fully Paid) - Unquoted					
Financiere C10 SAS	€15	1,72,712	1,72,712	43.59	43.59
TICI Motors (Wuxi) Company Ltd. (Refer Note a)				3.81	3.25
Non-Trade Investments:					
Equity Shares (Fully Paid) - Quoted					
Cholamandalam Investment & Finance Co Ltd.	10	7,22,33,019	7,22,33,019	645.83	645.83
Equity Shares (Fully Paid) - Unquoted					
Cholamandalam MS General Insurance Company Ltd. (Refer Note b)	10	20,98,96,769	19,75,49,900	234.60	197.55
TI Financial Holdings Ltd. (Refer Note c)	10	1,10,000	70,000	0.11	0.07
Investment in Joint Venture:					
Non-Trade Investments:					
Equity Shares (Fully Paid) - Unquoted					
Cholamandalam MS Risk Services Ltd.	10	9,89,979	9,89,979	0.99	0.99
Other Investments:					
Trade Investments:					
Equity Shares (Fully Paid) - Quoted					
LG Balakrishnan & Bros. Ltd. (Cost - ₹40,238 only)	10	2,596	2,596		
LGB Forge Ltd.	1	25,960	25,960		
Non Trade Investments:					
Equity Shares (Fully Paid) - Quoted					
Carborundum Universal Ltd. (Refer Note d) (Cost - ₹23,574 only)	1	6,000	3,000		
Kartik Investments Trust Ltd.	10	33,790	33,790	0.04	0.04
Coromandel Engineering Company Ltd.	10	42,919	42,919	0.04	0.04
GIC Housing Finance Ltd.	10	48,700	48,700	0.24	0.24
Equity Shares (Fully Paid) - Unquoted					
Indo Oceanic Shipping Co. Ltd. (Cost ₹1 only)	10	50,000	50,000		
Bombay Mercantile Co-op. Ltd. (Cost ₹5,000 only)	10	500	500		
Southern Energy Development Corporation Ltd.	10	70,000	70,000	0.07	0.07
Murugappa Management Services Ltd.	100	42,677	42,677	0.78	0.78
TI Cycles of India Co-operative Canteen Ltd. (Cost - ₹250 only)	5	50	50		
TI Diamond-Miller Co-operative Canteen Ltd. (Cost - ₹100 only)	5	20	20		
Andheri Sarajit Co-operative Housing Society Ltd. (Cost - ₹250 only)	50	5	5		
Chennai Willingdon Corporate Foundation (Cost - ₹100 only)	10	10	10		
Other - Unquoted					
Government of India Securities				0.05	0.05
				930.15	**892.50**

Notes to Financial Statements

₹ in Crores

	As at 31.03.2012	As at 31.03.2011
Quoted		
Cost	646.15	646.15
Market value	1360.99	1265.04
Unquoted		
Cost	284.00	246.35

Notes:

a) During the year, the Company invested a further sum of ₹0.56 Cr. in TICI Motors (Wuxi) Company Ltd., a wholly owned Overseas Subsidiary.

b) During the year, the Company subscribed to 1,23,46,869 equity shares of ₹10 each of Cholamandalam MS General Insurance Company Ltd., a Subsidiary, offered on Rights basis at ₹30 per share amounting to ₹37.05 Cr.

c) During the year, the Company invested a further sum of ₹0.04 Cr. in TI Financial Holdings Ltd., a wholly owned Subsidiary.

d) During the year, Carborundum Universal Ltd., sub-divided their equity shares from ₹2 per share to ₹1 per share. Consequenty number of shares held by the Company increased by 3,000.

13. Long Term Loans and Advances

(Unsecured, Considered Good unless stated otherwise)

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Capital Advances	36.55	3.82
Loans and advances		
– Gratuity Fund (Net of Provision) (Refer Note 34)	0.71	1.27
– Electricity and other deposits	7.55	6.86
– Others	3.41	4.84
Advance Income Tax (Net of Provision)	38.77	39.00
	86.99	**55.79**

14. Current Investments

₹ in Crores

Particulars	Nominal Value (₹)/Unit	Number of units		Amount	
		As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Investments in Mutual Funds (At Cost) - Unquoted					
UTI Treasury Advantage Fund – Institutional Plan (Daily Dividend Option) - Reinvestment	1000	–	73,975	–	7.40
UTI Liquid Cash Plan Institutional – Daily Income Option – Reinvestment	1000	–	3,538	–	0.35
HSBC Floating Rate – Long Term Plan – Institutional Option – Weekly Dividend	10	–	1,02,07,835	–	10.21
Others (At cost) - Unquoted					
Government Securities				–	0.09
				–	**18.05**

Note : During the year, the Company has invested an aggregate of ₹507.91 Cr. (Previous Year ₹820.89 Cr.) and sold an aggregate of ₹525.87 Cr. (Previous Year ₹994.45 Cr.) of units in various Cash Management Schemes of Mutual Funds, invested for the purpose of deployment of temporary cash surpluses.

Notes to Financial Statements

15. Inventories

(Lower of Cost [Net of Allowances] and estimated Net Realisable Value)

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Raw Materials	177.79	190.55
Work-in-Process	85.98	64.38
Finished Goods	93.82	91.78
Traded Goods	25.78	16.42
Stores and Spare Parts	6.99	4.16
Materials-in-Transit		
– Raw Materials	2.75	8.79
– Traded Goods	16.40	11.61
	409.51	**387.69**

16. Trade Receivables

(Unsecured, Considered Good unless otherwise stated)

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	4.96	5.49
Doubtful	8.52	9.21
	13.48	**14.70**
Others		
Considered good*	430.89	367.88
Doubtful	0.36	0.45
	431.25	**368.33**
Gross Trade Receivables	**444.73**	**383.03**
Provision for Doubtful Receivables	(8.88)	(9.66)
	435.85	**373.37**
* Includes Dues From Subsidiaries		
– Financiere C10 SAS	3.38	1.49
– Societe De Commercialisation De Composants Industriels – SARL	1.16	0.75
– Sedis SAS	5.05	2.62

17. Cash and Cash Equivalents

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Balance with Banks		
– Current Accounts	21.57	11.88
– Unpaid Dividend Accounts	1.91	1.64
– Fixed Deposit Accounts	59.17	–
	82.65	**13.52**
Cheques on Hand	3.18	0.01
Cash on Hand	0.09	0.11
	85.92	**13.64**

Notes to Financial Statements

18. Short Term Loans and Advances

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Advances Recoverable in Cash or in Kind or for Value to be Received (Unsecured and considered good unless otherwise stated)		
– Goods and Services	30.91	28.86
– Employee related	1.23	1.69
– Prepaid expenses	4.03	3.42
– Others	5.29	5.86
	41.46	**39.83**
Deposit with Subsidiary - Cholamandalam MS General Insurance Co. Ltd.	0.06	0.03
Other deposits	1.98	1.39
Balances with Customs, Excise and Sales Tax Authorities	5.59	6.27
Fringe Benefits Tax (Net of Provision)	0.01	0.02
	49.10	**47.54**

19. Other Operating Revenues

₹ in Crores

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Conversion Income	2.80	3.59
Cash Discount	3.82	3.05
Export Benefits	5.98	5.13
Service Income from Subsidiary	3.38	1.49
Handling Charges	5.45	2.86
Subsidy Income	2.24	0.50
Liabilities no longer payable written back	4.16	0.31
Others	2.97	1.59
	30.80	**18.52**

20. Other Income

₹ in Crores

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Dividend income from		
Subsidiary	21.67	5.78
Joint Venture	0.20	0.18
Non-Trade Investments	0.70	1.22
Current Investments	3.93	1.85
	26.50	**9.03**
Interest Income		
Fixed Deposits with Banks	0.47	–
Others	3.45	1.32
	3.92	**1.32**
Rental Income	0.02	0.02
Royalty Income	0.41	0.32
Provision for Advances no longer required written back	–	0.09
Profit on Tangible Assets Sold/Discarded (Net)	0.12	–
Profit on Sale of Investments (Net)	–	0.01
	30.97	**10.79**

Notes to Financial Statements

21. Cost of Materials Consumed

₹ in Crores

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Steel	1377.45	1175.73
Rims	73.80	63.66
Tyres	79.98	64.78
Cycle Tubes	32.96	27.05
Saddle	34.39	32.09
Chains	15.70	14.98
Frames	120.12	112.17
Forks	38.97	36.17
Mudguards	27.35	22.44
E Scooters, Bicycle Components and Others	368.36	285.95
Raw Materials Consumed	**2169.08**	**1835.02**
Less : Scrap Sales (Net of Excise Duty)	(155.35)	(130.12)
Raw Materials Consumed (Net)	**2013.73**	**1704.90**

22. Changes in Inventories of Finished Goods, Work in Process and Traded Goods

₹ in Crores

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Opening Stock		
Work-in-Process	64.38	51.55
Finished Stock	91.78	66.63
Traded goods	28.03	18.49
	184.19	**136.67**
Closing Stock		
Work-in-Process	85.98	64.38
Finished Stock	93.82	91.78
Traded goods	42.18	28.03
	221.98	**184.19**
Accretion to Stock	**(37.79)**	**(47.52)**

23. Employee Benefits Expense

₹ in Crores

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Salaries, Wages and Bonus	212.21	200.02
Contribution to Provident and Other Funds	18.29	19.44
Welfare Expenses	28.73	24.08
	259.23	**243.54**

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Notes to Financial Statements

24. Other Expenses

₹ in Crores

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Consumption of Stores and Spares	144.30	123.05
Freight and Carriage Inwards	46.17	38.06
Conversion Charges	70.49	53.76
Power and Fuel	125.10	101.68
Rent	9.41	8.04
Repairs to Buildings	0.75	0.81
Repairs to Machinery	49.97	43.57
Insurance	3.67	2.82
Rates and Taxes	7.99	6.44
Travelling and Conveyance	13.21	12.68
Printing, Stationery and Communication	5.40	4.95
Freight, Delivery and Shipping Charges	97.83	81.92
Discounts/Incentives on Sales	33.51	30.57
Advertisement and Publicity	33.00	26.92
Trade Receivables Written Off	1.75	0.97
Release of Doubtful Trade Receivables Provision	(1.75)	(0.97)
Provision for Doubtful Receivables	0.97	2.24
Advances Written Off	–	0.22
Release of Provision for Advances	–	(0.22)
Loss on Tangible Assets Sold/Discarded (Net)	–	2.83
Investment Written Off	–	34.86
Release of Provision for Diminution in Investments	–	(34.77)
Auditors' Remuneration	0.54	0.46
Commission to Non Whole Time Directors	1.30	0.35
Directors' Sitting Fees	0.08	0.10
Loss on Exchange Fluctuation (Net)	4.28	1.29
Provision for Contingencies	1.00	–
Bank Charges	2.44	1.74
EDP Expenses	7.09	5.31
Donations to Charitable and other institutions	1.07	3.09
Donations to Political Parties		
– Bharatya Janata Party	0.10	–
– Desiya Murpokku Dravida Kazhagam	0.25	–
Administration Expenses	6.89	6.29
Other Expenses	35.59	33.07
	702.40	**592.13**

Auditors' Remuneration

₹ in Crores

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
As auditor:		
Audit fee	0.25	0.25
Tax audit fee	0.03	0.03
Limited review	0.06	0.06
Consolidation fee	0.05	0.05
In other capacity:		
Taxation matters	0.02	0.00
Company law matters	0.01	0.01
Other services (Certification fees)	0.07	0.03
Service Tax (Net of Input Credit availed)	0.05	0.03
Reimbursement of Expenses	0.00	0.00
	0.54	**0.46**

Notes to Financial Statements

25. Finance Costs

₹ in Crores

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Interest Expense	68.81	60.42
Exchange difference on Foreign Currency Loans	6.60	5.00
Other Borrowing Costs	0.76	0.50
	76.17	**65.92**

26. Commitments and Contingent Liabilities

₹ in Crores

Particulars	2011-12	2010-11
a) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
i. Capital Expenditure	90.82	39.58
ii. Investments	53.85	14.51
b) Disputed Income-Tax demands from A.Y. 1993-94 to 2009-10 under appeal/remand pending before various appellate/assessing authorities against which ₹29.54 Cr. (Previous Year ₹26.25 Cr.) has been deposited. The Balance of ₹1.91 Cr. (Previous Year ₹6.05 Cr.) is not deposited for which rectification petitions/appeals have been filed. The Management is of the opinion that the above demands are not sustainable.	31.45	32.31
c) Disputed Excise and Service Tax demand amounting to ₹1.72 Cr. (Previous Year ₹1.62 Cr.) and penalty of ₹1.22 Cr. (Previous Year ₹1.22 Cr.) pertaining to financial years 1999-00 to 2005-06 under appeal pending before the Appellate Tribunal. The same has not been deposited. The Management is of the opinion that the demand is arbitrary and the same is not sustainable.	2.94	2.84
d) Cases decided in favour of the Company against which the department has gone on an appeal		
i. Income Tax	43.14	3.28
ii. Excise	2.18	0.84
e) Export obligation under EPCG/Advance License Scheme to be fulfilled. The Company is confident of meeting its obligations under the Schemes within the Stipulated Period.	26.03	13.97

Note: Show Cause Notices received from various Government Agencies pending formal demand notices have not been considered as contingent liabilities.

27. Research and Development Expenses

Research and Development Expenses incurred on the following heads have been accounted under the natural heads and are shown under Notes 23 and 24.

₹ in Crores

Particulars	2011-12	2010-11
Salaries, Wages and Bonus	4.44	4.97
Contribution to Provident and Other Funds	0.26	0.25
Welfare Expenses	0.04	0.08
Consumption of Stores and Spares	0.85	0.74
Power and Fuel	0.22	0.23
Repairs to Machinery	0.04	0.24
Printing, Stationery and Communication	0.51	0.75
Other Expenses	2.34	1.55
Total	**8.70**	**8.81**

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Notes to Financial Statements

28. Imported and Indigenous Materials Consumed

(a) Consumption of Raw Materials (Refer Note 21)

Particulars	2011-12		2010-11	
	%	₹ in Crores	%	₹ in Crores
Imported	9.77	211.90	9.51	174.51
Indigenous	90.23	1957.18	90.49	1660.51
Total	**100.00**	**2169.08**	**100.00**	**1835.02**

(b) Consumption of Stores and Spares

Particulars	2011-12		2010-11	
	%	₹ in Crores	%	₹ in Crores
Imported	3.41	7.62	3.88	7.33
Indigenous				
– Fuel	35.36	78.93	34.88	65.91
– Others	61.23	136.68	61.24	115.72
Total	**100.00**	**223.23**	**100.00**	**188.96**

29. Value of Imports on CIF Basis

₹ in Crores

Particulars	2011-12	2010-11
Raw Materials	230.30	142.42
Stores and Spare Parts	8.50	8.72
Finished Goods	180.03	123.10
Capital Goods	27.92	14.98
Total	**446.75**	**289.22**

30. Earnings in Foreign Exchange

₹ in Crores

Particulars	2011-12	2010-11
FOB Value of Exports	188.76	161.72
Service Income	3.38	1.49

Notes to Financial Statements

31. Details of Inventories (Refer Note 15)

₹ in Crores

Particulars	Cycles/ Components		E Scooters		Steel Strips and Tubes		Metal Formed Products and Others		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Raw Materials	58.37	64.22	3.91	4.23	77.15	82.10	38.36	40.00	177.79	190.55
Work-in-Process	8.48	4.52	0.08	0.08	38.93	31.66	38.49	28.12	85.98	64.38
Finished Goods	23.35	11.98	0.90	0.73	48.38	51.00	21.19	28.07	93.82	91.78
Traded Goods	24.19	15.52	-	-	-	-	1.59	0.90	25.78	16.42
Stores and Spare Parts	-	-	-	-	3.83	2.96	3.16	1.20	6.99	4.16
Materials-in-Transit										
– Raw Materials	-	-	-	-	2.61	8.10	0.14	0.69	2.75	8.79
– Traded Goods	16.39	11.61	-	-	-	-	0.01	-	16.40	11.61
Total Inventory	**130.78**	**107.85**	**4.89**	**5.04**	**170.90**	**175.82**	**102.94**	**98.98**	**409.51**	**387.69**
Net Sales	**1262.45**	**1098.10**	**17.24**	**16.35**	**1320.09**	**1079.63**	**859.19**	**768.50**	**3458.97**	**2962.58**

32. Amount Remitted in Foreign Currency on account of Dividend Payment to Non-Resident Shareholders

Particulars	2011-12	2010-11
Dividend* – ₹ in Crores	0.02	0.02
Number of Non-resident Shareholders	1	1
Number of Equity Shares Held	56,700 of ₹2 each	56,700 of ₹2 each
Year for which Dividend Remitted		
– Final	2010-11	2009-10
– Interim	2011-12	2010-11

* The above excludes remittances amounting to ₹2.25Cr. (Previous Year ₹1.98 Cr.) to Global Depository Receipt (GDR) holders through the custodian of GDR holders.

