INDIA

GEARING TO GROW

TUBE INVESTMENTS OF INDIA LIMITED
ANNUAL REPORT 2012-13

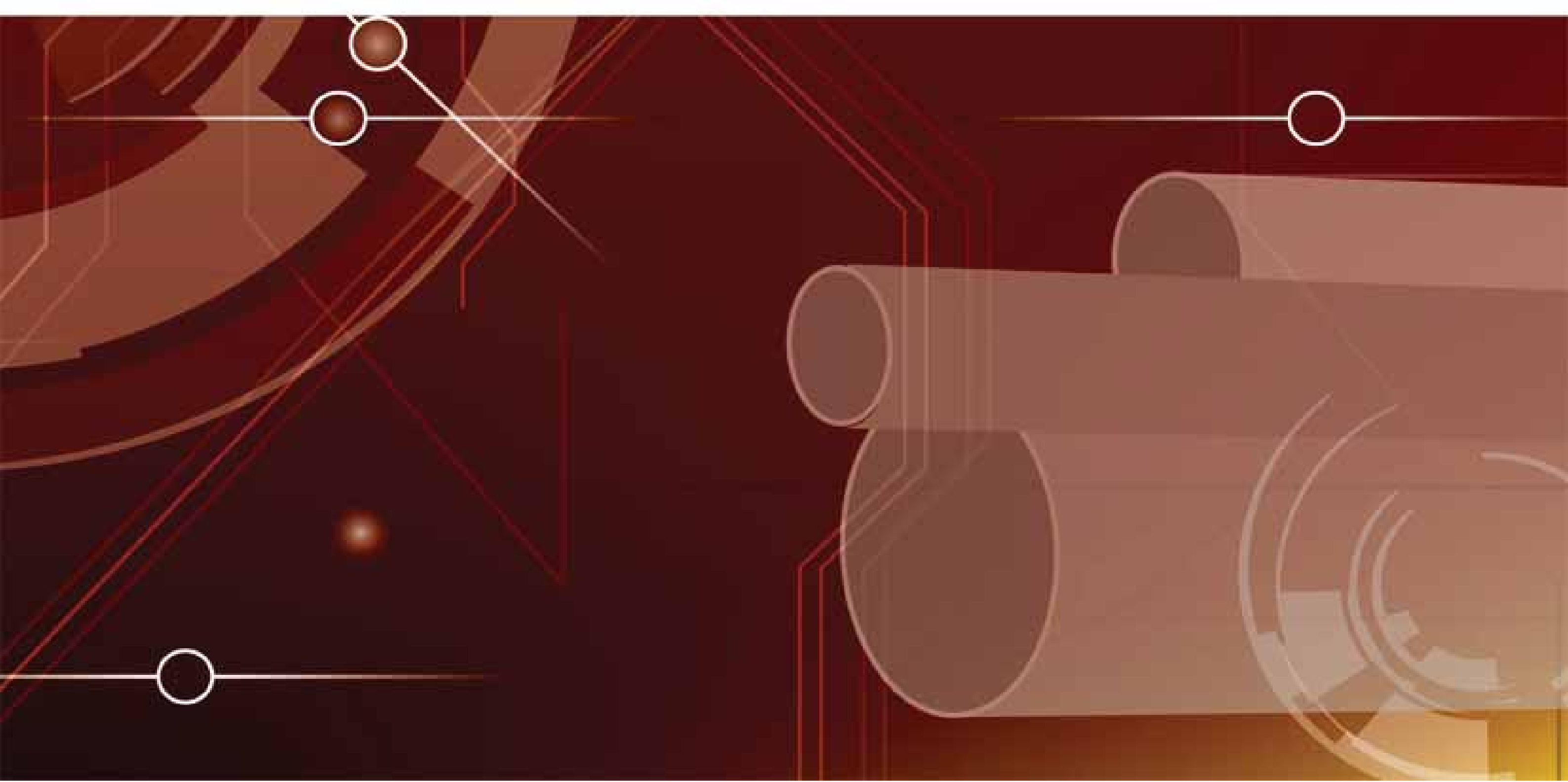
Cautionary Statement

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.

GEARING TO GROW

Global meltdown.
Sluggish trend in user industries.
Inflationary pressures.
2012-13 was a challenging year for business.

TI demonstrated resilience.
Countered the challenges with
differentiated strategies.
Each of the businesses showed a clear and
orchestrated future forward drive.
A steady gearing up for growth.



GEARING TO GROW

FORAYING INTO NEW ADJACENCIES... NEW GREENFIELD VENTURES...

Accelerating for growth, TI embarked on a strategic acquisition of Shanthi Gears Ltd, a leading manufacturer of gears in India. A core strategy to expand into adjacencies and foray into new business lines.

The year was also marked with each of the businesses gearing up for growth, enhancing capacities and venturing into new product lines.

- Capacity creation for automotive chains at Uttarakhand.
- Greenfield venture at Thiruthani-Tamilnadu, for large diameter tubes.
- Capacity addition in fine blanking products at Ambattur-Chennai.
- State-of-the-art alloy frame production and assembly line for bicycles to cater to exports at Ambattur-Chennai.
- A new stainless steel plant for tubes at Avadi-Chennai to service process industry needs.

Acquisition, greenfield ventures, capacity augmentation, automation - at TI, it was a year of consolidation of capabilities. A year, during which each of the businesses geared for the transition in scale and scope.

GEARING TO GROW

LEVERAGING CORE COMPETENCIES...
FOCUSING ON NEW TECHNOLOGIES...

Six decades and more of market leadership. Technical expertise, material and process knowledge in each of its businesses. TI leveraged on its core strength to map out differentiated, future defining strategies as it geared up for growth by:

- Concerted push on innovation, process efficiencies and cutting edge technologies.
- Expansion of the in-house, Corporate Technology Centre with a strong specialised technical team to spearhead innovation and best-in-class practices.
- Indigenously designed, automated, Special Purpose Machines to enhance efficiencies.
- Value analysis and value engineering in fine blanking, sub-assemblies, automated systems.
- Product differentiation by moving up the value chain - components for the auto industry.
- Foray into the non-automotive space, expansions into the agro segment.
- Leverage material knowledge and process expertise to position as a total solution provider in tubes. Graduating to value-add tubular component sub-assemblies.
- Challenging boundaries in machine and process efficiencies.

Investing in future-driven capabilities, TI geared up for growth through innovation, technology and venturing into white spaces.

GEARING TO GROW

BUILDING PEOPLE CAPABILITIES...
OPERATIONAL EXCELLENCE...

TI leveraged on its people strength, to roll out its transformational growth strategies. Operational Excellence became the driving force of robust business processes, lean manufacturing practices and the last mile in service.

Structured, goal-directional training programmes, based on skill-role mapping and induction of specialised technical talent, strengthened capabilities and enhanced employee engagement levels. The emphasis was to build an intelligent, future-ready work force, tuned in on global best practices.

- Manufacturing teams challenging boundaries in production efficiencies.
- Customer lock-in strategies with design and process partnering.
- Dedicated service portals and experiential touchpoints.
- A challenger sales force combat-ready for market expansion.

At TI, it was a year of consolidation of people competencies; a groundswell of self-propelled, empowered teams getting ready for the transition.

CHAIRMAN'S MESSAGE

TI is gearing itself for greater growth in the years ahead.

Dear Shareholders,

The year 2012-13 was a challenging year for TI. The general economic slowdown, particularly the sluggish trend in the auto sector, from which TI earns a major share of its revenue, impacted our sales. The Company finished 2012-13 with a marginal drop in turnover at ₹3,390 Cr. compared to the previous year.

Despite the continuing, lacklustre economic conditions, it is widely acknowledged that the country's long-term economic growth is assured. It is our belief that the prevailing sluggish trend in the Indian economy will soon tide over.

The business environment even during these challenging times holds opportunities aplenty. We will explore such opportunities and try to pursue them to our advantage. Our vision for growth and transformation will redefine our business processes and make excellence a work ethic.

In line with our vision, we continued to make steady strides towards growth in 2012-13. The acquisition of Shanthi Gears Limited was completed in 2012-13 with a seamless management transition executed in record time. Shanthi Gears has over the years earned a name for itself as a gear manufacturer of repute. We hope to build further upon it and take Shanthi Gears to greater heights. The ground was broken for TI's greenfield, large diameter tube plant near Chennai. Upon its commissioning, this unit will cater to the requirement of a variety of end users in automotive, hydraulics and other industries. We will further continue to expand capacities even as we look within to strengthen our competencies. Truly, I am happy to state that TI is gearing itself for greater growth in the years ahead.

Directors

Mr. S B Mathur joined the Board in May, 2013. He is the former Chairman of the Life Insurance Corporation of India and ex-Administrator of the Specified Undertaking of the Unit Trust of India. His vast experience in managing such well known institutions will greatly benefit TI. It gives me great pleasure in welcoming him.

Mr. Pradeep Mallick will retire at the ensuing Annual General Meeting and has expressed his desire not to seek re-election. Mr. Mallick's association with TI spans well over a decade. He has contributed immensely to TI's growth, as a senior member of the Board and as Member of the Audit Committee. I take this opportunity to express our gratitude and wish him the very best.

The members of the Board continue to be a great source of encouragement and support to the Company's management team and personally, to me. I thank them for their involvement and participation.

The team

At TI, we have always believed in our people strength to drive our vision and realise our greater goal. The team ably led by Mr. L Ramkumar, our Managing Director and the Management Committee have been at the forefront in piloting far reaching initiatives that would guide TI further on a growth path. I thank them for their unstinted co-operation and relentless drive. I wish them all success in the years to follow.

I also take the opportunity to express my gratitude to all our valuable shareholders for the continued support and confidence reposed by them in the Company.

Yours sincerely,

M M Murugappan

M M Murugappan

MANAGING DIRECTOR'S MESSAGE

> We are channelising all energies to make TI the best-in-class in all the businesses we operate in.

Dear Shareholders,

2012-13 was a very challenging one for TI as the Auto industry, a major customer base, bore the brunt of the economic downturn. Growth was marginal in the two wheeler segment at 2.9% while the passenger car segment registered negative growth at 6.7%. Bicycles and Electric Scooters were affected too due to the languid market demand. Margins were under pressure across segments due to drop in volumes and rise in input costs. It was in this environment that TI posted a turnover of ₹3,390 Cr. and a PAT (Profit after Tax) of ₹104 Cr. in 2012-13 as against ₹3,459 Cr. and ₹180 Cr. the previous year. The Company continued to drive efficiencies in costs and working capital to improve performance and drive growth. With the anticipated revival of the Auto industry in the later part of 2013-14, TI is confident of improving upon its performance.

Bicycles

The Bicycles division sold about 4 million bicycles in 2012-13, maintaining its market share. Lower disposable income in rural areas affected the demand for Standard bicycles. In the Specials segment, higher prices due to rise in input costs, increase in statutory levies and adverse exchange fluctuation stifled demand. As part of its growth strategy, the division has drawn up aggressive plans for value differentiation and strengthening its pan India retail presence. The division won several international awards in 2012-13 for its retail outlets. During the year a state-of-the-art assembly line was added to manufacture high-end alloy bicycles for the export market.