33. Expenditure in Foreign Currency

₹ in Crores

Particulars	2011-12	2010-11
Travel	0.85	1.11
Interest on Foreign Currency Loans	1.23	1.18
Royalty	2.08	2.11
Others	5.42	4.93
Total	**9.58**	**9.33**

Notes to Financial Statements

34. Employee Benefits under Defined Benefit Plans

a) Gratuity

Actuarial data on Defined Benefit Plans :

₹ in Crores

Details of Actuarial Valuation	2011-12	2010-11
Change in Benefit Obligation		
Projected Benefit Obligation as at Year Beginning	25.79	16.69
Service Cost	2.63	1.01
Interest Cost	1.97	1.35
Actuarial (Gains)/Losses	0.90	7.56
Benefits Paid	(2.41)	(0.82)
Projected Benefit Obligation as at Year End	**28.88**	**25.79**
Change in Plan Assets		
Fair Value of Plan Assets as at Year Beginning	27.48	18.06
Expected Return on Plan Assets	2.46	1.69
Employer's Contribution	2.07	8.55
Benefits Paid	(2.41)	(0.82)
Fair Value of Plan Assets as at Year End	**29.60**	**27.48**
Amounts Recognised in the Balance Sheet:		
Projected Benefit Obligation at the Year End	28.88	25.79
Fair Value of the Plan Assets at the Year End	29.60	27.48
Asset Recognised in the Balance Sheet	**0.72**	**1.69**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	2.63	1.01
Interest on Obligation	1.97	1.35
Expected Return on Plan Assets	(2.46)	(1.69)
Net Actuarial (Gains)/Losses Recognised in the Year	0.72	7.56
Net Cost Recognised in the Statement of Profit and Loss	**2.86**	**8.23**

Assumptions	**2011-12**	**2010-11**
Discount Rate	8.00%	8.00%
Future Salary Increase (%)	5.00%	5.00%
Attrition Rate	1 to 3%	1 to 3%
Expected Rate of Return on Plan Assets	8.00%	8.00%

Other Disclosures:

Benefit	2011-12	2010-11	2009-10	2008-09	2007-08
Projected Benefit Obligation	28.88	25.79	16.69	16.52	16.08
Fair Value of Plan Assets	29.60	27.48	18.06	17.27	16.14
Surplus	**0.72**	**1.69**	**1.37**	**0.75**	**0.06**

Notes:

i. The entire Plan Assets are managed by Life Insurance Corporation of India (LIC).

ii. The expected return on Plan Assets is as furnished by a Qualified Actuary.

iii. The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.

b) Provident Fund

The Company's Provident Fund is exempted under Section 17 of the Employees' Provident Fund Act, 1952. Conditions for the grant of exemption stipulate that the employer shall make good the deficiency, if any, in the interest rate declared by the Trust over the statutory limit.

Notes to Financial Statements

c) Long Term Compensated Absence

The assumption used for computing the long term accumulated compensated absences on actuarial basis are as follows:

Assumptions	2011-12	2010-11
Discount Rate	8.00%	8.00%
Future Salary Increase (%)	5.00%	5.00%
Attrition Rate	1 to 3%	1 to 3%
Expected Rate of Return on Plan Assets	8.00%	8.00%

35. Segment Information

The Company's operations are organised into three major divisions – Cycles/Components/E Scooters, Engineering and Metal Formed Products. Accordingly, these divisions comprise the primary basis of segmental information. Secondary segmental reporting is based on geographical location of customers and assets.

(A) PRIMARY SEGMENT

₹ in Crores

Particulars	CYCLES/ COMPONENTS/ E-SCOOTERS		ENGINEERING		METAL FORMED PRODUCTS		ELIMINATIONS		CONSOLIDATED TOTAL	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
REVENUE										
External Sales	1279.69	1114.45	1320.09	1079.63	859.19	768.50			3458.97	2962.58
Inter-Segment Sales			129.24	109.87	0.25	0.37	(129.49)	(110.24)	–	–
Other Operating Income	13.21	6.38	7.31	5.61	10.14	6.37			30.66	18.36
Unallocated Corporate Income									0.14	0.16
Total Revenue	**1292.90**	**1120.83**	**1456.64**	**1195.11**	**869.58**	**775.24**	**(129.49)**	**(110.24)**	**3489.77**	**2981.10**
Unallocated Corporate Expenses									(23.87)	(14.85)
RESULTS										
Operating Profit	75.56	79.89	131.00	113.53	111.93	101.89			294.62	280.46
Profit / (Loss) on Sale of Assets		(1.78)	0.12	(0.80)	0.03	(0.30)			0.15	(2.88)
Net Operating Profit	**75.56**	**78.11**	**131.12**	**112.73**	**111.96**	**101.59**			**294.77**	**277.58**
Dividend Income									26.50	9.03
Interest Expense									(76.17)	(65.92)
Income Taxes									(65.01)	(71.64)
Exceptional Item - Profit on Sale of Land and Building									–	20.60
Profit on Sale of Investments									–	0.01
Net Profit	**75.56**	**78.11**	**131.12**	**112.73**	**111.96**	**101.59**			**180.09**	**169.66**
ASSETS										
Segment Assets	301.18	257.54	704.96	611.56	639.30	595.24	(23.42)	(25.72)	1622.02	1438.62
Unallocated Corporate Assets*									1020.43	938.19
Total Assets	**301.18**	**257.54**	**704.96**	**611.56**	**639.30**	**595.24**	**(23.42)**	**(25.72)**	**2642.45**	**2376.81**
LIABILITIES										
Segment Liabilities	210.76	183.02	255.99	224.60	147.65	169.77	(23.42)	(25.72)	590.98	551.67
Unallocated Corporate Liabilities									55.99	58.18
Total Liabilities	**210.76**	**183.02**	**255.99**	**224.60**	**147.65**	**169.77**	**(23.42)**	**(25.72)**	**646.97**	**609.85**
OTHER INFORMATION										
Capital Expenditure	6.39	5.58	95.66	19.41	59.25	60.33			161.30	85.32
Unallocated Corporate Capital Expenditure									5.60	1.45
Depreciation	6.97	7.22	30.23	27.12	36.67	33.21			73.87	67.55
Unallocated Corporate Depreciation									2.21	1.55

* includes Income Tax Assets (Net)

Notes to Financial Statements

(B) SECONDARY SEGMENT

₹ in Crores

Particulars	2011-12	2010-11
1) Revenue by Geographic Market		
India	3295.08	2815.02
Rest of the World	194.69	166.08
Total	**3489.77**	**2981.10**
2) Segment Assets by Geographic Market		
India	1605.64	1418.94
Rest of the World	16.38	19.68
Total	**1622.02**	**1438.62**
3) Capital Expenditure by Geographic Market		
India	166.90	86.77
Rest of the World	0.00	0.00
Total	**166.90**	**86.77**

36. Disclosure in respect of Related Parties pursuant to Accounting Standard 18

a) List of Related Parties

I. Subsidiary Companies

a. Cholamandalam MS General Insurance Company Limited

b. Cholamandalam Investment and Finance Company Limited (With effect from 8 April 2010)

i. Cholamandalam Distribution Services Limited

ii. Cholamandalam Factoring Limited and

iii. Cholamandalam Securities Limited

(Subsidiaries of Cholamandalam Investment and Finance Company Limited)

c. TI Financial Holdings Limited

d. Tubular Precision Products (Suzhou) Company Limited (Company liquidated)

e. TICI Motors (Wuxi) Company Limited

f. Financiere C10 SAS

i. Sedis SAS

ii. Societe De Commercialisation De Composants Industriels – SARL (S2CI) and

iii. Sedis Co. Ltd.

(Subsidiaries of Financiere C10 SAS)

II. Associate Company

Murugappa Holdings Limited (Investing Company)

III. Joint Venture Company

Cholamandalam MS Risk Services Limited

IV. Key Management Personnel (KMP)

Mr. L. Ramkumar – Managing Director

Note: Related party relationships are as identified by the Management and relied upon by the auditors.

Notes to Financial Statements

b) During the year the following transactions were carried out with the related parties in the ordinary course of business:

₹ in Crores

Transaction	Related Party	2011-12	2010-11
Dividend Received	Cholamandalam Investment and Finance Company Limited	21.67	5.78
	Cholamandalam MS Risk Services Limited	0.20	0.18
Dividend Paid	Murugappa Holdings Limited	22.42	19.22
Claims Received	Cholamandalam MS General Insurance Company Limited	4.11	13.94
Premium Paid	Cholamandalam MS General Insurance Company Limited	5.42	5.84
Rentals Paid	Cholamandalam Investment and Finance Company Limited	0.33	0.41
Subscription to Equity Shares	Cholamandalam MS General Insurance Company Limited	37.04	–
	TI Financial Holdings Limited	0.04	–
	TICI Motors (Wuxi) Company Limited	0.56	1.40
Share application money paid pending allotment	TI Financial Holdings Limited	–	0.04
Conversion of Fully Convertible Cumulative Preference Shares into Equity Shares	Cholamandalam Investment and Finance Company Limited	–	300.00
Sales and Services rendered	Sedis SAS	14.24	6.69
	S2CI	2.73	2.06
	Financiere C10 SAS	3.38	1.49
Purchases	Sedis SAS	0.11	0.04
Fee paid for Risk Services	Cholamandalam MS Risk Services Limited	0.05	0.16
Brokerage Paid	Cholamandalam Securities Limited	-	0.05
Recovery of Expenses	Cholamandalam Investment and Finance Company Limited	-	0.01
Reimbursement of Expenses	Cholamandalam Investment and Finance Company Limited	0.03	0.01
	Cholamandalam MS General Insurance Company Limited	0.02	0.06
	TICI Motors (Wuxi) Company Limited	0.06	-
Amount received on exercise of Employee Stock Options	Mr. L. Ramkumar	0.39	0.79
Purchase of Fixed Assets	Sedis SAS	0.80	0.63
Receipt of Rental Deposit	Cholamandalam Investment and Finance Company Limited	0.15	0.01
Payable	Sedis SAS	0.03	–
	Cholamandalam Investment and Finance Company Limited	0.03	–
Receivable	Cholamandalam MS General Insurance Company Limited	0.06	1.70
	Financiere C 10 SAS	3.38	1.49
	Sedis SAS	5.05	2.62
	S2CI	1.16	0.75

Notes to Financial Statements

c) Details of remuneration to Key Management Personnel is given below:

₹ in Crores

Particulars	2011-12	2010-11
Managing Director's Remuneration		
– Salaries and Allowances	1.46	1.37
– Provident Fund and Super Annuation	0.24	0.11
– Perquisites	0.01	0.01
– Incentive	0.42	0.42
	2.13	**1.91**

Notes:

a. Managing Director's remuneration excludes Provision for Gratuity and Compensated Absences since the amount cannot be ascertained individually.

b. The incentive payable to the Managing Director is provisional and subject to determination by the Board and the same will be paid after the adoption of accounts by the shareholders at the Annual General Meeting.

37. Earnings Per Share

Particulars	2011-12	2010-11
Profit after Taxation – ₹ in Crores	180.09	169.66
Weighted Average Number of Shares		
– Basic	18,59,37,978	18,51,74,761
– Diluted	18,64,59,480	18,62,43,626
Earnings Per Share of ₹2 each		
– Basic	9.69	9.16
– Diluted	9.66	9.11

Note:

Earnings per Share calculations are done in accordance with Accounting Standard 20 (AS 20) "Earnings per Share".

Stock Options

The Company has granted Stock Options to certain employees in line with the Employees Stock Option Scheme. The Fair Value of Options used to compute proforma net profit and earnings per Equity Share have been estimated on the date of the grants using Black-Scholes model by an independent consultant.

Notes to Financial Statements

The key assumptions used in Black-Scholes model for calculating the fair value as on the date of the grants are:

Particulars	Vesting date	Risk-free interest rate % (p.a)	Expected life (Years)	Expected volatility of share price (%)	Dividend yield (%)	Price of the underlying share in the market at the time of Option grant (₹)	Fair value of the Option (₹)
Grant 1	31.10.08	7.71	2.50	39.11	3.43	62.85	16.43
Grant 2	30.01.09	7.44	2.50	42.02	3.43	66.10	18.11
Grant 3	31.10.09	7.26	3.11	40.66	3.43	56.80	16.54
	31.10.10	7.41	4.11	41.77	3.43	56.80	18.94
	31.10.11	7.58	5.11	42.06	3.43	56.80	20.68
Grant 4	31.07.09	9.45	2.50	43.62	3.04	44.45	13.61
	31.07.10	9.43	3.50	40.61	3.04	44.45	15.08
	31.07.11	9.42	4.50	41.69	3.04	44.45	16.99
	31.07.12	9.42	5.50	41.88	3.04	44.45	18.33
Grant 5	31.10.09	7.06	2.50	48.02	3.04	24.25	7.46
	31.10.10	7.17	3.50	44.15	3.04	24.25	8.07
	31.10.11	7.33	4.50	44.23	3.04	24.25	8.96
	31.10.12	7.51	5.50	44.37	3.04	24.25	9.68
Grant 6	30.01.10	4.10	2.50	46.07	3.04	31.05	8.46
	30.01.11	4.96	3.50	46.23	3.04	31.05	9.97
	30.01.12	5.64	4.50	44.40	3.04	31.05	10.83
	30.01.13	6.14	5.50	44.43	3.04	31.05	11.80
Grant 7	29.01.12	7.90	2.50	54.50	1.96	140.05	51.18
	29.01.13	7.91	3.50	52.23	1.96	140.05	57.65
	29.01.14	7.93	4.50	48.53	1.96	140.05	60.98
	29.01.15	7.96	5.50	48.19	1.96	140.05	65.69
Grant 8	29.01.12	7.90	2.50	54.50	1.96	140.05	51.18
	29.01.13	7.91	3.50	52.23	1.96	140.05	57.65
	29.01.14	7.93	4.50	48.53	1.96	140.05	60.98
Grant 9	29.01.12	7.90	2.50	54.50	1.96	140.05	51.18
	29.01.13	7.91	3.50	52.23	1.96	140.05	57.65
Grant 10	02.05.12	8.35	2.50	50.42	2.14	140.45	48.56
	02.05.13	8.27	3.50	51.87	2.14	140.45	57.43
	02.05.14	8.22	4.50	48.26	2.14	140.45	60.62
	02.05.15	8.19	5.50	48.27	2.14	140.45	65.35
Grant 11	01.08.12	8.34	2.50	47.68	2.14	159.75	53.02
	01.08.13	8.36	3.50	50.13	2.14	159.75	63.97
	01.08.14	8.93	4.50	48.14	2.14	159.75	69.18
	01.08.15	8.41	5.50	47.89	2.14	159.75	74.48
Grant 12	02.11.12	8.63	2.50	45.41	2.14	143.10	46.22
	02.11.13	8.71	3.50	49.76	2.14	143.10	57.55
	02.11.14	8.78	4.50	48.15	2.14	143.10	62.68
	02.11.15	8.84	5.50	47.98	2.14	143.10	67.63

Notes to Financial Statements

Had compensation cost for the Stock Options granted under the Scheme been determined based on fair value approach, the Company's net profit and earnings per share would have been as per the pro forma amounts indicated below:

Impact on Net Profit

₹ in Crores

Particulars	2011-12	2010-11
Net Profit (As reported)	180.09	169.66
Stock based employee compensation expense included in net profit	–	–
Stock based compensation income/(expense) determined under fair value based method (Pro forma)	(0.41)	0.51
Net Profit (Pro forma)	**179.68**	**170.17**

Impact on Earnings per Share

Particulars	2011-12	2010-11
Basic Earnings per Share of ₹2 Each (As reported)	9.69	9.16
Basic Earnings per Share of ₹2 Each (Pro forma)	9.67	9.19
Diluted Earnings per Share of ₹2 Each (As reported)	9.66	9.11
Diluted Earnings per Share of ₹2 Each (Pro forma)	9.63	9.14

38. Information on Joint Venture Entity

The particulars of the Company's Joint Venture Entity as at 31 March 2012 including its percentage holding and its proportionate share of assets, liabilities, income and expenditure of the Joint Venture Entity are given below:

₹ in Crores

Particulars	As at 31 March 2012					2011 – 12	
Name of the Joint Venture	% Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitments	Income	Expenses
Cholamandalam MS Risk Services Limited	49.50%	7.22	2.84	–	–	7.20	5.11
	(49.50%)	(5.34)	(2.37)	(–)	(–)	(5.49)	(4.34)

Notes:

a) Figures in brackets are for the previous year.

b) The above Joint Venture Entity is located in India.

INDIA

Notes to Financial Statements

39. Accounting for Derivatives

Pursuant to the announcement of the Institute of Chartered Accountants of India (ICAI) in respect of "Accounting for Derivatives", the Company had opted to follow the recognition and measurement principles relating to derivatives as specified in AS 30 "Financial Instruments, Recognition and Measurement", issued by the ICAI, from the year ended 31 March 2008.

Consequently, as of 31 March 2012, the Company has recognised Mark to Market (MTM) Gain of ₹0.46 Cr. (Previous Year Loss of ₹0.36 Cr.) relating to forward contracts and other derivatives entered into to hedge the foreign currency risk of highly probable forecast transactions that are designated as effective cash flow hedges, in the Hedge Reserve Account as part of the Shareholders Funds.

The MTM net loss on undesignated/ineffective forward contracts amounting to ₹ Nil (Previous Year ₹ Nil) has been recognised in the Statement of Profit and Loss.

The movement in the Hedge Reserve Account during the year for derivatives designated as Cash Flow Hedges is as follows:

₹ in Crores

Particulars	2011-12	2010-11
At the beginning of the year	(0.36)	(4.44)
Net Movement for the year	0.82	4.08
At the end of the year	**0.46**	**(0.36)**

The Contracts in Hedge Reserve Account are expected to be recognised in the Statement of Profit and Loss on occurrence of transactions which are expected to take place over the next 12 months.

Details of Derivative Exposures are as under:

Type of Derivative	Contracts Booked for	2011-12		2010-11	
		Number of Contracts	Value	Number of Contracts	Value
Forward Contracts entered into to hedge the foreign currency risk of highly probable forecast transactions	Future Export Future Export Future Import	18 12 5	\$1.80 M €2.25 M \$1.69 M	24 19 –	\$6.60 M €4.80 M –
Other Derivatives (including currency swaps)	Borrowings	2	\$24.31 M	1	\$9.31 M

40. Operating Leases

The Company has operating lease agreements for office space and residential accommodation generally for a period of 3 to 8 years with option to renew with escalation. As per the lease terms a sum of ₹6.51 Cr. (Previous Year ₹5.22 Cr.) has been recognised in the Statement of Profit and Loss.

Notes to Financial Statements

41. Previous Year's Figures

The Company has reclassified/regrouped previous year figures to conform to this year's classification.

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The following is the summary of the significant changes to the presentation of balance sheet of the Company for the Year Ended 31 March 2011:

Pre-Revised Schedule VI	₹ in Crores	Adjustment ₹ in Crores	₹ in Crores	Revised Schedule VI	Nature of adjustment
a) Loan Funds					
Secured Loans	614.54				
Unsecured Loans	109.26				
			362.68	Long Term borrowings	
			258.38	Short Term Borrowings	
		(102.74)		Other Current Liabilities	Current portion of Long term borrowings regrouped
	723.80				
b) Fixed Assets					
Gross Block	1105.75				
Less: Accumulated Depreciation/ Amortisation	544.91				
Net Block	560.84				
			560.84	Tangible Assets	
Capital Work-in-Progress (Including Capital Advances)	31.21				
			27.39	Capital Work-in-Progress	
		(3.82)		Long Term Loans and Advances	Capital Advances regrouped
	592.05				
c) Investments	910.55				
			892.50	Non-Current Investments	
			18.05	Current Investments	
	910.55				
d) Current Assets, Loans and Advances					
Inventories	387.69		387.69	Inventories	
Sundry Debtors	373.37		373.37	Trade Receivables	
Cash and Bank Balances	13.64		13.64	Cash and Cash Equivalents	
Loans and Advances	107.92				
			55.79	Long Term Loans and Advances	
			47.54	Short Term Loans and Advances	
		3.82		Long Term Loans and Advances	Capital Advances regrouped
		(8.41)			Regrouping from Current Assets to Current Liabilities
	882.62				

Notes to Financial Statements

Pre-Revised Schedule VI	₹ in Crores	Adjustment ₹ in Crores	₹ in Crores	Revised Schedule VI	Nature of adjustment
e) Current Liabilities and Provisions					
Current Liabilities	564.67				
Provisions	53.59				
			515.77	Trade Payables	
			147.34	Other Current Liabilities	
			49.48	Short Term Provisions	
		102.74			Current portion of Long term borrowings regrouped
		(8.41)			Regrouping from Current Assets to Current Liabilities
	618.26				

Signatures to Notes to Financial Statements

On behalf of the Board

M M Murugappan
Chairman

Chennai
30 April 2012

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

INDIA

Information on Subsidiaries

	Particulars	Cholamandalam Investment and Finance Company Limited		Cholamandalam Distribution Services Limited		Cholamandalam Factoring Limited		Cholamandalam Securities Limited	
		For the year ended Mar '12	For the year ended Mar '11	For the year ended Mar '12	For the year ended Mar '11	For the year ended Mar '12	For the year ended Mar '11	For the year ended Mar '12	For the year ended Mar '11
1	Share Capital	132.62	119.35	42.40	42.40	80.36	20.36	20.50	20.50
2	Share Application Money Pending Allotment	-	0.03	-	-	-	-	-	-
3	Reserves & Surplus (adjusted for debit balance in P&L Account, where Applicable)	1284.66	952.64	(13.78)	(13.41)	(77.65)	(16.36)	(9.00)	(3.64)
4	Total Assets (Fixed Assets+Non Current Assets+ Current Assets+Deferred Tax Asset)	13360.90	9609.99	28.74	28.95	69.54	76.62	19.99	24.96
5	Total Liabilities (Debts + Non Current Liabilities+ Current Liabilities + Deferred Tax Liability)	12005.32	8606.24	1.32	1.05	69.12	72.88	9.87	11.39
6	Investments (Non Current + Current Investments)	61.70	68.27	1.20	1.09	2.29	0.26	1.38	3.29
7	Total Income	1766.60	1201.83	11.76	11.51	0.02	0.02	6.32	10.14
8	Profit/(Loss) Before Tax	290.11	100.11	(0.37)	6.91	(61.29)	(8.16)	(2.58)	0.49
9	Provision for Tax	117.57	37.93	(0.01)	-	-	-	2.77	0.23
10	Profit/(Loss) After Tax	172.54	62.18	(0.36)	6.91	(61.29)	(8.16)	(5.35)	0.26
11	Proposed Dividend (includes Preference Dividend) and Tax thereon	15.41	21.25	-	-	-	-	-	-
	Details of Investments (other than in Subsidiaries)								
	Non-Current Investments								
(i)	Government Securities and Government Guaranteed Bonds including Treasury Bills	-	4.08	-	-	-	-	-	-
(ii)	Debentures and Bonds	-	-	-	-	-	-	-	-
(iii)	Infrastructure and Social Sector Bonds	-	-	-	-	-	-	-	-
(iv)	Other than Approved Investments-Equity shares (Net of Fair Value Change)	1.29	1.29	-	-	0.02	-	1.38	1.38
(v)	Other Investments	-	-	1.20	-	-	-	-	-
	Total (A)	**1.29**	**5.37**	**1.20**	**-**	**0.02**	**-**	**1.38**	**1.38**
	Current Investments								
(i)	Debentures and Bonds	-	-	-	-	-	-	-	-
(ii)	Money market instruments	-	-	-	-	-	-	-	-
(iii)	Government Securities and Government Guaranteed Bonds including Treasury Bills	4.01	-	-	-	-	-	-	-
(iv)	Mutual Funds	-	-	-	1.09	2.27	0.26	-	1.91
(v)	Investments in Infrastructure and Social Sector Bonds	-	-	-	-	-	-	-	-
	Total (B)	**4.01**	**-**	**-**	**1.09**	**2.27**	**0.26**	**-**	**1.91**
	Total (A) + (B)	**5.30**	**5.37**	**1.20**	**1.09**	**2.29**	**0.26**	**1.38**	**3.29**

1. Pursuant to the general exemption granted to companies by the Ministry of Corporate Affairs, Government of India with regard to compliance with the requirement of Section 212 of the Companies Act, 1956 vide its General Circular No.2/2011 dated 8 February, 2011, the Board of Directors has, by its resolution dated 30 April, 2012, accorded consent for not attaching with the Company's Balance Sheet for the Financial Year 2011-12, the financial statements and reports relating to the Company's subsidiaries. Accordingly, the relevant information required to be furnished under the aforesaid Circular in respect of the subsidiaries of the Company viz, Cholamandalam MS General Insurance Company Ltd, Cholamandalam Investment and Finance Company Ltd, Cholamandalam Securities Ltd, Cholamandalam Distribution Services Ltd, Cholamandalam Factoring Ltd, TI Financial Holdings Limited, TICI Motors (Wuxi) Company Ltd, Financiere C10 SAS, Sedis SAS, Societe De Commercialisation De Composants Industriels (S2CI) and Sedis Co. Ltd, is given above. The Annual Report of the Company contains consolidated financial statements of the Company and of its subsidiaries, prepared in accordance with the applicable Accounting Standards, duly audited by the statutory auditors.

Chennai
30 April 2012

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

₹ in Crores

Cholamandalam MS General Insurance Company Limited		TI Financial Holdings Limited		TICI Motors (Wuxi) Company Limited		Financiere C10 SAS		SEDIS SAS		S2CI		SEDIS Co.Ltd.	
For the year ended Mar '12	For the year ended Mar '11	For the year ended Mar '12	For the year ended Mar '11	For the year ended Dec '11	For the year ended Dec '10	For the year ended Dec '11	For the year ended Dec '10	For the year ended Dec '11	For the year ended Dec '10	For the year ended Dec '11	For the year ended Dec '10	For the year ended Dec '11	For the year ended Dec '10
283.65	266.96	0.11	0.07	4.37	3.24	22.82	20.37	44.16	39.42	1.56	1.45	1.59	1.39
-	-	-	0.04	-	-	-	-	-	-	-	-	-	-
42.05	(9.97)	(0.04)	(0.04)	(2.00)	(1.02)	35.92	31.30	8.34	11.78	1.92	0.96	1.55	1.24
389.06	289.54	0.02	0.07	4.30	2.39	0.89	1.48	143.46	94.22	11.85	5.88	5.54	5.33
1181.20	906.36	0.00	0.00	1.93	0.17	14.67	17.19	90.96	43.02	8.37	3.47	2.40	2.70
1117.84	873.81	0.05	-	-	-	72.52	67.38	-	-	-	-	-	-
967.78	694.54	0.00	-	8.22	1.76	7.61	5.27	216.80	168.18	18.75	12.48	10.79	10.86
15.49	(22.59)	(0.01)	(0.01)	(0.72)	(1.02)	3.52	2.55	4.38	1.28	1.80	0.47	0.17	0.73
(3.63)	0.34	-	-	-	-	0.39	0.04	0.58	(0.62)	0.57	0.17	0.04	0.27
19.12	(22.93)	(0.01)	(0.01)	(0.72)	(1.02)	3.13	2.51	3.80	1.90	1.23	0.30	0.13	0.46
-	-	-	-	-	-	-	-	-	-	-	-	-	-
375.46	296.16	-	-	-	-	-	-	-	-	-	-	-	-
390.82	355.36	-	-	-	-	-	-	-	-	-	-	-	-
142.85	136.30	-	-	-	-	-	-	-	-	-	-	-	-
2.91	3.38	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
912.04	**791.20**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
114.00	5.06	-	-	-	-	-	-	-	-	-	-	-	-
71.29	71.72	-	-	-	-	-	-	-	-	-	-	-	-
5.01	-	-	-	-	-	-	-	-	-	-	-	-	-
-	0.79	0.05	-	-	-	-	-	-	-	-	-	-	-
15.50	5.04	-	-	-	-	-	-	-	-	-	-	-	-
205.80	**82.61**	**0.05**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1117.84	**873.81**	**0.05**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

2. Indian rupee equivalent of the figures given in foreign currency appearing in the accounts of the respective overseas subsidiary companies along with exchange rate as on 31 March, 2012 (closing day of the Company's Financial Year) is furnished below:

   (a) 1 € = ₹67.94 for Financiere C10 SAS, Sedis SAS and S2CI ;

   (b) 1 £ = ₹81.41 for Sedis Co. Ltd; &

   (c) 1 RMB = ₹8.08 for TICI Motors (Wuxi) Company Ltd.

3. Annual accounts of the aforesaid subsidiary companies and the related information will be made available to shareholders of the Company and the subsidiaries at any point of time, on request and will also be kept for inspection at the registered offices of the Company and the subsidiaries.

On behalf of the Board

L Ramkumar
Managing Director

M M Murugappan
Chairman

Consolidated Financial Statements

Auditors' Report

To the Board of Directors of Tube Investments of India Limited

1. We have audited the attached Consolidated Balance Sheet of TUBE INVESTMENTS OF INDIA LIMITED ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute ("the Group") as at 31st March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of 10 subsidiaries and a joint venture, whose financial statements reflect total assets of ₹1,730.73 Crores as at 31st March, 2012, total revenues of ₹1,157.25 Crores and net cash flows amounting to ₹75.59 Crores for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and joint venture is based solely on the reports of the other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries and joint venture and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;

   (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

CHENNAI, 30th April, 2012

Consolidated Balance Sheet

₹ in Crores

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
Equity and Liabilities			
Shareholders' Funds			
(a) Share Capital	2	37.26	37.13
(b) Reserves and Surplus	3	1272.79	990.21
		1310.05	**1027.34**
Share Application Money Pending Allotment	4	0.03	–
Minority Interest		736.99	497.02
Non-Current Liabilities			
(a) Long Term Borrowings	5	7573.44	5987.24
(b) Deferred Tax Liabilities (Net)	6	49.98	53.34
(c) Other Long Term Liabilities	7	213.54	381.99
(d) Long Term Provisions	8	55.86	53.61
		7892.82	**6476.18**
Current Liabilities			
(a) Short Term Borrowings	9	1846.35	1327.35
(b) Trade Payables	10	728.31	660.21
(c) Other Current Liabilities	11	4175.28	2237.12
(d) Short Term Provisions	12	204.87	344.30
		6954.81	**4568.98**
Total		**16894.70**	**12569.52**
Assets			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	13	714.75	644.44
(ii) Intangible Assets	13	13.10	11.40
(iii) Capital Work-in-Progress		42.43	28.25
Share in Joint Venture		0.51	0.40
(b) Goodwill on Consolidation		63.82	63.82
(c) Non-Current Investments	14	918.19	799.18
(d) Deferred Tax Assets (Net)	15	55.24	133.70
Share in Joint Venture		0.03	–
(e) Long Term Loans and Advances	16	182.93	160.96
(f) Receivable under Financing Activity	17	8342.96	5494.41
(g) Other Non-Current Assets	18	369.12	390.43
		10703.08	**7726.99**
Current Assets			
(a) Current Investments	19	212.08	104.15
(b) Inventories	20	472.81	429.61
(c) Trade Receivables	21	511.68	462.55
(d) Cash and Cash Equivalents	22	553.55	314.75
(e) Short Term Loans and Advances	23	156.76	171.95
(f) Receivable under Financing Activity	24	4047.96	3181.01
(g) Other Current Assets	25	236.78	178.51
		6191.62	**4842.53**
Total		**16894.70**	**12569.52**
Significant Accounting Policies	1		

The Notes referred to above form an integral part of the Consolidated Financial Statements.