Lack of infrastructure support and withdrawal of subsidies by the Government have affected the consumer preference for Electric Scooters.

Engineering

The Engineering division registered a marginal increase in turnover in 2012-13. The decline in sales in the Auto industry impacted the performance of the division. Tubular components managed to grow moving up the value chain. Despite the slowdown in the global markets, export of tubes could be maintained at 2011-12 levels. In pursuit of greater growth in volumes, the division is undertaking several initiatives to improve plant and process efficiencies to reduce lead times and improve throughput.

Metal Formed Products

Lack of demand from the Auto industry affected volumes in car doorframe volumes. Underutilised capacity due to paucity of Government orders for Railway wagons, also proved a dampener. Despite dull market conditions, the division witnessed a healthy growth in products using fine blanking process and sale of chains to OEMs was maintained at 2011-12 levels. Focus on market intensive initiatives for the replacement market for chains helped the division to clock a good gain in volumes during the year. Participation in new programmes of customers helped growth of fine blanked products. This segment will be supported with new investment for growth.

Subsidiaries

After a successful Open Offer to the shareholders of Shanthi Gears Ltd (SGL), TI acquired SGL, which is now a TI subsidiary. The acquisition will further help diversify TI's presence in the Non-Auto segment as SGL is a leader in industrial gears and gearboxes, with a strong brand value. Since taking over SGL, the new management team is concentrating on streamlining shop floor practices leading to enhanced customer service.

TI completed the acquisition of Financière C10 SAS ('FC10') in 2012-13 by purchasing shares from the remaining minority shareholders in terms of the Share Purchase Agreement. Consequently, FC10 has come to be wholly-owned by TI. Consolidated turnover of FC10 in 2012 was maintained at 2011 level.

2012-13 was an outstanding year for Cholamandalam Investment and Finance Co. Ltd., a subsidiary of TI, with its aggregate disbursements and PAT registering an impressive increase. Cholamandalam MS General Insurance Co Ltd, another subsidiary of TI, registered good growth in its Gross Written Premium and profit.

Our Mission

We are channelising all energies to make TI the best-in-class in all the businesses we operate in. Towards realising this Mission, the thrust is on achieving benchmark practices in process capability, quality standards, capacity utilisation, efficiencies and customer service.

People Resource

Our people at all levels have during a difficult year stayed focused on our goals with dedication and commitment. We are investing in the development of these people to sharpen their skills and nurture their leadership qualities. We are sure that going forward 'our people' would be a key differentiator in the competitive landscape.

Yours sincerely,

L Ramkumar

10 YEAR FINANCIALS

` in Crores

	12-13	11-12	10-11	09-10	08-09	07-08	06-07	05-06	04-05	03-04
OPERATING RESULTS										
Sales (Including excise duty)	**3642.25**	3664.77	3126.40	2453.65	2212.22	1908.23	1761.84	1584.18	1562.58	1257.34
Profit before Depreciation, Interest & Tax (PBDIT)	**334.95**	397.74	376.32	225.07	170.33	157.88	256.99	307.09	178.50	147.39
Profit before Interest & Tax (PBIT)	**255.18**	321.66	307.22	158.26	111.21	104.73	206.60	258.53	140.69	117.79
Profit before Tax (PBT)	**147.21**	245.10	241.30	129.50	83.02	83.44	195.31	245.63	126.18	105.30
Profit after Tax (PAT)	**103.96**	180.09	169.66	81.21	72.18	56.50	155.78	182.93	98.55	82.49
Earnings Per Share (`)*	**5.58**	9.69	9.16	4.39	3.91	3.06	8.43	49.50	26.67	22.32
Dividend Per Share (`)*	**2.00**	3.00	3.00	1.50	1.00	1.00	1.50	23.50	7.00	10.00
Book Value Per Share (`)*	**63.28**	59.84	53.40	44.21	39.88	38.86	35.49	143.98	121.28	202.39
SOURCES AND APPLICATION OF FUNDS										
SOURCES OF FUNDS										
Share Capital	**37.33**	37.26	37.13	36.95	36.95	36.95	36.95	36.95	36.95	18.47
Reserves and Surplus	**1144.01**	1077.70	954.27	779.95	700.00	681.02	618.90	495.15	411.24	376.83
Net Worth	**1181.34**	1114.96	991.40	816.90	736.95	717.97	655.85	532.10	448.19	395.30
Share Application Money Pending Allotment	**0.00**	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt	**1301.88**	832.41	723.80	705.82	399.76	327.50	206.45	244.30	228.12	215.64
Deferred Tax Liability (Net)	**52.29**	48.08	51.76	41.31	45.77	42.64	41.83	41.50	32.71	31.79
Total	**2535.51**	1995.48	1766.96	1564.03	1182.48	1088.11	904.13	817.90	709.02	642.73
APPLICATION OF FUNDS										
Gross Fixed Assets	**1299.75**	1218.32	1105.75	1028.09	964.02	861.91	734.06	626.01	566.43	432.30
Accumulated Depreciation	**668.14**	611.81	544.91	500.46	449.87	400.43	369.82	324.44	282.96	206.65
Net Fixed Assets	**631.61**	606.51	560.84	527.63	514.15	461.48	364.24	301.57	283.47	225.65
Capital Work-In-Progress	**159.73**	38.42	27.39	42.93	29.68	57.31	105.54	80.49	21.42	13.66
Investments	**1444.01**	930.15	910.55	749.44	454.35	316.95	190.55	235.86	189.71	204.17
Net Working Capital	**300.16**	420.40	268.18	244.03	184.30	252.37	243.80	199.98	214.42	177.82
Deferred Revenue Expenditure	**-**	-	-	-	-	-	-	-	-	21.43
Total	**2535.51**	1995.48	1766.96	1564.03	1182.48	1088.11	904.13	817.90	709.02	642.73
RATIOS										
PBDIT To Sales (%)	**9.20**	10.85	12.04	9.17	7.70	8.27	14.59	19.38	11.42	11.72
PBIT To Sales (%)	**7.01**	8.78	9.83	6.45	5.03	5.49	11.73	16.32	9.00	9.37
PBT To Sales (%)	**4.04**	6.69	7.72	5.28	3.75	4.37	11.09	15.51	8.08	8.37
PAT To Sales (%)	**2.85**	4.91	5.43	3.31	3.26	2.96	8.84	11.55	6.31	6.56
Interest Cover (times)	**3.22**	5.20	5.71	7.83	6.04	7.42	22.76	23.81	12.30	11.80
ROCE (%) #	**10.06**	16.12	17.39	10.12	9.40	9.62	22.85	31.61	19.84	18.33
Return on Networth (%) (+)	**8.80**	16.15	17.11	9.94	9.79	7.87	23.75	34.38	21.99	22.06
Total Debt Equity Ratio (+)	**1.10**	0.75	0.73	0.86	0.54	0.46	0.31	0.46	0.51	0.58
Long Term Debt Equity Ratio (+)	**0.85**	0.48	0.47	0.61	0.32	0.24	0.13	0.25	0.29	0.32
Sales/Fixed Assets (times)	**5.77**	6.04	5.57	4.65	4.30	4.14	4.84	5.25	5.51	5.57
Net Working Capital Turnover (times)	**12.13**	8.72	11.66	10.05	12.00	7.56	7.23	7.92	7.29	7.07

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 upto 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 S B Mathur
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 **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

DIRECTORS' PROFILE

Mr. M M Murugappan, Chairman

Mr. M M Murugappan (57 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 (57 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 33 years of rich and varied experience in management including 21 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 (70 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.) (63 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 (65 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 (55 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. S B Mathur, Non-Executive Director

Mr. S B Mathur (68 years) is a Chartered Accountant. He joined the Board in May, 2013. He was formerly the Chairman of the Life Insurance Corporation of India and the ex-Administrator of the Specified Undertaking of the Unit Trust of India. He is currently the Chairman of National Stock Exchange of India Limited. He is also on the Board of various companies including Axis Bank Limited, ITC Limited, UltraTech Cement Limited and Cholamandalam MS General Insurance Company Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The year 2012-13 witnessed uncertainty in the domestic and global economies. Economic conditions in the US showed signs of improvement early on, but did not sustain in the later part of the year; Europe continued to be dogged by one crisis after the other in one or more economies in the European Union; questions on the continued existence of the Euro surfaced and had markets on the edge for a while. With the passage of the crisis and green shoots in some large economies, the prospects of improvement look better.

India, no longer being insulated from global developments, was impacted by these factors. In addition, the high rate of inflation, depreciation of the Rupee, increasing fuel prices, high interest rates, weak monsoons, infrastructure bottlenecks and the lack of any concrete policy moves to address these issues led to a correction in the growth rate for the country. It is estimated that the economy grew at the rate of 5% in 2012-13. Differing sectors of the economy performed differently, with agriculture growing at 1.8%, manufacturing by 1.9% and services by 6.6%. The growth rate in the first half of the year was better at 5.4%, but the same could not be sustained in the second half (4.6%).

The Company achieved a turnover of `3,642 Cr., slightly less than the previous year, but its Profit before Tax and Exceptional Item dropped to `151 Cr., a decline of 38% over the previous year. The performance has to be seen in the backdrop of the economic environment and the key user segment of the Company's products – the automotive industry, which saw its toughest year in recent years.

BUSINESS REVIEW

Cycles/Components/Electric Scooters

TI's Presence

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 dropped by 10% during the year. The bicycles fall under two distinct categories – Standard and Special. The bicycle is today viewed as a product for fun, fitness and leisure activities instead of just being transportation medium. This has resulted in the product attaining a new and upgraded image. Consequently, the Special segment has registered higher growth rates over the last few years, while the Standard segment has been declining. It is estimated that the market for Mountain Terrain Bikes, the Sport Light Roadsters and Kids, which constitute the Special segment also declined, but at half the rate of the overall industry decline.

Higher affluence levels, greater exposure to international usage patterns and concern for fitness have opened up new avenues for high-end bicycles and this segment continues to grow steadily, year after year.

The Indian bicycle needs are met by three large players including the Company. Between the three players, close to 85% of the requirements are met and smaller regional players and imports constitute the balance. The Company enjoys a share of close to one-third of the total market, with a much higher share of the Special and premium segment.

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. With a high compounded annual growth rate of 18%, the fitness equipment industry continues to be attractive. There are four national players apart from a slew of importers and regional players.

The electric scooters industry in India is still in its infancy. The customer expectations of speed and power are not fully met by the current products in the industry, while efforts are being made by all to upgrade performance. The lack of infrastructure support like special lanes, charging stations etc., as available in China, as well as withdrawal of subsidies have had a dampening effect on the prospects for the industry. The industry has seen the exit of all players in the unorganised sector and the lack of enthusiasm is now resulting in organised players reducing their presence.

Review of Performance

The performance during the year was affected by the adverse conditions prevailing in the market. Imposition of higher excise duty, increase in customs duty and the depreciation of the Rupee affected the Company's competitiveness in certain key segments in the Special category. Poor monsoons affected rural incomes resulting in a drop in the segments catering to these markets, predominantly the Standard and juvenile segments. The institutional segment, which has been pretty strong over the years, has also been muted this year, with some State Governments reducing their purchase. As a result of all this, the segment recorded a decline of 9.3% in the volume of bicycles sold. The segment continues to maintain its focus on Special and premium products and enhancing its retail footprint with the addition of another 192 exclusive outlets during the year. The total number of such outlets today is 637. As a result of this effort, the Company has been awarded with two international awards for retail excellence.

Aggressive cost reduction and lower dependence on imports for certain segments have been carried out and it is expected that this will help the Company in the medium to long-term. A rationalisation of models, based on consumer interest, was carried out and with a view to eliminating certain models, a write down in their value has been considered. The overseas subsidiary in China, established with a view to sourcing components, has been shut down and the process of completing the formalities relating to its liquidation are presently on. Consequently, the Profit before Interest and Tax declined by 36% over the previous year, and stood at `49 Cr., after providing for `3.81 Cr. towards diminution in the value of investment.

During the year, the business has commissioned an aluminum frame manufacturing facility and state-of-the-art bicycle assembly line to cater to requirement of European customers.

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 fitness products across the exclusive BSA Workout outlets and other outlets helped the Company maintain its turnover from these products.

The electric scooters segment registered lower sales during the year due to the lack of government support to these products, leading to lower consumer interest. Despite the various initiatives undertaken to improve the product and enhance the attractiveness of the category, time is not yet ripe for these products in India and with a view to conserve resources for other growth areas, the Company has decided not to focus on this product line aggressively.

The measures taken to improve the profitability are expected to bear fruit in the years to come.

Engineering

TI's Presence

The Engineering segment of the 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 witnessed a year of slow decline, with the last quarter of the financial year, traditionally the strongest, declining the most. High interest rates as a consequence of high inflation, ever increasing fuel prices and higher product price impacted demand across all segments of the industry. The lack of adequate financing, a key driver for this industry, due to high interest rates and delinquencies in the portfolio, saw volumes dropping despite manufacturers stepping in with offers. Depressed global markets also meant lower exports, accentuating the problem. Though the two wheeler and passenger car segments posted low growth rates on an overall basis, the growth came from utility vehicles and scooters/scooterettes, which were on a low base. The commercial vehicle segment declined significantly by 17% in the last quarter and 10% over the year. With the increase in excise duty for certain types of vehicles and increase in custom duty on luxury cars, it is expected that demand will be adversely impacted in the current year as well.

The uncertain economic environment in Europe due to the continuing problems in one or another country and withdrawal of the program for replacement of old cars and high unemployment in many countries impacted business from overseas markets.

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.

Review of Performance

Sale of steel tubes in the domestic market declined by 2% over the previous year and cold rolled steel strips declined by 3% over the previous year. This performance is to be viewed against the background of auto industry performance. In the value added tubes segment, the market share in key products improved during the year. Tubular components continued to enjoy good patronage from its customers and grew by 6%. The segment focused on improving its efficiencies in a difficult market and reduced the resources used in the business. The newly commissioned stainless steel tubes business contributed `7 Cr. to the top line. This is expected to improve in the current financial year. Despite the slowdown in the European and American markets, export of tubes remained at the same level as in the previous year. The profitability of this segment was impacted by increases in power, fuel and freight costs, which could not be passed on to customers in entirety, given the market situation. The operating profit before interest and tax stood at `110 Cr., a decline of 16% over the last year. The business continued to maintain its focus on cost management and modernising its facility, which helped minimise the impact.

As a measure of increasing its product range, the segment is in the process of establishing a facility for manufacture of large diameter tubes. All statutory clearances have been received and construction is likely to commence shortly.

Predictions of a good monsoon, reduction in interest rates and a favourable economic environment are expected to help the business grow in the coming year.

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

In contrast to the high growth witnessed in the two wheeler segment in the earlier years, the year under review posted only a small growth of 2%. The revival seen in the scooter segment seems to have gained further momentum leading to a growth in this area. The scooter and scooterette segments grew significantly at around 14%, but the motorcycle segment, which constitutes a large chunk of the market, remained static. There seems to be a preference for motorcycles with higher power and performance and this segment has seen steady growth. Your Company is one of the three major players manufacturing automotive chains in India. Lower earnings in rural markets, high inflation leading to high interest cost and the increase in excise duty leading to higher product price led to a dampening of demand for these chains. The replacement market for automotive chains constitutes a fair size of the market and continues to grow. Despite these negatives, the segment performed creditably. With industrial growth in India declining almost throughout the year, the demand for industrial chains was lower. Difficult conditions in Europe, the main export market for industrial chains, also did not help. Demand from the overseas subsidiary too was lower due to the same reasons. The Fine Blanking segment which supplies components to the automotive industry has grown by 12%.

There are currently three established roll-formed car doorframe manufacturers in India. The domestic passenger car segment declined by 7% during the year. Export of passenger cars too declined leading to a lower off-take of doorframes. However, all car manufacturers are continuing to invest in India, with a view to its use as a sourcing base and hence, opportunity exists to cater to the demand for other metal formed products as well. The business has also been awarded the contract for supplies of doorframes to a leading car manufacturer for a model to be introduced soon. With inflation declining and hopes of interest rates coming down, the sector could see a revival in the near future.

Despite unfulfilled demand for railway wagons for freight carrying, policy uncertainties and delays have resulted in the flow of orders being erratic, putting pressure on the manufacturers. High inventory and low capacity utilisation plague the industry.

Review of Performance

The sale of automotive chains to Original Equipment Manufacturers (OEMs) was maintained at the previous year's level, despite the adverse market conditions. The sale of kits, comprising of chain and sprockets, to the replacement market grew by 30% and helped compensate the lower demand from the OEMs. The fine blanked components business grew in volume terms by 33%. This growth came largely from share gain and extension of the product range. The sale of industrial chains, both in the domestic and international markets, was lower due to the fall in demand. The volume of car doorframes sold was lower by 12% due to the muted growth of the industry and the presence of many players in the market offering customers a variety of cars to choose from. High inventory coupled with lower realisation due to capacity underutilisation in the Railway business and lower off-take of doorframes impacted the operating profit of the segment. The net operating Profit Before Interest and Tax stood at `80 Cr., a drop of 29% over the previous year.

FINANCIAL REVIEW

Profits and Profitability

Declining demand in key user segments, escalation in costs due to low availability of power, increasing fuel prices, higher transportation costs, a depreciating currency, higher borrowing to meet expansion projects and acquisitions and high interest rates impacted the profit for the year. Given the depressed economic sentiment, the recovery of input cost increases could not happen fully leading to greater focus on operating efficiencies, which helped reduce the impact. As a consequence, the operating profit margin declined.

In difficult times, all the business segments of the Company maintained their focus on servicing customers, improving efficiencies and reducing resources employed in the business. The operating cash generated by the Company amounted to `297 Cr.

Capital Expenditure

With an eye on the future and with the conviction that the downturn is temporary, the expansion plans of the various businesses continued as planned, purchase of land has been completed and statutory clearances obtained. The project for expansion of capacity for welded tubes has been commissioned, while other expansion projects are in various stages of progress. Apart from the expansion projects, the Company continues to invest in facilities with a view to servicing its customers in a more timely and efficient manner, modernising its assets and aims to be the best in class. 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. 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.

Interest Cost

In a year when interest rates continued to remain high, the Company was able to maintain its cost of borrowing at an average rate of 9.4% through a judicious mix of long and short-term funds, both in foreign currency and Indian Rupees. The interest cost for the year was higher due to the higher quantum of borrowings carried out to meet the expansion needs of the Company.

Internal Control Systems

Internal control systems in the organisation are looked at as the key to its effective functioning. 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 expenditures 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

L Ramkumar
Managing Director

Chennai
2nd May, 2013

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 business 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.

The Risk Management Committee of the Board of Directors, constituted specifically to identify/monitor key risks of the Company and evaluate the management of such risks for effective mitigation, met twice during 2012-13. The Committee reviewed the risks and related mitigation plans across the various Strategic Business Units 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 • Shrinking 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

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 • Model specific investments to be made by OEMs
User Industry Concentration Risk	• Dependence on auto sector • Impact of slow down	• Diversification into non-auto business • Focus on industrial applications • Develop range of power transmission products
Customer Retention Risk	• Availability of alternative source • Disruption in supplies	• Cost competitiveness through Operational Excellence initiatives • Leverage design strength • Leverage proximity to customer • Build technology superiority • Product - plant rationalisation
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

L Ramkumar
Managing Director

Chennai
2nd May, 2013

GENERAL SHAREHOLDER INFORMATION

Registered Office

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

Annual General Meeting

Day : Friday

Date : 2nd August, 2013

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 2013-14

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

Results for the first quarter ending
30th June, 2013 – 2nd August, 2013

Results for the second quarter/half-year ending
30th September, 2013 – 31st October, 2013

Results for the third quarter ending
31st December, 2013 – January/February, 2014

Results for fourth quarter ending
31st March 2014/ Annual Results for the financial year 2013-14 – April/May, 2014

Book Closure for Dividend

Friday, 19th July 2013 to Friday, 2nd August, 2013 (both days inclusive).

Dividend

The Board of Directors has recommended the payment of a final dividend of `0.50 per Equity Share. The dividend on Equity Shares will be paid to those Members, whose names appear in the Register of Members as on Friday, 2nd August, 2013 and the same will be paid on or after 6th August, 2013. During the year, in February, 2013, the Company paid an interim dividend of `1.50 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
2005-06 - 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
2010-11 - Final	01.08.2011	06.09.2018
2011-12 - Interim	01.02.2012	08.03.2019
2011-12 - Final	06.08.2012	11.09.2019
2012-13 - Interim	31.01.2013	08.03.2020

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 has the practice of sending reminders to the concerned investors, before transfer of unclaimed dividend to the IE&P Fund. Unclaimed/ unencashed dividends up to 2005-06 (Interim dividend) have been transferred to the IE&P Fund.