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

On behalf of the Board

Geetha Suryanarayanan
Partner

M M Murugappan
Chairman

Chennai
30 April 2012

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Consolidated Statement of Profit and Loss

₹ in Crores

Particulars	Note No.	Year Ended 31.03.2012	Year Ended 31.03.2011
Revenue from Operations			
Sale of Products - Gross		3866.08	3295.31
Less: Excise Duty on Sales		200.35	163.82
Sale of Products - Net		**3665.73**	**3131.49**
Income from Financing Operation		1729.11	1157.27
Revenue from Operations - Share in Joint Venture		6.94	5.33
Premium Earned		863.71	622.81
Other Operating Revenues		176.27	131.91
Other Operating Revenues - Share in Joint Venture		0.07	0.02
Total		**6441.83**	**5048.83**
Other Income	26	14.53	18.88
Total Revenue		**6456.36**	**5067.71**
Expenses			
Cost of Materials Consumed	27	2058.94	1743.97
Purchase of Traded Goods		231.08	169.58
Changes in Inventories of Finished Goods, Work-in-Process and Traded Goods	28	(43.12)	(45.05)
Employee Benefits Expense	29	510.68	458.29
Other Expenses	30	1195.59	976.02
Claims Incurred		617.94	450.64
Business Origination Outsourcing		132.19	88.22
Provision, Loan Losses and Other Charges	31	77.95	177.22
Total Expenses		**4781.25**	**4018.89**
Earnings Before Finance Costs, Tax, Depreciation and Amortisation Expense		**1675.11**	**1048.82**
Depreciation and Amortisation Expense		100.74	91.10
Depreciation and Amortisation Expense - Share in Joint Venture		0.16	0.15
Finance Costs	32	1068.31	643.39
Profit Before Tax and Exceptional Items		**505.90**	**314.18**
Exceptional items			
– Profit on Sale of Land and Building		–	20.60
– Reversal of Impairment Provision on Investments		30.00	–
Profit Before Tax		**535.90**	**334.78**
Tax Expense			
Income Tax			
– Current Year		104.14	81.71
– Prior Years		5.77	(5.61)
MAT Credit Entitlement		(1.63)	(1.43)
Deferred tax		74.95	35.80
Provision for Tax Expense - Share in Joint Ventures		0.69	0.39
		183.92	**110.86**
Profit for the Year		**351.98**	**223.92**
Minority Interest in Profit		(83.07)	(28.02)
Net Profit for the Year		**268.91**	**195.90**
Earnings per Equity Share			
Basic		14.46	10.58
Diluted		14.42	10.52
Significant Accounting Policies	1		

The Notes referred to above form an integral part of the Consolidated Financial Statements.

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

On behalf of the Board

Geetha Suryanarayanan
Partner

M M Murugappan
Chairman

Chennai
30 April 2012

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

INDIA

Consolidated Cash Flow Statement

₹ in Crores

	Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
A.	**Cash Flow from Operating Activities:**		
	Net Profit Before Tax	**535.90**	**334.78**
	Adjustments for :		
	Depreciation/Amortisation	100.90	91.25
	Interest	1068.31	643.39
	Profit on Assets Sold/Discarded (Net)	(0.13)	(29.08)
	Profit on Sale of Investments (Net)	(11.57)	(8.97)
	Provision For Doubtful Debts And Advances (Net)	(0.34)	1.63
	(Reversal of Provision)/Provision for Standard Assets (Net)	(17.10)	20.97
	Reversal of Provision for Non Performing Assets under Financing Activity (Net)	(98.87)	(89.86)
	Reversal of Provision for Credit Enhancement and Servicing Costs on Assets De-recognised (Net)	(25.88)	(11.83)
	Provision for Compensated Absences (Net)	1.30	1.75
	Amortisation of Premium on Acquisition of Government Securities	0.07	0.07
	Trade Receivables Written off	1.75	0.97
	Provision for Administrative Charges for Terrorism/Motor Pool Insurance	1.57	5.09
	Provision for Contingencies	1.00	–
	Goodwill Written off	–	0.59
	Provision for Doubtful Debts no longer required written back (Net)	–	0.35
	Loss on Repossessed Assets (Net)	16.17	13.60
	Loss Assets Written Off	172.23	233.88
	Provision for Diminution in Value of Investments	–	0.09
	Reinsurance acceptance from Terrorism Pool/Motor Pool	(159.36)	(78.59)
	Provision for claims from Motor Pool	178.21	143.76
	Liabilities no longer required written back	(4.76)	(0.31)
	Unrealised Losses on Foreign Currency Borrowings (Net)	3.01	18.91
	Interest Income	(134.38)	(112.34)
	Dividend Income	(26.77)	(0.13)
	Operating Profit before Working Capital Changes	**1601.26**	**1179.97**
	Adjustments for :		
	Increase in Inventories	(39.40)	(90.10)
	Increase in Receivable Under Financing Activity (including Repossessed Assets)	(3893.84)	(3218.21)
	Increase in Trade Receivables	(57.31)	(22.85)
	Increase in Trade Payables	56.68	61.74
	Increase in Loans and Advances	(21.89)	(90.19)
	Increase in Liabilities and Provisions	292.83	137.53
	Cash Generated From Operations	**(2061.67)**	**(2042.11)**
	Direct Taxes Paid (Net)	(106.74)	(108.47)
	Net Cash Used in Operating Activities	**(2168.41)**	**(2150.58)**
B.	**Cash Flow from Investing Activities:**		
	Capital Expenditure (Including Capital Work in Progress and Capital Advances)	(221.15)	(147.64)
	Sale of Fixed Assets	1.98	32.18
	Purchase of Other Investments	(13277.56)	(10896.89)
	Proceeds from Sale of Own Shares held through Trust	–	60.68
	Sale of Investments	13060.62	10511.02
	Bank Deposits and Unpaid Dividend Accounts	27.84	169.85
	Amount received from IMTPIP	–	228.98
	Interest Received	138.04	113.26
	Dividend on Own Shares held through Trust	–	0.66
	Dividend Received	4.90	3.20
	Net Cash (used in)/from Investing Activities	**(265.33)**	**75.30**
C.	**Cash Flow from Financing Activities:**		
	Proceeds from exercise of Employees Stock Option	3.71	5.12
	Proceeds from Equity Subscription/Increase in Equity Share Capital and Securities Premium (including conversion of Preference shares into Equity and net of Issue Expenses)	221.87	97.48
	Share Application money pending allotment	–	0.03
	Increase/(Decrease) in Long Term Borrowings	3014.56	3165.52
	Increase/(Decrease) in Short Term Borrowings	518.30	(642.77)
	Interest Paid (Including Exchange Differences on Foreign Currency Borrowings)	(994.47)	(625.50)
	Dividends Paid (Including Dividend Tax) - Net	(91.83)	(69.67)
	Receipt of Industrial Promotion Subsidy	0.40	0.10
	Net Cash From Financing Activities	**2672.54**	**1930.31**
	Net Increase/(Decrease) in Cash and Cash Equivalents [A+B+C]	**238.80**	**(144.97)**
	Cash and Cash Equivalents at the Beginning of the Year	**314.75**	**459.72**
	Cash and Cash Equivalents as at End of the Year	**553.55**	**314.75**

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

Chennai
30 April 2012

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

On behalf of the Board

M M Murugappan
Chairman

L Ramkumar
Managing Director

Notes to Consolidated Financial Statements

1. Accounting Policies on Principles of Consolidation

1.1. Principles of Consolidation

The Consolidated Financial Statements relate to Tube Investments of India Limited ('the Company'), its Subsidiary Companies and Joint Ventures (collectively referred to as 'the Group').

a) The Financial Statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating material intra-group balances and intra-group transactions resulting in unrealised profits or losses, as per Accounting Standard 21 - Consolidated Financial Statements.

b) Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures.

c) The Financial Statements of the Subsidiaries and Joint Ventures used in the Consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March except for two Subsidiaries for which the financial statements as on the reporting date are not available and hence, the same have been consolidated based on the latest available audited Financial Statements as at 31 December. No significant transactions or events have occurred between this date and the date of consolidation.

d) The excess of Cost to the Company of its Investment in the Subsidiaries and Joint Ventures over the Company's portion of the Equity is recognised in the Financial Statements as Goodwill. The carrying value of Goodwill is tested for impairment as at the end of each reporting period.

e) The excess of the Company's portion of Equity of the Subsidiaries and Joint Ventures on the acquisition date over its Cost of Investment is treated as Capital Reserve.

f) Minority Interest in the Net Assets of the Consolidated Subsidiaries consists of:

   (i) The amount of Equity attributable to Minorities at the date on which the investment in the Subsidiary is made; and

   (ii) The Minorities' share of movements in Equity since the date the Parent Subsidiary relationship came into existence.

g) Minority Interest share in the Net Profit for the year of the Consolidated Subsidiaries is identified and adjusted against the Profit after Tax of the Group.

1.2. Particulars of Consolidation

The list of Subsidiary Companies and Joint Ventures and the Company's holding therein are as under:

Company	Relationship	Year End	Country of Incorporation	Proportion of Ownership As at 31 March 2012	Proportion of Ownership As at 31 March 2011
Cholamandalam MS General Insurance Company Limited (CMSGICL)	Subsidiary	31 March	India	74.00%	74.00%
TI Financial Holdings Limited (TIFHL)	Subsidiary	31 March	India	100.00%	100.00%
TICI Motors (Wuxi) Company Limited (TMWCL)	Subsidiary	31 December	China	100.00%	100.00%
Financiere C10 SAS (FC 10) Subsidiaries of FC 10 - Sedis SAS - Societe De Commercialisation De Composants Industriels - SARL (S2CI) - Sedis Co. Ltd	Subsidiary	31 December	France United Kingdom	77.13%	77.13%
Cholamandalam Investment and Finance Company Limited (CIFCL) (Formerly Cholamandalam DBS Finance Limited (CDFL)) Subsidiaries of CIFCL - Cholamandalam Distribution Services Limited (CDSL) - Cholamandalam Factoring Limited (CFACT) - Cholamandalam Securities Limited (CSEC)	Subsidiary (Refer Note below)	31 March	India	54.49%	60.56%
Cholamandalam MS Risk Services Limited (CMSRSL)	Joint Venture	31 March	India	49.50%	49.50%

Note: Cholamandalam Investment and Finance Company Limited became a Subsidiary with effect from 8 April 2010.

Notes to Consolidated Financial Statements

1. Accounting Policies on Principles of Consolidation *(Contd.)*

1.3 Accounting Convention

The financial statements of the Company are prepared under the historical cost convention, on an accrual basis, in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified by the Government of India/issued by the Institute of Chartered Accountants of India (ICAI), as applicable, and the relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Cholamandalam MS General Insurance Company Limited (CMSGICL), follows accounting principles prescribed by the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, circulars/notifications issued by IRDA from time to time, the applicable Accounting Standards notified by the Central Government of India under the Companies (Accounting Standard) Rules, 2006 and the requirements of the Companies Act, 1956, to the extent applicable.

Cholamandalam Investment and Finance Company Limited (CIFCL), follows prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for Non-deposit taking Non-Banking Finance Companies (NBFC-ND).

Financiere C10 SAS (FC 10), prepares the Consolidated Financials in accordance with the legal and regulatory provisions applicable in France (regulation 99.02).

1.4 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses like provision for employee benefits, provision for doubtful trade receivables/advances/contingencies, provision for warranties, allowance for slow/non-moving inventories, useful life of fixed assets, provision for retrospective price increases on purchases, provision for taxation, etc., during the reporting year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

1.5 Tangible Fixed Assets

Fixed Assets are stated at historical cost less accumulated depreciation and impairment losses, if any. Cost includes related taxes, duties, freight, insurance, etc., attributable to the acquisition and installation of the fixed assets but excludes duties and taxes that are recoverable from tax authorities. Borrowing costs are capitalised as part of qualifying fixed assets. Exchange differences arising on restatement/settlement of long term foreign currency borrowings relating to acquisition of depreciable fixed assets are recognised in the Statement of Profit and Loss.

Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Capital Work-in-Progress: Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and attributable interest.

1.6 Impairment of Assets

The carrying values of assets/cash generating units are reviewed at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the Statement of Profit and Loss.

Notes to Consolidated Financial Statements

1. Accounting Policies on Principles of Consolidation *(Contd.)*

1.7 Investments

a) Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as Current Investments. All other investments are classified as Non-Current investments.

b) Non-Current investments are carried at cost. Diminution in the value of such investments, other than temporary, is provided for.

c) Current investments are carried at lower of cost and fair value.

d) In the case of one of the Subsidiaries (CMSGICL) -

(i) Listed and Actively traded Equity Securities are stated at lower of the last day's quoted price on the National Stock Exchange or the Bombay Stock Exchange. The change in the value, as reduced by the provision carried for diminution in value of investments, if any, is credited/(debited) to the "Fair Value Change Account".

(ii) All debt securities including Government securities are considered as "held to maturity" and accordingly stated at historical cost subject to amortisation of premium/accretion of discount over the balance period of maturity/holding.

1.8 Inventories

a) Raw materials, stores & spare parts and traded goods are valued at lower of weighted average cost (net of allowances) and estimated net realisable value. Cost includes freight, taxes and duties and is net of credit under VAT and CENVAT scheme, where applicable.

b) Work-in-process and finished goods are valued at lower of weighted average cost (net of allowances) and estimated net realisable value. Cost includes all direct costs and appropriate proportion of overheads to bring the goods to the present location and condition.

c) Due allowance is made for slow/non-moving items, based on Management estimates.

1.9 Revenue and Other Income

a) Sales are recognised on shipment or on unconditional appropriation of goods and comprise amounts invoiced for the goods, including excise duty, but excluding Sales Tax/Value Added Tax and Quantity Discounts.

b) Service revenues are recognised when services are rendered.

c) Dividend income is accounted for when the right to receive it is established as on the date of Balance Sheet.

d) Interest Income is recognised on time proportion basis.

e) In the case of one of the Subsidiaries (CMSGICL):

(i) Premium (net of service tax) is recognised as income on assumption of risk, after adjusting for unexpired risk. Any cancellations or changes in premium are accounted for in the period in which they occur.

(ii) Reserve for Unexpired Risk, representing that part of the premium written that is attributable and allocable to the subsequent accounting period(s), is calculated principally on "Day Basis" subject to a minimum of 50 percent of the net premium written during the preceding twelve months in the case of Fire, Marine (Cargo) and Miscellaneous business and 100 percent for Marine (Hull) business. In the case of health line of business, in terms of IRDA Circular No. IRDA/F&I/CIR/F&A/015/02/2011 dated 2 February 2011, the Reserve for Unexpired Risk is calculated only on "Day Basis".