In terms of the Circular dated 10th May, 2012 issued by the Ministry of Corporate Affairs, Government of India, the Company has also uploaded the details relating to unclaimed dividend, for the benefit of Shareholders, on its website viz., www.tiindia.com

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., Karvy Computershare Private Ltd ("RTA"), not later than 19th July, 2013 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., Karvy Computershare Private 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

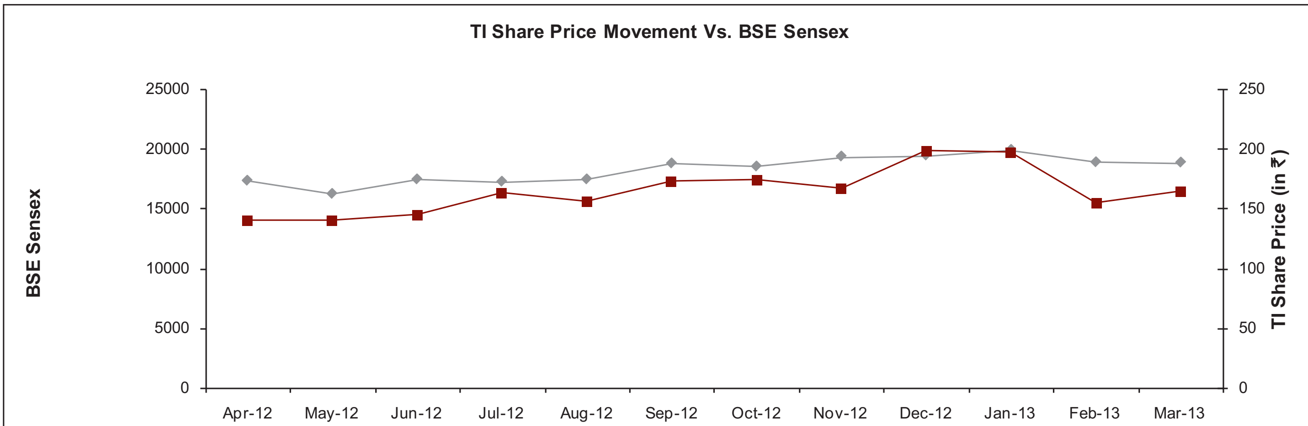
Bombay Stock Exchange – 504973

Listing fee for the year ended 31st March, 2013 has been paid to the above Stock Exchanges in time.

Market Price Data and Comparison

Monthly high and low price of the Equity Shares of the Company during 2012-13 are as follows:

Month	National Stock Exchange		BSE Ltd	
	High	Low	High	Low
Apr-12	148.40	130.10	145.05	136.00
May-12	156.20	130.10	152.90	130.50
Jun-12	148.80	133.90	148.10	134.00
Jul-12	171.00	143.65	171.30	141.00
Aug-12	164.50	149.60	164.90	148.00
Sep-12	174.80	152.20	174.90	152.25
Oct-12	183.00	167.60	183.20	167.00
Nov-12	176.00	164.00	176.00	162.05
Dec-12	221.65	168.00	221.60	166.55
Jan-13	209.70	190.00	210.00	192.25
Feb-13	201.90	153.60	201.80	154.00
Mar-13	191.35	144.15	191.25	145.25



	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
BSE Sensex	17319	16219	17430	17236	17430	18763	18505	19340	19427	19895	18862	18836
TI Share Price	139.95	140.4	145.1	163.05	155.6	172.9	173.5	167	198.1	196.4	154.75	163.95

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 2012-13

Registrar and Share Transfer Agent

Karvy Computershare Private Ltd
Plot No. 17-24 Vittal Rao Nagar
Madhapur, Hyderabad 500 081
einward.ris@karvy.com
Tel : 040 - 23420818
Fax: 040 - 23420814

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, 2013

Category	No. of shares held	% of shareholding
A Promoter Group	9,00,85,740	48.26
B Non-Promoter Holding		
1 Institutional Investors		
a) Mutual Funds and UTI	1,60,31,183	8.59
b) Banks, Financial Institutions, Insurance Companies	69,51,601	3.72
c) Foreign Institutional Investors	2,46,78,120	13.22
2 Others		
a) Private Corporate Bodies	1,16,09,836	6.22
b) Indian Public	3,15,05,098	16.87
c) NRI	5,94,270	0.32
d) Bank of New York Mellon (Depository for GDR holders)	52,23,460	2.80
Grand Total	**18,66,79,308**	**100.00**

Distribution of Shareholding as on 31st March, 2013

Category	No. of holders	% to Total	No. of shares	% to Total
1 - 5000	20,011	90.90	86,29,862	4.62
5001 - 10000	1,113	5.06	39,18,009	2.10
10001 - 20000	366	1.66	26,36,255	1.41
20001 - 30000	130	0.59	16,07,977	0.86
30001 - 40000	75	0.34	13,32,595	0.71
40001 - 50000	40	0.18	9,01,792	0.48
50001 - 100000	99	0.45	35,06,464	1.88
Above 100000	180	0.82	16,41,46,354	87.94
Total	**22,014**	**100.00**	**18,66,79,308**	**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 (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., 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, 2013, 52,23,460 Global Depositary Receipts (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 being published in the leading national English newspapers ("The New Indian Express" and "Business Line") 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

In August, 2012, a Special Resolution under Section 372A of the Companies Act, 1956 for the investment of a sum not exceeding `500 Cr. in the Equity Shares of Shanthi Gears Limited, was passed by Postal Ballot. The Shareholders approved the said Special Resolution with requisite majority.

The voting details of the above Postal Ballot were as follows:

Number of valid votes	11,31,35,240	votes
Number of votes in favour	11,30,72,110	votes
Number of votes against	63,130	votes

The aforementioned voting under Postal Ballot was conducted by Mr. R Sridharan of Messrs. R Sridharan & Associates, Company Secretaries, as Scrutiniser, as per the procedure laid down in Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

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

Date of AGM	Whether any Special Resolution was passed	Particulars
29.07.2010	No	Not applicable
01.08.2011	No	Not applicable
06.08.2012	Yes	(a) Variation in the terms of the "Tube Investments of India - Employee Stock Option Scheme 2007" (ESOP 2007): The Exercise Period of the Options under ESOP 2007 was extended to 6 years from the date of vest (from the earlier 3 years) for all vesting for the original grant made on 24th March, 2008, for which the Exercise Period has not lapsed. For Options granted to new joinees and promotees, in respect of the 2nd, 3rd and 4th vests, the Extension Period has been extended to 6 years. Exercise Period of 1st vest will remain at 3 years. (b) Introduction of a new Employee Stock Option Plan 2012 (ESOP 2012) for the benefit of eligible employees of the Company and its subsidiaries through an Employee Welfare Trust to be formed for the purpose.

The Shareholders approved the said Special Resolutions with requisite majority.

General Body Meeting

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

Year	Date	Time	Venue
2009-10	29.07.2010	4.00 P.M.	T T K Auditorium, The Music Academy T T K Road, Chennai 600 014
2010-11	01.08.2011	4.00 P.M.	Same as above
2011-12	06.08.2012	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 comprising 27,76,770 Equity Shares were identified as not having claimed the new sub-divided share certificates of the face value of `2 each after surrender of the old share certificates of the face value of `10 each. After four reminders, Shareholders under 386 folios, comprising 5,28,859 shares, have claimed their share certificates. Shareholders under 2,364 folios, comprising 22,47,911 shares, are still in possession of the old share certificates. Considering the numbers involved, in the interest of the Shareholders concerned, the Company proposes to send reminder(s), besides exploring the possibility of taking other proactive measures, as may be appropriate in this regard, before initiating transfer of the remaining unclaimed shares to the suspense account. It is clarified that the shares which may get transferred to this account will be held by the Company purely on behalf of the Shareholders concerned till such time a claim is made to the Company by the Shareholder(s), when the shares will be transferred back to the 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, Sablewadi 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
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 Industrial Estate
Block No. 32 & 34, Village Dunia
Tk Halol, Dist Pachmahals,
Baroda 389 350
Tel : (02676) - 224647
Fax : (02676) - 224035

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

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
Ganganouli, Laskar 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 Limited
Plot No.17-24 Vittal Rao Nagar
Madhapur
Hyderabad 500 081
e-mail : einward.ris@karvy.com
Tel : (040) – 23420818
Fax: (040) – 23420814

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 of 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 consisted of 7 members, as at 31st March, 2013, 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) were non-independent Directors; Mr. Pradeep Mallick, Mr. S Sandilya and Mr. C K Sharma were independent Directors. Further, the Board has appointed Mr. S B Mathur as Additional Director (independent Director) effective 2nd May, 2013. None of the said Directors are related to each other.

The Committees of the Board viz., Audit Committee, Compensation & Nomination Committee, Shareholders'/ Investors' Grievance Committee and Risk Management 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 six meetings of the Board during the financial year 2012–13. The dates of the Board meetings, attendance and the number of Directorships/Committee memberships held by the Directors as on 31st March, 2013 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 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, 2013. 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 percent 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 four times during the year ended 31st March, 2013. 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, 2013, 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. S B Mathur, an independent Director of the Company, is also on the Board of CMSGICL.

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 Line" 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, 2013. The composition of the Committee and attendance of its members at the meetings are given in **Table 6** of the annexure to this Report.

No investor complaints were received during the year ended 31st March, 2013. No complaints were pending as at 31st March, 2013.

In order to expedite the redressal of complaints, if any, 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 save to the extent that on the retirement of Mr. R Srinivasan, an independent Director, at the Annual General Meeting held on 6th August, 2012, the number of independent Directors was reduced to less than fifty percent of the Board. After following the process of identifying and short-listing suitable candidates for appointment as Additional Director and ascertaining their availability and willingness for the position, the Compensation & Nomination Committee of the Board recommended Mr. S B Mathur, former Chairman of Life Insurance Corporation of India and ex-Administrator of the Specified Undertaking of the Unit Trust of India for co-option as independent Director. Accordingly, the Board of Directors, at its meeting held on 2nd May, 2013, on securing his consent, appointed Mr. S B Mathur as Additional Director (Independent Director) effective from the said date. In the process, the number of independent directors remained less than fifty percent for the period between 7th August, 2012 and 1st May, 2013, which is beyond the period of 180 days permitted for filling the vacancy of independent directors under Clause 49.I.(C).iv of the Listing Agreement.

Quarterly financial results of the Company are published in leading 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, the financial results for the half-year ended 30th September, 2012 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.

As stated under the Report on Enterprise Risk Analysis and Management, a Risk Management Committee was constituted by the Board of Directors in the year 2011 to specifically identify/monitor key risks of the Company and evaluate the management of such risks for effective mitigation. The Committee provides periodical updates to the Board and provides support in the discharge of the Board's overall responsibility in overseeing the risk management process.

Mr. Pradeep V Bhide, a non-executive Director, is the Chairman of the Risk Management Committee. The Chairman of the Board and the Heads of Strategic Business Units are invitees to the meetings of the Committee. The Committee met twice during the year ended 31st March, 2013. The composition of the Committee and attendance of its members at the meetings are given in **Table 7** of the annexure 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

M M Murugappan
Chairman

Chennai
2nd May, 2013

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, 2013, as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

L Ramkumar
Managing Director

Chennai
2nd May, 2013

ANNEXURE TO THE **CORPORATE GOVERNANCE REPORT**

(A) Board Meeting Dates and Attendance

The Board of Directors met six times during the financial year 2012-13. The dates of the Board meetings were 30th April, 2012, 13th July, 2012, 6th August, 2012, 2nd November, 2012, 31st January, 2013 and 26th March, 2013.

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, 2013 are as follows:

TABLE 1

Sl. No.	Name of the 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, 2013
1.	Mr. M M Murugappan	6(6)	11(8)	5(3)	Present	13,07,275
2.	Mr. L Ramkumar	6(6)	3(1)	1(1)	Present	1,80,650
3.	Mr. Pradeep Mallick	5(6)	7(2)	9(2)	Present	-
4.	Mr. Pradeep V Bhide	5(6)	7	5(2)	Present	-
5.	Mr. S Sandilya	6(6)	5(2)	6(3)	Present	-
6.	Mr. C K Sharma	4(6)	-	-	Present	-
7.	Mr. N Srinivasan	6(6)	5	3	Present	64,516
8.	Mr. R Srinivasan[c]	2(3)	Not applicable	Not applicable	Present	-
9.	Mr. S B Mathur[d]	Not applicable	13(2)	9(2)	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] Mr. R Srinivasan retired at the Annual General Meeting held on 6th August, 2012.

[d] Mr. S B Mathur was co-opted as an Additional Director w.e.f. 2nd May, 2013.

(B) Composition of Audit Committee and Attendance

The Committee met four times during the financial year 2012-13. 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	3(4)
Mr. Pradeep V Bhide[a]	2(2)
Mr. R Srinivasan[b]	2(2)
Mr. S B Mathur[c]	Not applicable

[a] Mr. Pradeep V Bhide was appointed as a Member with effect from 7th August, 2012.

[b] Mr. R Srinivasan retired on 6th August, 2012.

[c] Mr. S B Mathur was appointed as a Member with effect from 2nd May, 2013.

(C) Composition of Compensation & Nomination Committee and Attendance

The Committee met four times during the financial year 2012-13. 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. S Sandilya	4(4)
Mr. M M Murugappan	4(4)
Mr. C K Sharma[a]	1(2)
Mr. R Srinivasan[b]	2(2)

[a] Mr. C K Sharma was appointed as a Member with effect from 7th August, 2012.
[b] Mr. R Srinivasan retired on 6th August, 2012.

(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	58,73,985	58,89,660	1,05,78,268	25,36,898	2,48,78,811

[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, 2013 are as follows:

TABLE 5

(Amount in `)

Name of the Director	Commission[a]	Sitting fees	Total
Mr. M M Murugappan	1,00,00,000	1,50,000	1,01,50,000
Mr. Pradeep Mallick	5,00,000	1,20,000	6,20,000
Mr. Pradeep V Bhide	5,00,000	1,25,000	6,25,000
Mr. S Sandilya	5,00,000	1,90,000	6,90,000
Mr. N Srinivasan	5,00,000	1,10,000	6,10,000
Mr. C K Sharma (pro rata)[b]	4,60,274	70,000	5,30,274
Mr. R Srinivasan (pro rata)[c]	1,75,342	80,000	2,55,342

[a] Provisional and will be paid after the adoption of accounts by the Shareholders at the Annual General Meeting.
[b] Mr. C K Sharma was appointed as a Director with effect from 30th April, 2012.
[c] Mr. R. Srinivasan retired on 6th August, 2012.

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

The Committee met twice during the financial year 2012-13. The composition of the Shareholders'/Investors' Grievance Committee and the attendance of each member at these 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)

(G) Composition of Risk Management Committee and Attendance

The Committee met twice during the financial year 2012-13. The composition of the Risk Management Committee and the attendance of each member at these meetings are as follows:

TABLE 7

Name of the Member	Number of meetings attended (Number of meetings held)
Mr. Pradeep V Bhide	2(2)
Mr. L Ramkumar	2(2)

On behalf of the Board

M M Murugappan
Chairman

Chennai
2nd May, 2013

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To the Members of Tube Investments of India Limited

1. We have examined the compliance of conditions of Corporate Governance by Tube Investments of India Limited (the "Company") for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

2. 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.

3. On retirement of an independent Director on 6th August 2012 from the Company's Board of Directors ("the Board"), the number of independent directors out of the total of 7 Directors in the Board got reduced to less than 50% of the Board. The Board of Directors has appointed another Director as independent Director with effect from 2nd May 2013. Hence, the number of independent Directors remained less than 50% for the period from 7th August 2012 to 1st May 2013, which is beyond the period of 180 days permitted for filling up vacancies in the office of independent Directors under Clause 49.I.(C).iv of the Listing Agreement.

4. In our opinion and to the best of our information and according to the explanations given to us, and subject to our observation in paragraph 3 above, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

5. 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
(Firm Registration No:008072S)

M K Ananthanarayanan
Partner
(Membership No.19521)

Chennai
2nd May, 2013

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present the performance of your Company for the year ended 31st March, 2013.

Financial Highlights

` in Crores

	2012-13	2011-12
Sale of Products - Gross	**3642.25**	**3664.77**
Less: Excise duty on sales	251.88	200.35
Sales of Products - Net	**3390.37**	**3464.42**
Earnings Before Finance Costs, Tax, Depreciation and Amortisation Expense	**334.95**	**397.74**
Less: Finance Costs	104.16	76.56
Depreciation and Amortisation Expense	79.77	76.08
Earnings Before Tax and Exceptional Item	**151.02**	**245.10**
Less: Provision for Diminution in value of Investments	3.81	-
Profit Before Tax	**147.21**	**245.10**
Less: Tax Expense	43.25	65.01
Profit After Tax	**103.96**	**180.09**
Add: Surplus at the beginning of the year	279.70	392.70
Less: Final dividend including tax on dividend	0.00	0.02
Add: Earlier year's provision for dividend tax no longer required	1.17	1.76
Profit Available for Appropriation	**384.83**	**574.53**
Less: Transfer to General Reserve	100.00	200.00
Transfer to Debenture Redemption Reserve	84.27	31.66
Interim Dividend @ `1.50 (previous year `2) per Equity Share of `2 each	27.99	37.24
Final Dividend Proposed @ `0.50 (previous year `1) per Equity Share of `2 each	9.33	18.63
Dividend Distribution Tax - Current year	3.20	7.30
Balance carried to Balance Sheet	**160.04**	**279.70**

Review of Performance

Your Company achieved a turnover of `3,642 Cr. during 2012-13 (previous year `3,665 Cr.). This performance has to be viewed in the context of the current economic environment. Your Company is largely dependent on the auto industry, with the exception of the Bicycle segment. In view of the economic slowdown, the auto industry as well as the bicycles industry did not fare well during the year, which impacted your Company's performance. Earnings before Finance Costs, Tax, Depreciation and Amortisation Expenses were at `335 Cr. during the year as against `398 Cr. in 2011-12, a decline of 16%. Finance costs was high at `104 Cr. as against `77 Cr. in 2011-12 due to the increased borrowings resorted to meet the Company's expansion programmes. Profit Before Tax was `147 Cr. for the year 2012-13 as against `245 Cr. in the previous year.

The Bicycle division recorded a turnover of `1,255 Cr. in 2012-13 as against `1,285 Cr. in the previous year. This segment witnessed steep increase in the customs and excise levies. Lower disposable income in the rural areas affected the demand for Standard bicycles. Higher input costs, together with the increase in the statutory levies, resulted in the higher price of bicycles for the end consumer, affecting the demand in Specials segment as well. As part of its growth strategy, your Company continues to invest in the expansion of retail outlets to improve its reach and the buying experience. The business has established a manufacturing and assembly line for high-end bicycles, to cater to the export market. The division continues to focus on promoting cycling. Your Company has reduced its dependence on imports in select product lines and has plans to introduce many new models in the coming years to meet customer aspirations.

As regards electric scooters, lack of infrastructure support and the withdrawal of subsidies by the Government have affected the consumer's preference for this product. In this scenario, prospects for the growth of this product are not expected to improve in the near term.

The division has reported a profit before interest and tax of `49 Cr. in 2012-13 as against `76 Cr. in the previous year, registering a decline of 36%.

The Engineering division recorded a turnover of `1,467 Cr. in 2012-13 as against `1,449 Cr. in the previous year. With the bulk of its revenue coming from the auto sector, the performance of this business was impacted during the year due to decline in demand for motor cycles and commercial vehicles. Margin was affected due to the increase in power & fuel cost and the inability to pass on the same in entirety. The tubular component business continued to enjoy good patronage from its user segments and grew by 6%. Your Company commissioned a stainless steel tube manufacturing facility in the previous year and is working with user industries for product acceptance. Export turnover of the division was at previous year's levels despite the market slowdown witnessed in Europe and the United States of America. Efforts are underway to enhance the product portfolio of the division through the manufacture of large diameter Cold Drawn Welded tubes (CDW), which finds application in non-auto industries. Towards this, a green field facility is under establishment and it is expected to start commercial production in the first quarter of 2014-15.

The division has reported a net operating profit before interest and tax of `110 Cr. as against `131 Cr. in the previous year. Improving internal efficiencies and aggressive cost management helped to limit the impact of the drop in volume and steep increase in costs.

The Metal Formed Products segment of the Company registered a turnover of `795 Cr. in 2012-13, as against `860 Cr. in the previous year. Stagnation in demand from the motorcycle segment affected the sale of drive chains to OEMs. To counter this, your Company focussed on the replacement market, which facilitated good growth in volumes for the division. Consistent with the decline in the key industry user segments like cement, material handling and infrastructure, off-take of industrial chains was not encouraging. Uncertain conditions and low economic activity in the European markets further impacted the export of industrial chains. Your Company continues to invest in equipment to manufacture fine blanked products as there is a good opportunity for growth in the domestic and export markets. Sale of fine blanked products grew by 33% in 2012-13 over the previous year. Passenger cars designed with roll-formed doorframes did not grow during the year, resulting in a drop in the volume of doorframes sold. The existence of a large underutilised capacity in cold rolled sections for railway wagons affected the top line and margin.

Net operating profit before interest and tax for this segment was at `80 Cr., representing a decline of 29%.

Management Discussion and Analysis

The Management Discussion and Analysis Report, 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 `0.50 per share, on Equity Share of face value of `2 each, for the financial year ended 31st March, 2013. Together with the interim dividend of `1.50 per share, paid on 22nd February, 2013, the total dividend for the year works out to `2 per share on Equity Share of face value of `2 each. Final dividend, if approved by shareholders, will be paid on or after 6th August, 2013.

Subsidiary Companies

Cholamandalam Investment and Finance Co Ltd (CIFCL)

It was another year of good performance for CIFCL. Riding on the back of sustained performance by its vehicle finance and home equity verticals, aggregate disbursements of CIFCL improved to `12,118 Cr. in 2012-13 (previous year: `8,889 Cr.), profit before tax grew 56%, at `451 Cr. (`290 Cr.) and profit after tax increased by 77% to `307 Cr., (`173 Cr.).

In order to meet the projected growth in its loan disbursements and to augment the capital adequacy ratio, CIFCL came out with a Qualified Institutional Placement of Equity Shares to Qualified Institutional Buyers (QIBs). CIFCL issued 1.05 Cr. Equity Shares of face value of `10 each, on private placement, at a premium of `275 per share, aggregating `300 Cr. to QIBs. The Company's present shareholding in CIFCL is 50.47%.