(iii) Interest/Dividend income on investments is recognised on accrual basis and is net of accretion of discount or amortisation of premium over the balance period of maturity/holding. Dividend income is recognised when the right to receive the same is established.

(iv) Profit/Loss on sale of investments - Realised gains or losses on investments representing the difference between the sale consideration and the carrying cost is recognised on the date of sale. In determining the realised gain or loss on sale of a security, the cost of such security is arrived on weighted average cost basis. In the case of listed equity shares, profit or loss on sale is adjusted for the accumulated changes in the fair value previously recognised in the fair value change account in respect of the shares sold.

Notes to Consolidated Financial Statements

1. Accounting Policies on Principles of Consolidation *(Contd.)*

(v) Reinsurance premium ceded is accounted in the year of commencement of risk in accordance with the treaty arrangements with the reinsurer. Non-proportional reinsurance cost is recognised when incurred and included in the premium on reinsurance ceded.

(vi) Commission on reinsurance ceded is recognised as income on ceding of reinsurance premium. Profit commission under reinsurance treaties, wherever applicable, is recognised in the year of final determination of the profits and included in commission on reinsurance ceded.

(vii) Costs relating to acquisition of new/renewal of insurance contracts are expensed in the year in which they are incurred.

(viii) Claims incurred (net) include specific settlement costs comprising survey, legal and other directly attributable expenses and are net of salvage value and other recoveries, if any.

(ix) Estimated liability for outstanding claims in respect of direct business is provided based on claims reported after adjusting claims recoverable from reinsurers/co-insurers, and includes provision for solatium fund.

(x) Estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) is based on available statistical data and is as certified by the Appointed Actuary.

(xi) In respect of incoming co-insurance, claims are accounted based on intimations received from co-insurers.

(xii) Premium deficiency, if any, is calculated based on actuarial valuation duly certified by the Appointed Actuary.

f) In the case of one of the Subsidiaries (CIFCL):

(i) Interest Income is recognised under the Internal Rate of Return method to provide a constant periodic rate of return on net investment outstanding on the Loan contracts. In the case of Non Performing Loans, interest income is recognised upon realisation, as per RBI guidelines. Unrealised interest recognised as income in the previous period is reversed in the month in which the loan is classified as Non Performing.

(ii) Additional Finance Charges, Cheque bounce charges, Field visit charges and other penal/servicing charges are recognised as income on realisation due to uncertainty in their collection.

(iii) Interest spread on bilateral assignment or securitisation of receivables is recognised on accrual basis over the tenor of the underlying assets.

(iv) Loss if any in respect of securitisation and assignment is recognised upfront. Income from non-financing activity is recognised as per the terms of the respective contract on accrual basis.

(v) Income from Primary Market Distribution and Stock Broking are recognised based on contractual obligations.

(vi) Service Charge is recognised on issue of delivery instruction to the dealer/manufacturer in respect of the assets financed or on release of disbursement amount, whichever is earlier, and when there is no uncertainty in receiving the same.

(vii) Dividend income is recognised when the right to receive the dividend is established.

1.10 Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidy will be received.

When the grant or subsidy from the Government relates to revenue, it is recognised as income on a systematic basis in the statement of profit or loss over the period necessary to match them with the related costs, which they are intended to compensate.

When the grant or subsidy from the Government is in the nature of promoters' contribution, where no repayment is ordinarily expected in respect thereof, it is credited to Capital Reserve and treated as a part of the Shareholders' funds on receipt basis.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Notes to Consolidated Financial Statements

1. Accounting Policies on Principles of Consolidation *(Contd.)*

1.11 Receivables Under Financial Activity - Subsidiary (CIFCL).

All loan exposures to borrowers with instalment structure are stated at the full agreement value after netting off

a) unearned income

b) instalments appropriated upto the year end

Provision for Standard Assets is made as per internal estimates, based on past experience, realisation of security, and other relevant factors, on the outstanding amount of Standard Assets for all types of lending subject to minimum provisioning requirements specified by RBI.

Provision for Non-Performing Assets is made as per the provisioning norms approved by the Board for each type of lending activity subject to minimum provisioning requirements specified by RBI.

1.12 Employee Benefits

a) Defined Contribution Plan

(i) Superannuation

The Company, two of its Subsidiaries (CMSGICL and CIFCL) and its Joint Venture (CMSRSL) contribute a sum equivalent to 15% of eligible employees salary to Superannuation Funds administered by trustees and managed by Life Insurance Corporation of India (LIC). There is no liability for future Superannuation Fund benefits other than the annual contribution and such contributions are recognised as an expense in the year incurred.

(ii) Provident Fund

Contributions are made to the Company's Employees Provident Fund Trust/Regional Provident Fund in accordance with the Fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

In the case of contribution to the Trust, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognises such obligation as an expense.

b) Defined Benefit Plan

(i) Gratuity

The Company, two of its Subsidiaries (CMSGICL and CIFCL) and its Joint Venture make annual contribution to Gratuity Funds administered by trustees and managed by LIC/Private Insurance Company. The liability for future gratuity benefits is accounted for based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method. Actuarial gains/losses are immediately recognised in the Profit & Loss Account.

c) Long Term Compensated Absences

In the case of the Company, two of its Subsidiaries (CMSGICL and CIFCL) and its Joint Venture, the liability for long term compensated absences carried forward on the Balance Sheet date is provided for based on an actuarial valuation using Projected Unit Credit Method, as at the Balance Sheet date.

d) Short Term Employee Benefits

In the case of the Company, two of its Subsidiaries (CMSGICL and CIFCL) and its Joint Venture, short term employee benefits include short term compensated absences which is recognised based on the eligible leave at credit on the Balance Sheet date, and the estimated cost is based on the terms of the employment contract.

e) Voluntary Retirement Scheme

In the case of the Company, compensation to employees under Voluntary Retirement Schemes is expensed in the period in which the liability arises.

1.13 Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the revenue account as per the lease terms.

Notes to Consolidated Financial Statements

1. Accounting Policies on Principles of Consolidation *(Contd.)*

1.14 Foreign Currency Transactions

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement

Foreign currency monetary items (other than derivative contracts) of the Company outstanding at the Balance Sheet date are restated at year end exchange rates.

Non-monetary items are carried at historical cost.

Treatment of exchange differences

Exchange differences arising on settlement/restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Accounting of forward contracts

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract (other than for a firm commitment or a highly probable forecast transaction) or similar instrument is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation of such a contract is recognised as income or expense for the year.

1.15 Derivative Instruments and Hedge Accounting

Company

The Company uses forward contracts and currency swaps to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates these as cash flow hedges.

The use of forward contracts is governed by the Company's policies on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

Forward contract derivative instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in "Hedge Reserve Account" under Shareholders' Funds and the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If any of these events occur or if a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised under shareholders' funds is transferred to the Statement of Profit and Loss for the year.

Subsidiary (CIFCL)

One of the Subsidiaries (CIFCL), generally enters into derivative transactions for hedging purposes only. Income from derivative transactions is recognised on accrual basis. Such derivative instruments are marked to market wherever required as at the Balance Sheet date and provision for losses, if any, is dealt with in the Statement of Profit and Loss.

Notes to Consolidated Financial Statements

1. Accounting Policies on Principles of Consolidation *(Contd.)*

1.16 Depreciation and Amortisation

a) Depreciation has been provided based on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of the following categories of assets, where depreciation is provided based on useful life of the assets assessed as under:

Description of assets	Useful life and Basis of depreciation/amortisation
Special tools and special purpose machines used in door frame products	4 Years
Lease hold land/improvements	Over the primary lease period
Computer Equipment	3 Years - 4 Years
Other Plant & Machinery/Equipment	5 Years - 20 Years
Intangible Assets - Computer Software - Stock Exchange Membership Card	 License Period or 3 Years whichever is lower 15 Years
Vehicles	4 Years - 5 Years
Office Equipment/Electronic Equipment (including Data Processing/Information Technology Equipment)	3 Years - 10 Years
Electrical Fittings	4 Years - 10 Years
Improvement to Premises	Primary Lease Period or 5 Years, whichever is lower
Buildings	15 Years - 40 Years
Furniture & Fixtures	5 Years - 15 Years
Tools	3 Years
Individual fixed assets whose actual cost does not exceed ₹5000/-	Fully depreciated in the year of acquisition

Depreciation is provided pro rata from the month of Capitalisation.

b) Certain fixed assets are treated as Continuous Process Plants based on technical evaluation done by the Management and are depreciated at the applicable rates. The Company also has a system of providing additional depreciation, where, in the opinion of the Management, the recovery of the fixed asset is likely to be affected by the variation in demand and/or its condition/usability.

c) The Company and one of its Subsidiaries (CIFCL) also has a system of providing additional depreciation, where, in the opinion of the Management, the recovery of the fixed asset is likely to be affected by the variation in demand and/or its condition/usability.

d) Finance lease

(i) In the case of one of the Subsidiaries (CMSGICL), assets acquired under finance leases are capitalised at the lower of the fair value of the asset and present value of the minimum lease payments at the inception of the lease term and are disclosed as leased assets.

(ii) Lease payments are apportioned between the finance charges and the corresponding liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to Revenue.

(iii) Leased assets capitalised under finance leases are depreciated on a straight line basis over the lease term.

1.17 Research and Development

Revenue expenditure on research and development is expensed when incurred. Capital expenditure on research and development is capitalised under fixed assets and depreciated in accordance with Note 1.16 above.

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Notes to Consolidated Financial Statements

1. Accounting Policies on Principles of Consolidation *(Contd.)*

1.18 Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences; being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

1.19 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

1.20 Segment Accounting

(i) The Generally Accepted Accounting Principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.

(ii) Segment revenue and segment results include transfers between business segments. Such transfers are accounted for at a competitive market price and are eliminated in the consolidation of the segments.

(iii) Expenses that are directly identifiable to segments are considered for determining the segment results. Expenses which relate to the Company as a whole and are not allocable to segments are included under unallocated corporate expenses.

(iv) Segments assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and are not allocable to any segment.

1.21 Prepaid Finance Charges

Prepaid Finance Charges represent ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed, and or amortised on a straight line basis, over the tenure of the respective borrowings. Unamortised borrowing costs remaining, if any, are fully expensed off as and when the related borrowing is prepaid/cancelled.

1.22 Change in Accounting Policy

During the year, one of the Subsidiary, CIFCL has, by way of bilateral assignment, sold loan receivables aggregating to ₹70.88 Cr. The interest spread arising therefrom is accounted over the residual tenor of the receivables sold as against upfront recognition of such interest spread in earlier year. Income from operations & Profit before tax would have been higher by ₹26.99 Cr. and Profit after Tax would have been higher by ₹16.20 Cr. had the Company recognised the said interest spread upfront as in previous year. This change is also in line with the draft revised guidelines on Securitisation transaction issued by RBI in September 2011.

Notes to Consolidated Financial Statements

2. Share Capital

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Authorised Capital		
21,50,00,000 Equity Shares of ₹2 each	43.00	43.00
Issued, Subscribed and Paid-up Capital		
18,63,15,317 Equity Shares of ₹2 each fully paid up (Previous Year 18,56,66,931 Equity Shares of ₹2 each fully paid up)	37.26	37.13
	37.26	**37.13**

3. Reserves and Surplus

₹ in Crores

Particulars	As at 31.03.2011	Movement/ Adjustments	As at 31.03.2012
Capital Reserve (Refer Note a below)	0.39	0.40	0.79
Capital Reserve on Consolidation	0.16	–	0.16
Capital Redemption Reserve (Refer Note b below)	26.13	(2.00)	24.13
Securities Premium Account (Refer Note c below)	186.58	3.55	190.13
Debenture Redemption Reserve	36.67	31.66	68.33
Hedge Reserve Account	(0.29)	0.75	0.46
Statutory Reserve (Refer Note d below)	55.44	13.25	68.69
Foreign Currency Translation Reserve	0.23	1.63	1.86
Contingency Reserve for Unexpired Risk (Refer Note e below)	–	7.07	7.07
General Reserve	223.29	395.59	618.88
	528.60	**451.90**	**980.50**
Surplus/(Deficit) in the Statement of Profit and Loss			
Surplus at the beginning of the year	389.72		461.61
Profit for the year	195.90		268.91
Final dividend including tax on dividend	(0.02)		(0.02)
Dividend on Own Shares held through Trust	0.66		–
Transfer to General Reserve	(25.00)		(303.20)
Transfer to Statutory Reserve	(12.44)		(34.51)
Transfer to Contingency Reserve for Unexpired Risk	–		(9.55)
Transfer to Debenture Redemption Reserve	(23.34)		(31.66)
Interim Dividend @ ₹2 (Previous year ₹1.50) per Equity Share of ₹2 each	(27.84)		(37.24)
Final Dividend Proposed @ ₹1 (Previous year ₹1.50) per Equity Share of ₹2 each	(27.85)		(18.63)
Dividend Tax	(8.18)		(5.18)
Earlier year's provision for dividend tax no longer required	–		1.76
Net Surplus in the Statement of Profit and Loss	**461.61**		**292.29**
Total Reserves	**990.21**		**1272.79**

Notes:

a) Movement represents the amount received as Industrial Promotion Subsidy from the Government of Maharashtra.

b) Represents the amount transferred, for a sum equal to the nominal value of the Shares, at the time of Buy-back.

c) Movement represents proceeds received from the employees pursuant to the exercise of Options under the Employees Stock Option Scheme.

d) Represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934.

e) Represents the Reserve for Unexpired Risk for health line of business based on the 1/365 method availing the option provided in terms of IRDA Circular No. IRDA/F&I/CIR/F&A/015/02/2011.

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Notes to Consolidated Financial Statements

4. Share Application Money Pending allotment

Pursuant to Options granted under Grant 3 of Employees Stock Option Scheme, the Company has received ₹0.03 Cr. (Previous Year ₹ Nil) towards Share Application money for 5,296 (Previous Year ₹ Nil) Equity Shares of ₹2 each with a premium of ₹54.80 per share.

Pending allotment of shares, the said amount was held in a designated bank account and was not available for use by the Company. The shares have since been allotted as per the Scheme.