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 `1,652 Cr. during 2012-13 (previous year `1,506 Cr.), registering a growth of 10%.

Completing its first decade of business operations, CMSGICL registered a profit before tax of `88 Cr. in 2012-13 (previous year `16 Cr.).

During 2012-13, to augment its solvency position and support the business plan, CMSGICL came out with a rights issue of shares of `50 Cr. Your Company's subscription was `37 Cr.

Shanthi Gears Ltd (SGL)

Pursuant to the Share Purchase Agreement dated 13th July, 2012 with the erstwhile promoters of SGL and the consequent mandatory Open Offer made to the public shareholders of SGL under the SEBI Takeover Regulations, your Company acquired 5,72,96,413 Equity Shares (70.12%) of SGL, during 2012-13, for an aggregate consideration of about `464 Cr. SGL became a subsidiary of the Company effective 19th November, 2012.

SGL designs, manufactures and supplies various kinds of industrial gears and gearboxes catering to a wide variety of applications across industries. Over the last four decades, SGL has built a very strong brand through the supply of high quality products, efficient service and meeting customer expectations, both in India and overseas. Your Company considers the acquisition of SGL as a strategic fit, which will yield immense benefits in the years to come.

SGL recorded a turnover of `161 Cr. in 2012-13 against `187 Cr. in the previous year. Profit before tax was `22 Cr. (previous year `42 Cr.)

Financière C10 SAS (FC10)

FC10, in which the Company earlier held 77.13% of the share capital, became a wholly-owned subsidiary effective 17th December, 2012, consequent to the Company acquiring the balance 22.87% of the share capital from the remaining shareholders, at an investment of `16.55 Cr.

FC10, the holding company of Sedis SAS, France, Societe De Commercialisation De Composants Industriels, France and Sedis Company Ltd., UK recorded a consolidated turnover of ¤33.3 M in 2012 (previous year ¤33.3 M). Its profit before tax was ¤0.31 M (¤1.05 M).

TICI Motors (Wuxi) Co Ltd (TICI Motors)

Considering the accumulated losses and the prevailing business conditions, your Company has decided to voluntarily liquidate TICI Motors, the wholly-owned Chinese subsidiary, established for manufacturing electric scooter CKD kits for sale in the Indian market. A sum of `3.81 Cr. has been provided in the books of account for the year towards diminution in value of the investment.

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

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

Mr. S B Mathur was appointed as an Additional Director with effect from 2nd May, 2013 and a resolution under Section 257 of the Companies Act, 1956 for his appointment is being placed before the shareholders at the ensuing Annual General Meeting for approval.

Mr. L Ramkumar was re-appointed by the Board of Directors, at the meeting held on 31st January, 2013, as Managing Director of the Company, for a fresh term, from 1st February, 2013 to 8th April, 2016 (both days inclusive). Necessary resolution for the re-appointment of Mr. L Ramkumar, payment of remuneration and other terms thereof form part of the Notice of the ensuing Annual General Meeting for shareholders' 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 of your Company is to support and drive business deliverables by leveraging the people resources in the organisation. To this end, HR programs of the Company focus on both strategic and operational priorities of the business.

A comprehensive study of shop floor operations was taken up at some of the units to facilitate productivity improvements through a desirable manpower mix, elimination of non-value added activities, layout changes etc. Also, a pilot study on organisation design & structure was conducted at one of the businesses to identify and recommend optimal manning and levels required for various functions. With the objective of building the capabilities of sales workforce across all its businesses, a new program was initiated in association with an international firm. This initiative is expected to help in improving the sales force productivity and also in retaining customers. Special efforts are being taken to improve the technical capabilities of shop floor operators through customised training programs by reputed institutions and technical experts. Focus is also being laid on a Career Development Program wherein competency gaps of individual employees are being identified and based on these gaps, Individual Development Plans (IDPs) are being drawn up and development inputs provided based on the IDPs.

Long-term settlements were concluded with the labour unions at four manufacturing units during 2012-13. Your Company also took various initiatives to strengthen the safety, statutory compliance and security related areas.

The Company had 3,443 permanent employees on its rolls, as on 31st March, 2013.

Employees' Stock Option Scheme

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

The introduction of a new ESOP Scheme (ESOP 2012), which was approved by the Members at the last Annual General Meeting held on 6th August, 2012, stands withdrawn, without implementation, as the market regulator pronounced its view that such schemes providing for acquisition of securities from secondary market are outside the purview of the relevant regulations.

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 `1.26 Cr. was contributed to various organisations engaged in the aforesaid fields and to others.

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 has been appointed as the Cost Auditor for auditing the cost accounting records maintained by the Company of E-Scooters, Pedelec (battery powered bicycles), Steel Products and Metal Formed Products for the financial year ending 31st March, 2013. The Cost Audit Reports relating to the above products will be filed within the stipulated period of 180 days from the close of the financial year.

In respect of the previous year, 2011-12, the Cost Audit and Compilance Reports relating to Cycles, Steel Products and Metal Formed Products, audited by Mr. V. Kalyanaraman, Cost Auditor, were filed electronically in XBRL mode, on 7th January, 2013 viz., well within the limit of 28th February, 2013 stipulated by the Cost Audit Branch, Ministry of Corporate Affairs, Government of India.

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

M M Murugappan
Chairman

Chennai
2nd May, 2013

ANNEXURE TO THE DIRECTORS' REPORT

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, 2013 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

M M Murugappan
Chairman

Chennai
2nd May, 2013

ANNEXURE TO THE **DIRECTORS' REPORT**

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

			2012-13	2011-12
1	Electricity			
	(a)	Purchased		
		Units (kWh)	4,61,20,794	3,89,98,679
		Total amount (` Cr.)	38.25	29.64
		Rate/unit (`)	8.29	7.60
	(b)	Own Generation through Diesel Generator		
		Unit (kWh)	30,27,342	32,41,207
		Units per Litre of Diesel Oil (kWh)	2.93	2.91
		Cost per unit (`)	15.69	14.50
	(c)	Own Generation through Furnace Oil Generator		
		Units (kWh)	1,91,37,784	1,89,18,094
		Units per litre of Furnace Oil (kWh)	3.89	3.91
		Cost per unit (`)	9.91	9.04
	(d)	Own generation through Windmills (units)	3,35,565	3,61,022
2	Furnace Oil			
	Quantity (kilo litres)		4,924	4,836
	Total amount (` Cr.)		18.96	17.09
	Average rate/kilo litre (`)		38,512	35,350
	Consumption per unit of production (kWh per ton)			
	A.	Strips & Tubes	237	203
	B.	Metal Form	240	273

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 energy saving measures include installation of fuel efficient and heat-retaining ovens, modification to electrical line feeders to increase load factor and improving the efficiency of the Diesel Generator set by installing re-conditioned engines.

In Metal Formed Products business, measures undertaken include installation of auto switch-off arrangement in equipment motors to save on energy when the work is not performed and modifications to equipment motors to improve efficiency. The other measures include brick lining of furnaces to improve insulation level thereby reducing skin temperature and heat radiation loss. Steps were also taken to optimise the utilisation of furnaces and vacuum grease tanks to reduce idle time.

In Engineering business, tube annealed furnaces were changed to operate with either kerosene or diesel, providing flexibility of usage of either fuel, based on cost. Some of the other significant initiatives include reduction of motor capacity in LDC hot water circulation pump, optimisation of fuel and air flow by installing orifice to save on fuel consumption and doing away with the conventional way of adjusting air-fuel ratio. The business also saved on energy by interlocking the auxiliaries with the operation whereby the motors are switched off automatically when not in use.

Research and Development (R&D)

Being a sponsor-member of the Nano Functional Materials Research Center at Indian Institute of Technology, Madras, your Company has identified opportunities for process and product improvement in areas related to tool and product wear life. Related performance testing is in progress to assess the impact. Further research work on nano technology will continue for identifying other opportunities.

Leveraging membership with the Advanced Steel Processing & Products Research Center at Colorado School of Mines, USA, a research team from your Company has developed a new family of fine grained high strength steels for structural-automotive applications. Your Company has also leveraged its newly acquired knowledge of stainless steels in securing the first product approvals for its stainless steel tubes from reputed customers.

Your Company continues to enjoy the confidence of OEM customers. Several Value Analysis and Value Engineering projects have been successfully converted into business with leading equipment manufacturers.

Expenditure on R & D

	` in Crores
Capital expenditure	3.63
Recurring	11.98
Total	**15.61**
Total R&D expenditure as a % of total turnover	0.46%

Technology Absorption, Adaptation and Innovation

A prototype laboratory has been set up at the Corporate Technology Center of your Company to incubate and develop new products and processes. This facility aims at leveraging the ability to develop new products/processes offline until they are mature enough to be commercially deployed. It also showcases new technologies to potential customers. Advanced thermal processing for high performance sheet metal components and robotic heat treatment of tubular sections are among some of the projects being pursued.

A Special Purpose Machinery team has been created at the Corporate Technology Center of your Company. In the long run, customised designs and in-house machine building capabilities are expected to lower capital investment costs besides aid in retaining competencies related to core technologies.

Foreign Exchange Earnings and Outgo

		` in Crores
i)	Foreign exchange earnings (CIF Value)	200.17
ii)	Foreign exchange outgo	464.13

On behalf of the Board

M M Murugappan
Chairman

Chennai
2nd May, 2013

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	26,89,734	
(d)	Options exercised	18,99,308	
(e)	Total number of shares arising as a result of exercise of Option	18,99,308	
(f)	Options lapsed/cancelled	15,93,416	
(g)	Variation of terms of Option	Exercise Period of the Options extended to 6 years from the date of vest (from the earlier 3 years) for all vesting for the original grant made on 24th March, 2008, for which the Exercise Period has not lapsed. For Options granted to new joinees and promotees, in respect of the 2nd, 3rd and 4th vests, the Extension Period has been extended to 6 years. Exercise Period of 1st vest will remain at 3 years. The aforementioned variation was approved by the Shareholders at the Annual General Meeting held on 6th August, 2012.	
(h)	Money realised by exercise of Options	`10,87,72,130	
(i)	Total number of Options in force	11,84,216	
(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
		D Raghuram *President – TICI*	1,27,760
		P Ramachandran *President – TIDC*	71,800
		R Natarajan *Sr. Vice President – CTC*	89,760
		N Prasad *Sr. Vice President – HR*	69,000
		K R Srinivasan *Sr. Vice President – TIMF*	53,280

	Nature of Disclosure	Particulars	
	ii. Any other employee who received a grant in any one year of Options amounting to 5% or more of Options granted during the 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
		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	`5.56	
(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 `5.17 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 `5.17 Cr. had the Company used the fair value of Options as the method of accounting instead of the intrinsic value.	

		Nature of Disclosure	Particulars
	iii.	Impact of the difference mentioned in (i) above on the EPS of the Company	The basic and diluted EPS would have been lower by `0.19
(m)	i.	Weighted Average exercise price of Options granted	`71.54
	ii.	Weighted average fair value of Options Granted	`87.92
(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	8.01%
		(b) Expected life of the Option	2.51 years
		(c) Expected volatility	35.88%
		(d) Expected dividend yields	2.10%
		(e) Price of the underlying share in market at the time of Option grant	`71.54

On behalf of the Board

M M Murugappan
Chairman

Chennai
2nd May, 2013

ANNEXURE TO THE **DIRECTORS' REPORT**

Information under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2013:

Name	Designation	Gross Remuneration (`)	Qualification & Experience (years in brackets)	Date of Commencement of Employment	Age	Last Employer	Last Designation
Paul K K	President - Tube Products of India	85,20,681	B.Sc. (Hons), MBA-Marketing (33)	07.12.2009	56	Nitco Ltd	Chief Operating Officer
Ramachandran P	President - TIDC India	87,35,841	B.Tech, PGDM (30)	23.11.1989	54	Asian Paints Ltd	Branch Manager
Raghuram D	President - TI Cycles & BSA Motors	96,70,451	B.Tech, MS & Ph.D. in Mech Engg (24)	12.02.2004	45	EMEA i2 Technologies	Director (Customer Support & Services)
Natarajan R	Sr. Vice President (Corporate Technology Centre)	65,60,194	B.Tech (32)	01.07.1981	54	-	-
Srinivasan K R	Sr. Vice President - TIMF	61,54,204	B.E (Hons.), MBA, Fulbright Fellow (29)	26.02.1993	50	Ashok Leyland Ltd	Senior Sales Executive
Shyam C Raman	Executive on Deputation	74,34,053	B.E., PGDM (IIM) (25)	01.02.2008	50	Cholamandalam DBS Finance Ltd	Vice President - HR
Kaushik S V	Sr. Vice President - IT & Internal Audit	61,90,113	B.Com, PGDBM (30)	10.03.1986	57	E.I.D - Parry (India) Ltd	Finance Manager
Employed for part of the year							
Balasubramanian K	Sr. Vice President & Chief Financial Officer	63,32,365	B.Sc., ACA (35)	02.09.1991	58	Price Waterhouse Liberia & Ghana	Senior Consultant
Rajeswara Rao A	President - Tube Products of India	53,11,494	B.Sc., M.A. (PM & IR) (40)	16.01.1985	61	Ashok Leyland Ltd	Asst. Manager (Employment)

Notes

1. Remuneration includes Salary, Allowances and Taxable Value of Perquisites and Company's contribution to Provident, Gratuity & Super Annuation Funds.
2. Nature of employment : The above employees were whole-time employees of the Company during the year ended 31st March, 2013 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

M M Murugappan
Chairman

Chennai
2nd May, 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TUBE INVESTMENTS OF INDIA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **TUBE INVESTMENTS OF INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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 31 March 2013;

(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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:

   (a) 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.

   (b) 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.

   (c) 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.

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

   (e) On the basis of the written representations received from the directors as on 31 March 2013, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 008072S)

M.K.Ananthanarayanan
Partner
(Membership No. 19521)

CHENNAI, 2 May 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) Having regard to the nature of the Company's business/ activities/results during the year, clauses vi, x, xii, xiii, xiv, xv, xviii and xx of Paragraph 4 of the Order are not applicable to the Company.

(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. Some of the fixed assets were physically verified during the year by the Management in accordance with a 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 held by the Company have been 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 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 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 in arrears as at 31 March 2013 for a period of more than six months from the date they became payable.

c. Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31 March 2013 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)
Income tax Act, 1961	Income tax	Commissioner (Appeals)	2005-06	0.31
	Interest	Commissioner (Appeals)	2005-06	0.24
Central Sales Tax Act, 1956 – Various States	Sales Tax	Assessing Officer-On Remand pursuant to appellate proceedings	1990-91, 1991-92, 2002-03, 2004-05 & 2010-11	0.69
	Interest#	Assessing Officer-On Remand pursuant to appellate proceedings	2010-11	0.00
	Sales Tax	Deputy Commissioner (Appeals)	1999-00, 2007-08	0.08
	Sales Tax	High Court	2001-02	0.29
	Sales Tax	Joint Commissioner (Appeals)	2004-05, 2006-07 to 2010-11	0.23
	Interest	Joint Commissioner (Appeals)	2006-07 to 2010-11	0.09
	Sales Tax	Revisional Board	2005-06, 2006-07	0.11
	Sales Tax	Sales Tax Appellate Tribunal	2005-06	0.06
Local Sales Tax Laws - Various States	Sales Tax	Assessing Officer-On Remand pursuant to appellate proceedings	2000-01, 2002-03 to 2006-07	0.19
	Sales Tax	Deputy Commissioner (Appeals)	2010-11	0.13
	Interest	Deputy Commissioner (Appeals)	2010-11	0.03
	Sales Tax	High Court	1999-00	0.02
	Sales Tax	Joint Commissioner (Appeals)	2002-03 to 2004-05	0.13
	Sales Tax	Revisional Board	2005-06, 2006-07	0.01
	Sales Tax	Sales Tax Appellate Tribunal	1988-89 to 1995-96 & 2004-05	0.05
	Interest	Sales Tax Appellate Tribunal	2004-05	0.04
Central Excise Act, 1944	Interest	Commissioner of Central Excise (Appeals)	2009-10 to 2011-12	0.11
	Excise Duty	Joint Secretary, Government of India	2001-02 and 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	1994-95	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 and 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 2011-12	0.34

#Amount involved is `3,830

*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 and debenture holders. The Company has not borrowed from financial institutions during the current year.

(xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year 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 of the Company, we report that funds raised on short-term basis have, prima facie, 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 500 units of Non-convertible debentures having a face value of `1 Crore each. The Company has created security in respect of the secured 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
(Firm Registration No. 008072S)

M.K.Ananthanarayanan
Partner
(Membership No. 19521)

CHENNAI, 2 May 2013

BALANCE SHEET

` in Crores

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2	37.33	37.26
(b) Reserves and Surplus	3	1144.01	1077.70
		1181.34	**1114.96**
Share Application Money Pending Allotment	4	-	0.03
Non-Current Liabilities			
(a) Long Term Borrowings	5	630.36	418.71
(b) Deferred Tax Liabilities (Net)	6	52.29	48.08
		682.65	**466.79**
Current Liabilities			
(a) Short Term Borrowings	7	303.17	296.23
(b) Trade Payables	8	485.41	550.40
(c) Other Current Liabilities	9	441.42	165.41
(d) Short Term Provisions	10	43.93	54.33
		1273.93	**1066.37**
TOTAL		**3137.92**	**2648.15**
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	631.61	606.51
(ii) Capital Work-in-Progress		159.73	38.42
(b Non-Current Investments	12	1444.01	930.15
(c) Long Term Loans and Advances	13	78.69	94.80
		2314.04	**1669.88**
Current Assets			
(a) Current Investments	14	0.02	-
(b) Inventories	15	356.77	410.00
(c) Trade Receivables	16	394.40	435.85
(d) Cash and Cash Equivalents	17	33.27	85.92
(e) Short Term Loans and Advances	18	39.42	46.50
		823.88	**978.27**
TOTAL		**3137.92**	**2648.15**
Significant Accounting Policies	1		

See accompanying Notes forming part of the Financial Statements.

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

M.K.Ananthanarayanan
Partner

On behalf of the Board

M M Murugappan
Chairman

Chennai
2 May 2013

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 31.03.2013	Year Ended 31.03.2012
Revenue From Operations			
Sale of Products - Gross	19	3642.25	3664.77
Excise Duty on Sales		(251.88)	(200.35)
Sale of Products - Net		**3390.37**	**3464.42**
Other Operating Revenue	20	17.06	25.35
		3407.43	**3489.77**
Other Income	21	40.25	30.97
Total Revenue		**3447.68**	**3520.74**
Expenses			
Cost of Materials Consumed	22	1945.24	2013.41
Purchase of Stock-in-Trade - Cycles/Components and Metal Formed Products		134.07	185.82
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23	20.88	(37.47)
Employee Benefits Expense	24	277.35	259.23
Other Expenses	25	735.19	702.01
		3112.73	**3123.00**
Earnings Before Finance Costs, Tax, Depreciation and Amortisation Expense		**334.95**	**397.74**
Depreciation and Amortisation Expense	11	79.77	76.08
Finance Costs	26	104.16	76.56
Profit Before Tax and Exceptional Item		**151.02**	**245.10**
Exceptional Item - Provision for diminution in value of investment in Subsidiary	12(c)	(3.81)	-
Profit Before Tax		**147.21**	**245.10**
Tax Expense			
Income Tax			
- Current Year		36.00	64.50
- Prior Years		3.04	4.19
Deferred Tax (Net)		4.21	(3.68)
		43.25	**65.01**
Profit for the Year		**103.96**	**180.09**
Earnings per Equity Share of `2 each	38		
Basic		5.58	9.69
Diluted		5.56	9.66
Significant Accounting Policies	1		

See accompanying Notes forming part of the Financial Statements.

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

M.K.Ananthanarayanan
Partner

On behalf of the Board

M M Murugappan
Chairman

Chennai
2 May 2013

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

CASH FLOW STATEMENT

` in Crores

Particulars		Year Ended 31.03.2013	Year Ended 31.03.2012
A.	**Cash Flow from Operating Activities:**		
	Net Profit Before Tax	**147.21**	**245.10**
	Adjustments for :		
	Depreciation and Amortisation Expense	79.77	76.08
	Finance Costs	104.16	76.56
	Loss/(Profit) on Tangible Assets Sold/Discarded (Net)	0.17	(0.12)
	Profit on Sale of Current Investments	(3.98)	-
	Provision For Doubtful Trade Receivables (Net)	(0.33)	(0.78)
	Trade Receivables Written off	-	1.75
	Provision for Contingencies	-	1.00
	Provision for Diminution in Value of Investments	3.81	-
	Liabilities no longer payable written back	(0.77)	(4.16)
	Interest Income	(10.00)	(3.92)
	Dividend Income	(25.91)	(26.50)
	Operating Profit before Working Capital/Other Changes	**294.13**	**365.01**
	Adjustments for :		
	(Decrease)/Increase in Trade Payables	(64.99)	40.07
	(Decrease)/Increase in Other Current Liabilities	(1.16)	2.03
	Increase in Short Term Provisions	0.33	1.26
	Decrease in Long Term Loans and Advances	5.27	1.30
	Decrease/(Increase) in Inventories	53.23	(21.82)
	Decrease/(Increase) in Trade Receivables	41.78	(63.45)
	Decrease/(Increase) in Short Term Loans and Advances	7.08	(1.57)
	Cash Generated From Operations	**335.67**	**322.83**
	Direct Taxes Paid (Net)	(38.38)	(68.45)
	Net Cash Flow from Operating Activities	**297.29**	**254.38**
B.	**Cash Flow from Investing Activities:**		
	Capital Expenditure (Including Capital Work In Progress and Capital Advances)	(217.16)	(165.30)
	Sale of Tangible Assets	1.48	1.51
	Investments in Subsidiaries	(517.69)	(37.65)
	Proceeds from Current Investments (Net)	-	18.05
	Profit on Sale of Current Investments	3.98	-
	Interest Received	10.00	3.92
	Dividend Received	25.91	26.50
	Net Cash Used in Investing Activities	**(693.48)**	**(152.97)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds from exercise of Employees Stock Option	2.05	3.71
	Proceeds from Long Term Borrowings	550.00	173.50
	Repayment of Long Term Borrowings	(84.49)	(100.00)
	Repayment of Sales Tax Deferral	(2.98)	(2.74)
	Increase in Short Term Borrowings	6.29	37.03
	Finance Costs Paid (Including Exchange Differences on Foreign Currency Loans)	(77.81)	(69.15)
	Dividends Paid (Including Dividend Distrubtion Tax - Net)	(50.08)	(72.15)
	Receipt of Industrial Promotion Subsidy	0.47	0.40
	Net Cash from/(Used in) Financing Activities	**343.45**	**(29.40)**
	Net (Decrease)/Increase in Cash and Cash Equivalents [A+B+C]	**(52.74)**	**72.01**
	Cash and Cash Equivalents at the Beginning of the Year	**83.10**	**11.09**
	Cash and Cash Equivalents as at End of the Year	**30.36**	**83.10**
	Notes:		
	1. Reconciliation with Note 17		
	Cash and Cash Equivalents as at End of the Year as per Cash Flow Statement	30.36	83.10
	Balance in Restricted Bank Account	0.91	0.91
	Unpaid Dividend Accounts	2.00	1.91
	Cash and Cash Equivalents as at End of the Year as per Note 17	**33.27**	**85.92**