₹ in Crores

5. Long Term Borrowings

Particulars	As at 31.03.2012	As at 31.03.2011
Secured Borrowings		
Redeemable Non-Convertible Debentures	1907.90	1000.00
Foreign Currency Term Loan from Banks		
- External Commercial Borrowings	255.08	349.31
Rupee Term Loans from Banks	4108.34	3756.67
Senior Debt and Others	0.18	9.05
Unsecured Borrowings		
Redeemable Non-Convertible Debentures	1285.70	852.99
Deferred Payment Liability - Sales Tax Deferral	16.24	19.22
	7573.44	**5987.24**

₹ in Crores

6. Deferred Tax Liabilities (Net)

Nature - Liability/(Asset)	As at 31.03.2012	As at 31.03.2011
COMPANY		
Deferred Tax Liabilities		
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961	59.43	60.50
Total (A)	**59.43**	**60.50**
Deferred Tax Assets		
Deferred Revenue Expenses	(1.74)	(0.96)
Provision for Doubtful Debts/Advances	(2.89)	(3.14)
Provision for Employee Benefits and Others	(6.72)	(4.64)
Total (B)	**(11.35)**	**(8.74)**
Net Deferred Tax Liability (A+B)	**48.08**	**51.76**
SUBSIDIARY - FINANCIERE C10 SAS		
Deferred Tax Liabilities		
Others	1.90	1.58
Total (A)	**1.90**	**1.58**
Deferred Tax Assets		
Others	–	–
Total (B)	**–**	**–**
Net Deferred Tax Liability (A+B)	**1.90**	**1.58**
Total Deferred Tax Liability (Net)	**49.98**	**53.34**

Notes to Consolidated Financial Statements

₹ in Crores

7. Other Long Term Liabilities

Particulars	As at 31.03.2012	As at 31.03.2011
Advances from Customers/Others	0.79	0.66
Interest Accrued but Not Due on Loans/Other Deposits	16.79	–
Financial Liabilities	–	28.20
Other Liabilities	1.78	0.72
Payable to IMTPIP	121.06	200.44
Claims Outstanding	47.41	118.26
Reserve for Rent Equalisation	4.12	4.12
Reserve for Unexpired Risk	21.59	29.59
	213.54	**381.99**

₹ in Crores

8. Long Term Provisions

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for Standard Assets	20.76	13.48
Provision for Non-Performing Assets	25.37	13.17
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	6.88	25.34
Provision for Compensated Absences	2.85	1.62
	55.86	**53.61**

Also Refer Note 12(iii)

₹ in Crores

9. Short Term Borrowings

Particulars	As at 31.03.2012	As at 31.03.2011
Secured Borrowings		
Foreign Currency Loans	117.32	86.08
Working Capital Demand Loans	–	85.47
Cash Credit and Other Borrowings	42.85	–
	160.17	**171.55**
Unsecured Borrowings		
Foreign Currency Loans	4.79	14.25
Working Capital Demand Loans	1413.06	531.66
Cash Credit and Other Borrowings	33.33	29.89
Commercial Papers	235.00	580.00
	1686.18	**1155.80**
	1846.35	**1327.35**

₹ in Crores

10. Trade Payable

Particulars	As at 31.03.2012	As at 31.03.2011
Sundry Creditors		
– Dues to Micro, Small and Medium Enterprises	0.88	0.45
– Goods and Services	668.37	599.49
Acceptances	59.06	60.27
	728.31	**660.21**

Notes to Consolidated Financial Statements

₹ in Crores

11. Other Current Liabilities

Particulars	As at 31.03.2012	As at 31.03.2011
Current Maturities of Long Term Borrowings	2864.29	1433.55
Deferred Payment Liability - Sales Tax Deferral	2.98	2.74
Interest Accrued but Not Due	209.25	132.40
Unpaid Dividends	2.25	1.98
Income Received in Advance	0.30	–
Uncliamed Fixed Deposits and Interest	0.54	0.67
Advances and Deposits from Customers/Others	24.79	33.13
Claims Outstanding	415.77	14.65
Reserve for Unexpired Risk	461.39	331.75
Payable to IMTPIP	–	9.93
Unallocated Premium	35.10	13.56
Dues to Directors	1.72	0.78
Other Liabilities	156.58	261.59
Share in Joint Venture	0.32	0.39
	4175.28	**2237.12**

₹ in Crores

12. Short Term Provisions

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for Compensated Absences	30.16	22.69
Provision for Warranties (Refer Note (i) below)	1.63	1.63
Provision for Contingencies (Refer Note (ii) below)	3.49	3.51
Provision for Wealth Tax	0.07	0.07
Provision for Standard Assets	13.12	37.49
Provision for Non performing Assets	124.30	235.38
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	2.51	9.93
Provision for Contested Service Tax	7.36	0.69
Proposed Dividend	18.63	27.85
Dividend Tax	3.02	4.52
Share in Joint Venture	0.58	0.54
	204.87	**344.30**

₹ in Crores

(i) Warranties - Company

Particulars	2011-12	2010-11
The details of Provision for Warranties is given below:		
Opening Balance	1.63	0.46
Add: Provision created during the year	3.13	4.79
Less: Utilised during the year	(3.13)	(3.62)
Closing Balance	**1.63**	**1.63**

Provision for Warranties is estimated based on past experience and technical estimates.

Notes to Consolidated Financial Statements

(ii) Contingencies

The Company and one of the subsidiaries carries a general provision for contingencies towards various claims against the Company not acknowledged as debts.

₹ in Crores

Particulars	2011-12	2010-11
Opening Balance	3.51	3.51
Add: Provision created during the year	1.00	–
Less: Utilised during the year	1.02	–
Closing Balance	**3.49**	**3.51**

(iii) Movement in Provision in one of our Subsidiaries, CIFCL (Long Term Provisions and Short Terms Provisions)

₹ in Crores

Particulars	Provision for Standard Assets	Provision for Non-Performing Assets	Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	Provision for Contested Service Tax
Opening Balance				
- Long Term (Refer Note 8)	13.48	13.17	25.34	–
- Short Term	37.49	235.38	9.93	0.69
Add: Provision Created during the year	12.91	74.90	–	7.36
Less: Utilised/Reversed during the year	(30.00)	(173.78)	(25.88)	(0.69)
Closing Balance				
- Long Term (Refer Note 8)	20.76	25.37	6.88	–
- Short Term	13.12	124.30	2.51	7.36

13. Fixed Assets

₹ in Crores

Particulars	Gross Block at Cost				Depreciation/Amortisation				Net Block	
	As at 31.03.2011	Additions	Deletions	As at 31.03.2012	As at 31.03.2011	Additions (Note 1)	Deletions	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Land (Freehold)	34.01	30.05	–	64.06	–	–	–	–	64.06	34.01
Land (Leasehold) (Note 2)	1.14	–	–	1.14	0.19	0.01	–	0.20	0.94	0.95
Buildings (Note 3)	231.25	19.26	0.12	250.39	49.85	7.33	0.05	57.13	193.26	181.40
Plant & Machinery	1004.64	92.49	8.84	1088.29	592.93	75.92	7.63	661.22	427.07	411.71
Railway Siding	0.21	–	–	0.21	0.19	0.01	–	0.20	0 .01	0.02
Office Equipment	22.90	9.04	1.83	30.11	18.45	4.20	1.80	20.85	9.26	4.45
Improvement to premisies (Leasehold and Owned)	4.65	2.37	–	7.02	1.83	0.54	–	2.37	4.65	2.82
Furniture & Fixtures	18.74	9.09	0.43	27.40	16.33	3.53	0.37	19.49	7.91	2.41
Vehicles	11.78	4.33	2.67	13.44	5.58	2.22	1.95	5.85	7.59	6.20
Leased Information Technology Equipment	2.45	0.00	2.45	–	1.98	0.47	2.45	–	–	0.47
Total	**1331.77**	**166.63**	**16.34**	**1482.06**	**687.33**	**94.23**	**14.25**	**767.31**	**714.75**	**644.44**
Intangible Assets										
– Computer software	40.71	7.97	–	48.68	31.80	6.45	–	38.25	10.43	8.91
– Others	6.65	–	–	6.65	4.16	0.06	0.24	3.98	2.67	2.49
Total	**47.36**	**7.97**	**–**	**55.33**	**35.96**	**6.51**	**0.24**	**42.23**	**13.10**	**11.40**
Grand Total	**1379.13**	**174.60**	**16.34**	**1537.39**	**723.29**	**100.74**	**14.49**	**809.54**	**727.85**	**655.84**
Previous Year	**1196.05**	**246.66**	**63.59**	**1379.12**	**624.94**	**152.31**	**53.97**	**723.28**	**655.84**	**571.11**

Notes:

1. Additions to Depreciation includes depreciation amounting to ₹2.39 Cr. (Previous Year ₹2.97 Cr.) charged additionally on certain assets.
2. Amortisation of Leasehold Land for the year is ₹0.01 Cr. (Previous Year ₹0.03 Cr.)
3. Net Block of Buildings includes Improvement to Buildings ₹3.11 Cr. (Previous Year ₹3.35 Cr.) constructed on Leasehold Land.

Notes to Consolidated Financial Statements

₹ in Crores

14. Non – Current Investments

Particulars	As at 31.03.2012	As at 31.03.2011
Long Term Investments (At Cost)		
Trade Investments:		
Government Securities	375.51	300.29
Other Investments:		
Equity Shares (Fully paid) - Quoted (Refer Note (a) and Note (b) below)	4.10	3.70
Equity Shares (Fully paid) - Unquoted	3.54	3.53
Debentures and Bonds	390.82	456.81
Investment in Mutual Fund Units	1.25	–
Investment in Infrastructure and Social Sector Bonds	142.85	–
Others	–	34.85
Share in Joint Venture	0.12	–
	918.19	**799.18**

Notes:

a) Net of provision for diminution in the value of Investments ₹1.10 Cr. (Previous Year ₹1.10 Cr.)

b) Market Value of Quoted Investments is ₹4.39 Cr. (Previous Year ₹4.99 Cr.)

Notes to Consolidated Financial Statements

15. Deferred Tax Assets (Net)

₹ in Crores

Nature - (Liability)/Asset	As at 31.03.2012	As at 31.03.2011
SUBSIDIARY - CMSGICL		
Deferred Tax Liabilities		
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961	(0.31)	(0.82)
Total (A)	**(0.31)**	**(0.82)**
Deferred Tax Assets		
Provision for Employee Benefits and Others	1.32	–
Unabsorbed business loss (Refer Note below)	2.40	–
Provision for dimunution in investments	0.36	–
Others	0.06	0.82
Total (B)	**4.14**	**0.82**
Net Deferred Tax Asset (A+B)	**3.83**	**–**

Note: Deferred tax assets on unabsorbed lossess had been recognised taking into consideration the current growth rate, profits for the year and IRDA's direction to dismantle the IMTPIP with effect from 31 March 2012.

Nature - (Liability)/Asset	As at 31.03.2012	As at 31.03.2011
SUBSIDIARY - CIFCL		
Deferred Tax Liabilities		
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961	–	(0.26)
Unamortised Miscellaneous Expenditure	(20.31)	(13.83)
Total (A)	**(20.31)**	**(14.09)**
Deferred Tax Assets		
Provision for Standard Assets	10.99	16.54
Provision for Non-Performing Assets	26.17	77.50
Provision for Credit Enhancements and Servicing Costs on Assets Derecognised	3.05	11.44
Provision for Repossessed Stock	3.08	3.31
Income Derecognised on Non-Performing Assets	19.64	27.91
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961	0.72	–
Others	7.79	10.79
Total (B)	**71.44**	**147.49**
Net Deferred Tax Asset (A+B)	**51.13**	**133.40**
SUBSIDIARY - TICI Motors (WUXI) Company Limited		
Deferred Tax Liabilities		
Others	–	–
Total (A)	**–**	**–**
Deferred Tax Assets		
Others	0.28	0.30
Total (B)	**0.28**	**0.30**
Net Deferred Tax Asset (A+B)	**0.28**	**0.30**
Total Deferred Tax Asset (Net)	**55.24**	**133.70**

Notes to Consolidated Financial Statements

16. Long Term Loans and advances

(Unsecured, Considered Good unless otherwise stated)

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Capital Advances	40.20	5.65
Loans and Advances		
- Goods and Services	37.93	29.69
- Gratuity Fund (Net of Provision)	0.71	1.27
- Electricity and Other Deposits	7.55	6.86
- Others	3.63	5.00
Deposits with Government, Public Bodies and Others	9.88	19.38
Sundry Deposits	7.52	13.77
Advance Income Tax (Net of Provision)	73.74	77.40
MAT Credit Entitlement (Net)	1.60	1.69
Share in Joint Venture	0.17	0.25
	182.93	**160.96**

17. Receivable Under Financing Activity

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Secured (Refer Note (a) and (b) below)		
Automobile Financing	5435.93	3394.83
Loans against Immovable Property	2785.63	1732.08
Loans against Securities	96.68	282.38
Other Loans	23.00	2.00
Unsecured		
Consumer Loans	1.72	83.12
	8342.96	**5494.41**
Of the above:		
Considered Good	8296.00	5403.55
Others - Non Performing Assets	46.96	90.86
	8342.96	**5494.41**

Notes

a) Secured means exposures secured wholly or partly by hypothecation of automobile assets and/or, pledge of securities and/or, equitable mortgage of property and/or, company guarantees or personal guarantees and/or, undertaking to create a security.

b) Refer Note 8 and 12 for Provision for Non Performing Assets. No adjustment to the above classification of Secured/Unsecured has been made on account of such provisioning.

18. Other Non – Current Assets

(Unsecured, Considered Good unless otherwise stated)

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Non-Current Bank Balances	247.39	285.88
Excess Interest spread – De-recognised Assets	57.91	74.93
Prepaid Finance Charges	48.29	29.62
Financial Assets	15.53	–
	369.12	**390.43**

19. Current Investments

(At lower of cost or fair value unless stated otherwise)

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Investment in Infrastructure and Social Sector Bonds	15.50	5.04
Corporate Bonds	114.00	5.06
Mutual Funds and Money Market Instruments	73.56	93.71
Government Securities	9.02	0.09
Share in Joint Venture	–	0.25
	212.08	**104.15**

Notes to Consolidated Financial Statements

20. Inventories

(Lower of Cost [Net of Allowances] and estimated Net of Realisable Value)

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Raw Materials	198.57	199.29
Work - in - Process	108.20	82.29
Finished Goods	102.39	100.11
Traded Goods	25.78	16.42
Stores and Spare Parts	16.27	10.53
Materials - in - Transit		
– Raw Materials	3.94	8.88
– Traded Goods	17.66	12.09
	472.81	**429.61**

21. Trade Receivable

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Outstanding for a period exceeding six months from the date they are due for payment		
– Considered good	4.96	5.49
– Doubtful	8.54	9.21
	13.50	**14.70**
Others		
– Considered good	503.85	455.31
– Doubtful	0.40	0.45
	504.25	**455.76**
Gross Trade Receivables	**517.75**	**470.46**
Provision for Doubtful Debts	(8.88)	(9.66)
Share in Joint Venture	2.81	1.75
	511.68	**462.55**
Of the above:		
– Secured	6.70	6.09
– Unsecured	504.98	456.46

22. Cash and Cash Equivalents

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Balance with Banks		
- Current Accounts	298.48	141.81
- Unpaid Dividend Accounts	2.25	1.98
- On Deposit Accounts		
- Free of Lien	133.20	98.91
- Under Lien	4.70	6.28
- On Client and Exchange Related Accounts	0.88	1.92
- Deposits as Collateral towards Assets De-recognised	71.08	37.71
- Public Deposit Escrow Account	0.94	0.97
Share in Joint Venture	1.50	0.49
	513.03	**290.07**
Cheques on Hand	19.53	2.92
Cash on Hand	20.99	21.76
	553.55	**314.75**

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Notes to Consolidated Financial Statements

23. Short Term Loans and Advances

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Advances Recoverable in Cash or in Kind or for Value to be Received (Unsecured and considered good unless otherwise stated)		
- Goods and Services	31.72	29.34
- Employee Related	10.04	8.34
- Prepaid Expenses	13.65	20.13
- Others	70.77	55.19
	126.18	**113.00**
Other Deposits	5.51	39.06
Balances with Customs, Excise and Sales Tax Authorities	12.25	7.61
Advance Tax (Net of Provision)	12.66	12.10
Fringe Benefits Tax (Net of Provision)	0.01	0.02
Share in Joint Venture	0.15	0.16
	156.76	**171.95**

24. Receivable under Financing Activity

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Secured (Refer Note (a) and (b) below)		
Automobile Financing	3274.80	2252.43
Loans against Immovable Property	205.31	146.79
Loans against Securities	239.22	403.92
Loans against Gold	41.31	–
Instalments and Other Dues from Borrowers (Refer Note (c) and (d) below)	121.09	95.07
Unsecured		
Consumer Loans	76.57	59.75
Other Loans	74.22	42.16
Instalments and Other Dues from Borrowers (Refer Note (c) and (e) below)	15.44	180.89
	4047.96	**3181.01**
Notes :		
a) Secured means exposures secured wholly or partly by hypothecation of automobile assets and/or, pledge of securities and/or, equitable mortgage of property and/or, company guarantees or personal guarantees and/or, undertaking to create a security.		
b) Refer Note 8 and 12 for Provision for Non Performing Assets. No adjustment to the above classification of Secured/Unsecured has been made on account of such provisioning.		
c) Instalments and Other Dues from Borrowers include dues from borrowers in respect of assets De-recognised on account of Assignment of Receivables.	9.28	30.98
d) Secured Instalments and Other Dues to Borrowers include amounts outstanding for more than 6 months.	42.92	25.99
e) Unsecured Instalments and Other Dues to Borrowers include amounts outstanding for more than 6 months.	13.23	166.45
Of the above:		
Considered Good	3908.30	2922.90
Others - Non Performing Assets	139.66	258.11
	4047.96	**3181.01**

Notes to Consolidated Financial Statements

25. Other Current Assets

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Excess Interest spread – De-recognised assets	16.80	12.99
Prepaid Finance Charges	14.30	13.22
Prepaid Discount on Commercial paper	4.97	3.62
Repossessed Vehicles	1.95	4.35
Interest and Other Income Accrued but Not Due		
– on Loans to Borrowers	137.04	85.85
– on Deposits and Investments	36.99	52.55
Financial Assets	15.12	–
Unbilled Revenue	0.22	0.44
Other Accruals and Receivables	9.39	5.49
	236.78	**178.51**

26. Other Income

₹ in Crores

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Interest and Dividend Income	13.10	6.87
Royalty Income	0.41	0.32
Provision for Advances no longer required written back	–	0.09
Profit on Sale of Assets (Net)	0.12	11.28
Profit on Sale of Investments (Net)	–	0.01
Miscellaneous Income	0.72	0.17
Share in Joint Venture	0.18	0.14
	14.53	**18.88**

27. Cost of Materials Consumed

₹ in Crores

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Raw Materials Consumed	2214.29	1,874.09
Less: Scrap Sales (Net of Excise Duty)	(155.35)	(130.12)
Raw Materials Consumed (Net)	**2058.94**	**1743.97**

28. Changes in Inventories of Finished Goods, Work in Process and Traded Goods

₹ in Crores

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Opening Stock		
Work-in-Process	82.29	72.13
Finished Stock	100.11	78.21
Traded Goods	28.51	15.52
	210.91	**165.86**
Closing Stock		
Work-in-Process	108.20	82.29
Finished Stock	102.39	100.11
Traded Goods	43.44	28.51
	254.03	**210.91**
Accretion to Stock	**(43.12)**	**(45.05)**

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Notes to Consolidated Financial Statements

₹ in Crores

29. Employee Benefit Expenses

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Salaries, Wages and Bonus	425.59	384.36
Contribution to Provident and Other Funds	45.01	41.64
Welfare Expenses	37.44	29.84
Share in Joint Venture	2.64	2.45
	510.68	**458.29**

30. Other Expenses

₹ in Crores

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Consumption of Stores and Spares	144.30	123.05
Freight and Carriage Inwards	46.17	38.06
Conversion Charges	70.49	53.76
Power and Fuel	135.47	110.26
Rent	37.41	30.34
Repairs to Buildings	1.59	1.29
Repairs to Machinery	54.13	46.92
Repairs to Others	1.70	1.21
Insurance	2.83	0.50
Rates and Taxes	41.98	20.84
Travelling and Conveyance	36.37	27.76
Printing, Stationery and Communication	25.48	22.02
Freight, Delivery and Shipping Charges	104.93	88.20
Discounts/Incentives on Sales	33.78	30.75
Advertisement and Publicity	45.31	35.23
Bad Debts Written Off	1.75	0.97
Release of Bad Debts provision	(1.75)	(0.97)
Provision for Doubtful Debts	1.20	2.80
Advances Written Off	–	0.22
Release of Provision for Advances	–	(0.22)
Loss on Sale of Assets	0.01	2.83
Investment Written Off	–	34.86
Less : Provision Released	–	(34.77)
Auditors' Remuneration	1.52	1.54
Commission to Non Whole Time Directors - Company	1.30	0.35
Directors' Sitting Fees - Company	0.08	0.10
Loss on Exchange Fluctuation (Net)	3.61	18.08
Provision for Contingencies	1.00	–
Marketing Expenses	118.20	87.53
Bank Charges	3.64	2.54
EDP Expenses	22.61	19.01
Donations to Charitable and other instiutions	1.07	3.09
Administration Expenses	6.89	6.29
Insurance Commission (Net)	49.94	26.83
Recovery Charges	57.56	69.94
Other Expenses	142.73	103.08
Share in Joint Venture	2.29	1.73
	1195.59	**976.02**

Notes to Consolidated Financial Statements

31. Provisions, Loan Losses and Other Charges

₹ in Crores

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Loss Assets Written Off	172.23	233.88
Loss on Repossessed Assets (Net)	16.17	13.60
Provision for Non Performing Assets	74.90	123.04
Provision Released for Non Performing Assets on Recovery/Write off	(198.88)	(224.07)
	64.42	**146.45**
Interest Reversal for Non Performing Consumer Loans	–	9.12
Provision for Standard Assets (Net)	12.90	20.97
Provision for other Doubtful Debts and Advances	0.54	0.01
Loss on Sale of Shares held as Stock-in-Trade (Net)	0.02	–
Goodwill Written Off	–	0.59
Amortisation of Premium on Acquisition of Government Securities	0.07	0.08
	77.95	**177.22**

32. Finance Costs

₹ in Crores

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Interest Expense	1022.71	601.63
Exchange difference on Foreign Currency Loans	8.66	15.98
Other Borrowing Costs	36.94	25.78
	1068.31	**643.39**

33. Contingent Liabilities and Commitments

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
a) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
i. Capital Expenditure	113.06	41.70
ii. Investments	53.85	14.51
b) Disputed Income-Tax demands from A.Y. 1993-94 to 2009-10 under appeal/remand pending before various appellate/assessing authorities against which ₹29.54 Cr. (Previous Year ₹27.94 Cr.) has been deposited. The Balance of ₹1.91 Cr. (Previous Year ₹6.05 Cr.) is not deposited for which rectification petitions/appeals have been filed. The Management is of the opinion that the above demands are not sustainable.	31.45	32.31
c) Disputed Excise demand amounting to ₹1.72 Cr. (Previous Year ₹1.62 Cr.) and penalty of ₹1.22 Cr. (Previous Year ₹1.22 Cr.) pertaining to financial years 1999-00 to 2005-06 under appeal pending before the Appellate Tribunal. The same has not been deposited. The Management is of the opinion that the demand is arbitrary and the same is not sustainable.	2.94	2.84
d) Cases decided in favour of the Company against which the department has gone on an appeal		
i. Income Tax	43.14	3.28
ii. Excise	2.18	0.84
e) Export obligation under EPCG/Advance License Scheme not yet fulfilled. The Company is confident of meeting its obligations under the Schemes within the Stipulated Period.	26.03	13.97
f) Counter Guarantee Provided by two of the Subsidiaries	56.66	34.68
g) Sales Tax Pending before Appellate Authorities in respect of which one of the Subsidiaries are on appeal and expects to succeed based on decision in earlier years	3.84	2.58
h) Disputed claims against one of the Subsidiary lodged by various parties pending litigation (to the extent quantifiable)	10.83	5.53
i) Cases decided in favour of the Subsidiaries against which the department has gone on appeal		
i. Income Tax	32.35	47.50
ii. Excise/Service Tax	17.37	0.56
j) Service Tax issues pending in respect of one of the subsidiary under appeal	0.23	1.18
k) Disputed Income Tax Demands in respect of the Subsidiaries and Joint Venture	21.42	1.92
l) Claims, under policies, not acknowledged as debts in one of the Subsidiaries – in respect of a disputed claim under a fire policy.	Refer Note (a) below	Refer Note (a) below

Notes to Consolidated Financial Statements

Notes :

a) CMSGICL is in receipt of a claim intimation for a fire loss from one of its Customers which, in the opinion of the management, is not admissible on account of violation of express terms and conditions of the policy. This view is substantiated by the Joint Surveyors' report and is also supported by legal opinion and accordingly the Company has repudiated the claim. The said claim, if provided for, would increase the net incurred claims upto ₹2.76 Cr.

b) Show cause notices received from various Government Agencies pending formal demand notices, have not been considered as contingent liabilities.

34. Contingency Reserve for Unexpired Risks

Subsidiary -CMSGICL

The Company has created the Reserve for Unexpired Risks for the health line of business based on the 1/365 method availing the option provided in terms of IRDA Circular No. IRDA/F&I/CIR/F&A/015/02/2011 dated 2 February, 2011. The difference between the reserve on the basis of 1/365 method and URR as would have been created based on section 64V(1)(ii)(b) of the Act, restricted to the available balance in the Statement of Profit and Loss of ₹9.55 Cr. (Previous Year ₹ Nil) has been transferred to "Contingency Reserve for Unexpired Risks". The same will be transferred to the General Reserve in the next financial year in terms of the said Circular.

35. Subsidiary - CMSGICL

a. Terrorism Pool:

Premium received from customers on account of Terrorism cover has been ceded to General Insurance Corporation of India (GIC) Terrorism Pool Account. The Company's share in the Terrorism Pool Account with GIC, based on the statements of account received during the current year for the period upto 31 December 2011 has been accounted under the respective heads as follows:

- Premium Inwards - Premium on Reinsurance Accepted
- Claims - under Claims Paid and Claims Outstanding
- Management Expenses - under Operating Expenses Related to Insurance Business
- Investment Income (Statements received up to 31 March 2012 – Under Interest and Dividend in the Statement of Profit and Loss)

The resultant surplus/deficit are reflected as RI Receivable/Payable on Terrorism Pool.

The Company's share in the Terrorism Pool Account with GIC for the period 1 January, 2012 to 31 March, 2012 will be accounted on receipt of the relevant statements of account from GIC.

b. Indian Motor Third Party Insurance Pool (IMTPIP):

Pursuant to Insurance Regulatory and Development Authority (IRDA) Order No. IRDA/F&A/ORD/MTPP/070/03-2012 dated 22 March, 2012, our Subsidiary, Cholamandalam MS General Insurance Company Limited (CMSGICL) has exercised the Option to absorb the differential liability with respect to Indian Motor Third Party Insurance Pool (IMTPIP) over a period of 3 Years for the underwriting years 2009-10 to 2011-12 and fully for the underwriting years 2007-08 and 2008-09. Accordingly, ₹66 Cr. representing the absorption (Net of earned premium) has been provided for during the year ended 31 March 2012 and has carried forward ₹85 Cr. representing the deferred absorption pursuant to the above said orders which will be absorbed equally over the next two financial years.

36. Subsidiary - CIFCL

(a) Assets De-recognised

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Assets De-recognised		
On Bilateral Assignment of Receivables	1008.53	901.99
on Securitisation of Receivables	313.38	–
Deposits provided as Collateral for Credit Enhancements (Refer Note 22)	314.05	352.81

37. Segment Information

(A) PRIMARY SEGMENT

₹ in Crores

COMPONENTS/ PRODUCTS	CYCLES/COMPONENTS/E SCOOTERS		ENGINEERING		METAL FORMED PRODUCTS		INSURANCE		OTHER FINANCIAL SERVICES		OTHERS		ELIMINATIONS		CONSOLIDATED TOTAL	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUE																
External Sales	1287.91	1116.21	1320.09	1079.63	1057.78	935.73	863.71	622.81	1729.11	1157.27	6.89	5.25			6265.49	4916.90
Inter-Segment Sales			129.24	109.87	0.25	0.37	5.42	5.84			0.05	0.08	(134.96)	(116.16)	–	–
Other Operating Income	13.21	6.38	7.31	5.61	6.76	4.88	98.65	65.89	50.20	48.99	0.07	0.02			176.20	131.77
Unallocated Corporate Income															0.14	0.16
Total Revenue	**1301.12**	**1122.59**	**1456.64**	**1195.11**	**1064.79**	**940.98**	**967.78**	**694.54**	**1779.31**	**1206.26**	**7.01**	**5.35**	**(134.96)**	**(116.16)**	**6441.83**	**5048.83**
Unallocated Corporate Expenses															(24.19)	(18.72)
RESULT																
Operating Profit	74.85	78.88	131.00	113.53	120.77	107.57	15.54	(22.49)	289.21	111.05	2.10	1.16			609.28	370.98
Profit/(Loss) on Sale of Assets		(1.78)	0.12	(0.80)	0.03	(0.30)				11.28					0.15	8.40
Net Operating Profit	**74.85**	**77.10**	**131.12**	**112.73**	**120.80**	**107.27**	**15.54**	**(22.49)**	**289.21**	**122.33**	**2.10**	**1.16**			**609.43**	**379.38**
Dividend Income															4.74	3.47
Interest Expense															(78.27)	(68.68)
Income Taxes															(183.92)	(110.86)
Profit on Sale of Investments															–	0.01
Exceptional Item - Profit on Sale of Land and Building															–	20.60
Minority Interest in Net Income															(83.07)	(28.02)
Net Profit	**74.85**	**77.10**	**131.12**	**112.73**	**120.80**	**107.27**	**15.54**	**(22.49)**	**289.21**	**122.33**	**2.10**	**1.16**			**268.91**	**195.90**
ASSETS																
Segment Assets	305.21	259.63	704.96	611.56	760.03	702.38	1503.96	1163.36	13437.88	9616.06	5.26	4.13	(33.19)	(32.35)	16684.11	12324.77
Unallocated Corporate Assets															91.50	47.23
Total Assets	**305.21**	**259.63**	**704.96**	**611.56**	**760.03**	**702.38**	**1503.96**	**1163.36**	**13437.88**	**9616.06**	**5.26**	**4.13**	**(33.19)**	**(32.35)**	**16775.61**	**12372.00**
LIABILITIES																
Segment Liabilities	212.70	183.19	255.99	224.60	211.30	217.29	1181.21	905.90	12069.80	8687.38	0.90	1.16	(33.19)	(32.35)	13898.71	10187.17
Unallocated Corporate Liabilities															55.99	62.67
Total Liabilities	**212.70**	**183.19**	**255.99**	**224.60**	**211.30**	**217.29**	**1181.21**	**905.90**	**12069.80**	**8687.38**	**0.90**	**1.16**	**(33.19)**	**(32.35)**	**13954.70**	**10249.84**
OTHER INFORMATION																
Capital Expenditure	6.58	6.04	95.66	19.41	66.18	63.72	15.16	21.23	31.70	35.47	0.27	0.32			215.55	146.19
Unallocated Corporate Capital Expenditure															5.60	1.45
Depreciation	7.04	7.26	30.23	27.12	42.51	38.90	8.09	6.22	10.38	10.05	0.16	0.15			98.41	89.70
Unallocated Corporate Depreciation															2.49	1.55

Notes to Consolidated Financial Statements

₹ in Crores

	2011-12	2010-11
(B) SECONDARY SEGMENT		
1) Revenue by Geographic Market		
India	6040.22	4713.72
Rest of the World	401.61	335.11
Total	**6441.83**	**5048.83**
2) Segment Assets by Geographic Market		
India	16542.97	12195.86
Rest of the World	141.14	128.91
Total	**16684.11**	**12324.77**
3) Capital Expenditure		
India	213.69	143.78
Rest of the World	7.46	3.86
Total	**221.15**	**147.64**

38. Disclosure in respect of Related Parties pursuant to Accounting Standard 18

(a) List of Related Parties

I. Company having Substantial Interest in Voting Power in

Cholamandalam MS General Insurance Company Limited
Mitsui Sumitomo Insurance Company Limited

II. Associate Company

Murugappa Holdings Limited (Investing Company)

III. Joint Venture Companies

Cholamandalam MS Risk Services Limited

IV. Key Management Personnel (KMP)

In Company

Mr. L Ramkumar – Managing Director

Note: Related party relationships are as identified by the Management and relied upon by the auditors.

(b) During the year the following transactions were carried out with the aforesaid related parties in the ordinary course of business:

₹ in Crores

Transaction	Related Party	2011-12	2010-11
Rentals Received/Recovered	Mitsui Sumitomo Insurance Company Limited	0.72	0.79
Management Expenses	Mitsui Sumitomo Insurance Company Limited		
(a) Paid/Payable		1.24	1.06
(b) Recovery		0.16	0.09
Reinsurance Ceded	Mitsui Sumitomo Insurance Company Limited	38.45	35.00
Reinsurance Commission Received	Mitsui Sumitomo Insurance Company Limited	6.03	6.21
Reinsurance Recovery on claims	Mitsui Sumitomo Insurance Company Limited	26.52	37.82
Dividend Paid	Murugappa Holdings Limited	22.42	19.22
Amount received from KMP	KMP of the Company	0.39	0.79
Remuneration	KMP of the Company	2.13	1.91

Notes to Consolidated Financial Statements

₹ in Crores

Transaction	Related Party	2011-12	2010-11
Balance at Year End			
Receivable (Net) – Due from other Entities Carrying on Insurance Business	Mitsui Sumitomo Insurance Company Limited	3.22	13.72
Receivable (Net) – Management expenses and Rent	Mitsui Sumitomo Insurance Company Limited	0.17	0.10

39. Employee Benefits

a. Gratuity

₹ in Crores

Details of Actuarial Valuation	2011-12	2010-11
Change in Benefit Obligation		
Projected Benefit Obligation as at Year Beginning	30.40	19.69
Service Cost	3.65	1.81
Interest Cost	2.33	1.58
Actuarial (Gains)/Losses	1.42	8.13
Benefits Paid	(2.70)	(0.81)
Projected Benefit Obligation as at Year End	**35.10**	**30.40**
Change in Plan Assets		
Fair Value of Plan Assets as at Year Beginning	32.07	21.31
Expected Return on Plan Assets	2.90	1.99
Employers' Contribution	3.80	10.00
Benefits Paid	(2.69)	(1.23)
Actuarial Gains/(Losses)	–	–
Fair Value of Plan Assets as at Year End	**36.08**	**32.07**
Amounts Recognised in the Balance Sheet		
Projected Benefit Obligation at the Year End	35.10	30.40
Fair Value of the Plan Assets at the Year End	36.08	32.07
Asset/(Liability) Recognised in the Balance Sheet	**0.98**	**1.67**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	3.65	1.81
Interest on Obligation	2.33	1.58
Expected Return on Plan Assets	(2.90)	(1.99)
Net Actuarial (Gains)/Losses Recognised in the Year	1.42	8.13
Net Cost Recognised in the Profit and Loss Account	**4.50**	**9.53**

Other Disclosures:

Benefit	2011-12	2010-11	2009-10	2008-09	2007-08
Projected Benefit Obligation	35.10	30.40	19.65	19.18	18.28
Fair Value of Plan Assets	36.08	32.07	21.28	19.51	17.63
Surplus/(Deficit)	**0.98**	**1.67**	**1.63**	**0.33**	**(0.65)**

Notes to Consolidated Financial Statements

Notes:

i. The entire plan assets are managed by Life Insurance Corporation of India (LIC). The data on plan assets has not been furnished by LIC.

ii. The expected return on plan assets is as furnished by LIC.

iii. The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.

b. Provident Fund

The Company's Provident Fund is exempted under Section 17 of the Employees' Provident Fund Act, 1952. Conditions for the grant of exemption stipulate that the employer shall make good the deficiency, if any, in the interest rate declared by the Trust over the statutory limit.

c. Long Term Compensated Absences

The Key assumptions for computing the long term accumulated compensated absences on actuarial basis are as follows:

Assumptions for Actuarial Valuation	2011-12	2010-11
Discount Rate	8.00%	8.00%
Future Salary Increase	5.00%	5.00%
Attrition Rate	1 to 3%	1 to 3%
Expected Rate of Return on Plan Assets	8.00%	8.00%

40. Accounting for Derivatives

Company

Pursuant to the announcement of the Institute of Chartered Accountants of India (ICAI) in respect of "Accounting for Derivatives", the Company has opted to follow the recognition and measurement principles relating to derivatives as specified in AS 30 "Financial Instruments, Recognition and Measurement", issued by the ICAI, from the year ended 31 March 2008.

Consequently, as of 31 March 2012, the Company has recognised Mark to Market (MTM) Gain of ₹0.46 Cr. (Previous Year Loss of ₹0.36 Cr) relating to forward contracts and other derivatives entered into to hedge the foreign currency risk of highly probable forecast transactions that are designated as effective cash flow hedges, in the Hedge Reserve Account as part of the Shareholders' funds.

The MTM net loss on undesignated/ineffective forward contracts amounting ₹ Nil (Previous Year ₹ Nil) has been recognised in the Statement of Profit and Loss.

The movement in the Hedge Reserve Account during the year for derivatives designated as Cash Flow Hedges is as follows:

₹ in Crores

Particulars	2011-12	2010-11
Balance as at Beginning of the Year	(0.36)	(4.44)
Net Movement for the Year	0.82	4.08
Balance as at End of the Year	**0.46**	**(0.36)**

The Contracts relating to the balance carried in the Hedge Reserve Account are expected to be reversed to Statement of Profit and Loss on occurrence of transactions which are expected to take place over the next 12 months.

Subsidiary - CIFCL

In the case of one of the Subsidiaries (CIFCL), the MTM net loss on undesignated/ineffective forward contract amounting to loss of ₹2.97 Cr. (Previous Year loss of ₹2.61 Cr.) has been recognised in the Statement of Profit and Loss.

Notes to Consolidated Financial Statements

41. Lease Commitments

a) The Company has operating lease agreements for office space and residential accommodation generally for a period of 3 to 8 years with an option to renew with escalation. As per the lease terms a sum of ₹6.51 Cr. (Previous Year ₹5.22 Cr.) has been recognised in the Statement Profit and Loss.

b) **Finance Lease - Subsidiary - CMSGICL**

The Subsidiary has taken information technology equipment on finance lease offering these assets as security. The minimum committed lease rentals and the Present Value of the lease payments are as follows:

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Total Commitments towards Minimum Lease Payments	–	0.48
Less: Future Liability on Interest Account	–	(0.01)
Present Value of Minimum Lease Payments	–	0.47
Minimum Lease Payments		
- Not later than one year	–	0.48
- Later than one year but not later than five years	–	–

c) **Operating Lease – Subsidiary – CMSGICL**

i. Office space and residential accommodation are leased generally for a period of 5 years with option to renew and with escalation in rent once in three year Lease rent for the year ended 31 March 2012 amounted to ₹7.54 Cr. (Previous Year - ₹8.40 Cr.)

ii. Information Technology hardware, Branch Infrastructure (Furniture & Fixtures, Office and Electrical equipment) are leased for a period of 4 years and are renewable at the option of the Company. Rentals for the period ended 31 March 2012 amounted to ₹4.11 Cr. (Previous Year ₹7.40 Cr.)

d) **Operating Lease - Subsidiary - CIFCL**

The Subsidiary has operating lease agreements for assets taken on non-cancellable operating leases consisting of Plant and Machinery, Furniture and Fixtures and Office Equipments.

The details of Maturity profile of Non-cancellable Future Operating Lease Payments are given below:

₹ in Crores

Particulars	As at 31.03.2012	As at 31.03.2011
Minimum Lease payments not later than one year	5.61	5.69
Later than one year but not later than five years	7.02	12.79
Later than five years	–	–
Total	**12.63**	**18.48**

As per lease terms, a sum of ₹6.20 Cr. (Previous Year ₹4.76 Cr.) has been recognised in the Statement of Profit and Loss.

42. Earnings Per Share

Particulars	2011-12	2010-11
Profit after Taxation - ₹ in Crores	268.91	195.90
Weighted Average Number of Shares		
– Basic	18,59,37,978	18,51,74,761
– Diluted	18,64,59,480	18,62,43,626
Earnings Per Share of ₹2 each		
– Basic	14.46	10.58
– Diluted	14.42	10.52

43. Stock Options

Company

During the year, the Company granted Stock Options to certain employees in line with the Employees Stock Option Scheme. The total number of such Options outstanding as at 31 March 2012 is 16,80,893 (Previous Year 23,50,367) and each Option is exercisable into one share of Face Value ₹2.

Notes to Consolidated Financial Statements

Particulars	Vesting date	Risk-free interest rate % (p.a)	Expected life (Years)	Expected volatility of share price (%)	Dividend yield (%)	Price of the underlying share in the market at the time of Option grant (₹)	Fair value of the Option (₹)
Grant 1	31.10.08	7.71	2.50	39.11	3.43	62.85	16.43
Grant 2	30.01.09	7.44	2.50	42.02	3.43	66.10	18.11
Grant 3	31.10.09	7.26	3.11	40.66	3.43	56.80	16.54
	31.10.10	7.41	4.11	41.77	3.43	56.80	18.94
	31.10.11	7.58	5.11	42.06	3.43	56.80	20.68
Grant 4	31.07.09	9.45	2.50	43.62	3.04	44.45	13.61
	31.07.10	9.43	3.50	40.61	3.04	44.45	15.08
	31.07.11	9.42	4.50	41.69	3.04	44.45	16.99
	31.07.12	9.42	5.50	41.88	3.04	44.45	18.33
Grant 5	31.10.09	7.06	2.50	48.02	3.04	24.25	7.46
	31.10.10	7.17	3.50	44.15	3.04	24.25	8.07
	31.10.11	7.33	4.50	44.23	3.04	24.25	8.96
	31.10.12	7.51	5.50	44.37	3.04	24.25	9.68
Grant 6	30.01.10	4.10	2.50	46.07	3.04	31.05	8.46
	30.01.11	4.96	3.50	46.23	3.04	31.05	9.97
	30.01.12	5.64	4.50	44.40	3.04	31.05	10.83
	30.01.13	6.14	5.50	44.43	3.04	31.05	11.80
Grant 7	29.01.12	7.90	2.50	54.50	1.96	140.05	51.18
	29.01.13	7.91	3.50	52.23	1.96	140.05	57.65
	29.01.14	7.93	4.50	48.53	1.96	140.05	60.98
	29.01.15	7.96	5.50	48.19	1.96	140.05	65.69
Grant 8	29.01.12	7.90	2.50	54.50	1.96	140.05	51.18
	29.01.13	7.91	3.50	52.23	1.96	140.05	57.65
	29.01.14	7.93	4.50	48.53	1.96	140.05	60.98
Grant 9	29.01.12	7.90	2.50	54.50	1.96	140.05	51.18
	29.01.13	7.91	3.50	52.23	1.96	140.05	57.65
Grant 10	02.05.12	8.35	2.50	50.42	2.14	140.45	48.56
	02.05.13	8.27	3.50	51.87	2.14	140.45	57.43
	02.05.14	8.22	4.50	48.26	2.14	140.45	60.62
	02.05.15	8.19	5.50	48.27	2.14	140.45	65.35
Grant 11	01.08.12	8.34	2.50	47.68	2.14	159.75	53.02
	01.08.13	8.36	3.50	50.13	2.14	159.75	63.97
	01.08.14	8.93	4.50	48.14	2.14	159.75	69.18
	01.08.15	8.41	5.50	47.89	2.14	159.75	74.48
Grant 12	02.11.12	8.63	2.50	45.41	2.14	143.10	46.22
	02.11.13	8.71	3.50	49.76	2.14	143.10	57.55
	02.11.14	8.78	4.50	48.15	2.14	143.10	62.68
	02.11.15	8.84	5.50	47.98	2.14	143.10	67.63

Subsidiary - CIFCL

During the year, the Subsidiary granted Stock Options to certain employees in line with the Subsidiaries Employees Stock Option Scheme. The total number of such Options outstanding as at 31 March 2012 is 19,04,162 (Previous Year 23,50,367) and each Option is exercisable into one share.

Particulars		Date of grant	Exercise price (₹)	Vesting commences on	Options granted	Options exercised	Options forfeited/ lapsed	Options outstanding at the end of the year	
Grant No.								Vested	Yet to vest
1	Original	30.07.07	193.40	30.07.08	7,65,900	–	6,35,732	1,30,168	–
	CAA *	25.01.08	178.70	–	54,433	–	44,337	10,096	–
2	Original	24.10.07	149.90	24.10.08	70,400	–	70,400	-	–
3	Original	25.01.08	262.20	25.01.09	1,62,800	–	1,33,638	29,162	–
4	Original	25.04.08	191.80	25.04.09	4,68,740	–	2,61,507	1,41,173	66,060
5	Original	30.07.08	105.00	30.07.09	10,070	2,012	1,020	4,017	3,021
6	Original	24.10.08	37.70	24.10.09	65,600	13,202	35,998	6,560	9,840
7									
- Tr I	Original	27.01.11	187.60	27.01.12	2,94,600	–	10,848	48,072	2,35,680
- Tr II	Original	27.01.11	187.60	27.01.12	2,09,700	–	21,576	69,744	1,18,380
8	Original	30.04.11	162.55	30.04.12	1,13,400	–	34,000	–	79,400
9	Original	28.07.11	175.35	28.07.12	61,800	–	–	–	61,800
10	Original	27.10.11	154.55	27.10.12	1,95,680	–	–	–	1,95,680

* CAA- Corporate Action Adjustment

The fair value of options used to compute Proforma net profit and earnings per Equity Share have been estimated on the date of the grant using Black-Scholes model by an independent Consultant.

The key assumptions used in Black-Scholes model for calculating fair value as on the date of the grant are:

Notes to Consolidated Financial Statements

Date of grant	Risk-free interest rate % (p.a)	Expected life (Years)	Expected volatility of share price (%)	Dividend yield (%)	Price of the underlying share in the market at the time of Option grant (₹)	Fair value of the Option (₹)
30.07.07	7.10% - 7.56%	3-6 years	40.64% - 43.16%	5.65%	193.40	61.42
24.10.07	7.87% - 7.98%	3-6 years	41.24% - 43.84%	5.65%	149.90	44.25
25.01.08	6.14% - 7.10%	3-6 years	44.58% - 47.63%	5.65%	262.20	78.15
25.04.08	7.79% - 8.00%	2.5-5.5 years	45.78% - 53.39%	3.97%	191.80	76.74
30.07.08	9.14% - 9.27%	2.5-5.5 years	46.52% - 53.14%	3.97%	105.00	39.22
24.10.08	7.54% - 7.68%	2.5-5.5 years	48.20% - 55.48%	3.97%	37.70	14.01
27.01.11						
- Tranche I	8%	4 years	59.50%	10%	187.60	94.82
- Tranche II	8%	3.4 years	61.63%	10%	187.60	90.62
30.04.11	8%	4 years	59.40%	25%	162.55	73.07
28.07.11	8%	4 years	58.64%	25%	175.35	79.17
27.10.11	8%	4 years	57.52%	25%	154.55	67.26

Fair Value Methodology

In the case of the Company, and its Subsidiary the fair value of Options used to compute proforma net profit and earnings per Equity Share have been estimated on the date of the grants using Black-Scholes model by an independent consultant.

44. Auditors' Remuneration (Including for other Auditors)

₹ in Crores

Particulars	2011-12	2010-11
Statutory Audit	1.00	1.11
Tax Audit & Other Services	0.46	0.37
Service Tax (Net of Input Credit Availed)	0.05	0.03
Reimbursement of Expenses	0.00	0.02
Sub-Total	**1.51**	**1.53**
Share in Joint Venture	0.01	0.01
Total	**1.52**	**1.54**

45. Previous Year's Figures

Figures for the previous year have been re-grouped wherever necessary to conform to the current year's presentation.

Signatures to Notes to Consolidated Financial Statements

On behalf of the Board

M M Murugappan
Chairman

Chennai
30 April 2012

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

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