2. Capital Expenditure includes and Finance Costs Paid excludes `4.28 Cr. (Previous Year `1.79 Cr.) of Finance Costs Capitalised.

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

M.K.Ananthanarayanan
Partner

On behalf of the Board

M M Murugappan
Chairman

Chennai
2 May 2013

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

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.

Based on the nature of products/activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and 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 and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

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.

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.

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

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

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

1.7 Inventories

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

b) Work-in-progress and finished goods are valued at lower of weighted average cost and estimated net realisable value (net of allowances). 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.

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, Quantity Discounts and Sale Returns.

b) Service revenues are recognised when services are rendered.

c) Dividend income is accounted for when the right to receive it is established.

d) Interest income is recognised on time proportion basis.

1.9 Government grants, subsidies and export benefits

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 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 in respect of Employees who are not covered by Company's Employees Provident Fund Trust are made to the Regional Provident Fund. These Contributions are recognised as expense in the year in which they are incurred.

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

II. Defined Benefit Plan

a. 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 less the Fair Value of Plan Assets out of which the obligations are expected to be settled. Actuarial gains/losses are immediately recognised in the Statement of Profit and Loss.

b. Provident Fund

In respect of the employees not covered in Point I.b above, contributions to the Company's Employees Provident Fund Trust are made 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, determined based on an actuarial valuation, as an expense.

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 less the Fair Value of Plan Assets out of which the obligations are expected to be settled, 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 Statement of Profit and Loss as per the lease terms.

1.12 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 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.

1.13 Derivative Instruments and Hedge Accounting

The Company uses forward contracts and currency swaps (Derivative Contracts) to hedge its risks associated with foreign currency

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

fluctuations relating to highly probable forecast transactions. The Company designates these as cash flow hedges.

The use of Derivative 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.

Derivative Contracts are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these Derivative Contracts 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 Contracts 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 Vehicles	4 Years
Office Equipment (including Data Processing Equipment)	3 Years
Leasehold Land/Improvements	Over the primary lease period

Individual Fixed Assets whose actual cost does not exceed `5000 are 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 as per rates prescribed in Schedule XIV to the Companies Act, 1956. 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 Note 1.14 above.

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 is measured using the tax rates and tax laws enacted or substantively enacted as at the reporting date.

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 and Contingencies

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

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

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.

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.

1.19 Borrowing Costs

Borrowing Costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the borrowing costs. Borrowing Costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date the asset is ready for its intended use is added to the cost of the assets. Capitalisation of Borrowing Costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

1.20 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the period.

The weighted average number of Equity Shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential Equity Shares, that have changed the number of Equity Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity share holders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential Equity Shares.

1.21 Employees Stock Option

Stock Options granted to the employees under the Stock Option Scheme are evaluated as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India. The Company follows the intrinsic value method of accounting for the Options and accordingly, the excess of market value of the Stock Options as on date of grant, if any, over the exercise price of the Options is recognised as deferred employee compensation and is charged to the Statement of Profit and Loss on graded vesting basis over the vesting period of the Options.

NOTES TO FINANCIAL STATEMENTS

2. Share Capital

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Authorised Capital		
21,50,00,000 Equity Shares of `2 each	43.00	43.00
Issued, Subscribed and Paid-up Capital		
18,66,79,308 Equity Shares of `2 each fully paid up (Previous Year 18,63,15,317 Equity Shares of `2 each fully paid up)	37.33	37.26
	37.33	**37.26**

a) The Reconciliation of Share Capital is given below:

Particulars	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	` in Crores	No. of Shares	` in Crores
At the beginning of the year	18,63,15,317	37.26	18,56,66,931	37.13
Shares allotted on exercise of Employee Stock Options (Refer Note e below)	3,63,991	0.07	6,48,386	0.13
At the end of the year	**18,66,79,308**	**37.33**	**18,63,15,317**	**37.26**

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. Dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. Repayment of capital will be in proportion to the number of Equity Shares held.

c) Details of Shareholder(s) holding more than 5% of Equity Shares in the Company as on 31 March 2013

Name of the Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	% against total number of shares	No. of Shares	% against total number of shares
Murugappa Holdings Limited (Associate - Investing Company)	6,40,54,680	34.31%	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 2013 is 52,23,460 (Previous Year 64,23,460) each representing one Equity Share of `2 face value. GDR % against total number of shares is 2.80% (Previous Year 3.45%). The GDRs carry the same terms/rights attached to Equity Shares of the Company.

NOTES TO FINANCIAL STATEMENTS

e) Stock Options

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

Particulars	Date of Grant	Exercise Price (`)	Options Granted	Options Vested	Options Cancelled/ lapsed	Options Exercised & allotted	Options Exercised, 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-Oct-07	62.85	6,00,120	3,80,874	2,36,496	3,63,624	-	-	31.10.08 – 100%
Grant 2	31-Jan-08	66.10	1,05,460	81,324	24,136	81,324	-	-	31.01.09 – 100%
Grant 3	24-Mar-08	56.80	26,55,260	16,13,270	10,41,990	12,06,252	-	4,07,018	31.10.09 – 25% 31.10.10 – 37.5% 31.10.11 – 37.5%
Grant 4	31-Jul-08	44.45	3,86,900	2,94,305	92,595	1,74,433	-	1,19,872	31.07.09 – 20% 31.07.10 – 20% 31.07.11 – 30% 31.07.12 – 30%
Grant 5	31-Oct-08	24.25	54,000	30,240	23,760	30,240	-	-	31.10.09 – 20% 31.10.10 – 20% 31.10.11 – 30% 31.10.12 – 30%
Grant 6	30-Jan-09	31.05	28,100	23,323	4,777	23,323	-	-	30.01.10 – 20% 30.01.11 – 20% 30.01.12 – 30% 30.01.13 – 30%
Grant 7	29-Jan-11	140.05	4,25,400	1,22,242	85,898	2,600	-	3,36,902	29.01.12 – 20% 29.01.13 – 20% 29.01.14 – 30% 29.01.15 – 30%
Grant 8	29-Jan-11	140.05	1,92,400	1,07,200	39,420	17,512	-	1,35,468	29.01.12 – 40% 29.01.13 – 30% 29.01.14 – 30%
Grant 9	29-Jan-11	140.05	13,900	11,120	2,780	-	-	11,120	29.01.12 – 50% 29.01.13 – 50%
Grant 10	2-May-11	140.45	55,000	3,936	31,384	-	-	23,616	02.05.12 – 20% 02.05.13 – 20% 02.05.14 – 30% 02.05.15 – 30%
Grant 11	1-Aug-11	159.75	33,600	-	6,720	-	-	26,880	01.08.12 – 20% 01.08.13 – 20% 01.08.14 – 30% 01.08.15 – 30%
Grant 12	2-Nov-11	143.10	1,26,800	21,900	3,460	-	-	1,23,340	02.11.12 – 20% 02.11.13 – 20% 02.11.14 – 30% 02.11.15 – 30%
			46,76,940	**26,89,734**	**15,93,416**	**18,99,308**	**-**	**11,84,216**	

During the past 5 years, the Company has allotted 18,99,308 (Previous Year 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 2013 is 11,84,216 (Previous Year 16,80,893) and each Option is exercisable into one Equity Share of `2 face value within three/six 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 in the previous year & alloted during the year	Options Exercised & pending allotment	
Grant 1	31-Oct-07	-	-	-	-	-	-	-
Grant 2	31-Jan-08	-	-	-	-	-	-	-
Grant 3	24-Mar-08	6,45,453	-	-	2,38,435	5,296	-	4,07,018
Grant 4	31-Jul-08	2,15,220	-	16,011	79,337	-	-	1,19,872
Grant 5	31-Oct-08	8,100	-	1,620	6,480	-	-	-
Grant 6	30-Jan-09	15,174	-	843	14,331	-	-	-
Grant 7	29-Jan-11	3,87,796	-	48,294	2,600	-	-	3,36,902
Grant 8	29-Jan-11	1,81,240	-	28,260	17,512	-	-	1,35,468
Grant 9	29-Jan-11	12,510	-	1,390	-	-	-	11,120
Grant 10	2-May-11	55,000	-	31,384	-	-	-	23,616
Grant 11	1-Aug-11	33,600	-	6,720	-	-	-	26,880
Grant 12	2-Nov-11	1,26,800	-	3,460	-	-	-	1,23,340
Total		**16,80,893**	**-**	**1,37,982**	**3,58,695**	**5,296**	**-**	**11,84,216**

NOTES TO FINANCIAL STATEMENTS

3. Reserves and Surplus

` in Crores

Particulars	As at 31.03.2013		As at 31.03.2012	
Capital Reserve				
Balance at the beginning of the year	0.77		0.37	
Industrial Promotion Subsidy from Govt. of Maharashtra	0.47		0.40	
Balance at the end of the year		**1.24**		**0.77**
Capital Redemption Reserve (Refer Note a below)		**6.15**		**6.15**
Securities Premium Account				
Balance at the beginning of the year	190.13		186.58	
Additions during the year	2.01		3.55	
Balance at the end of the year		**192.14**		**190.13**
Debenture Redemption Reserve				
Balance at the beginning of the year	68.33		36.67	
Additions during the year	84.27		31.66	
Deletions during the year (Refer Note b below)	(17.50)		-	
Balance at the end of the year		**135.10**		**68.33**
Hedge Reserve Account (Refer Note 40)				
Balance at the beginning of the year	0.46		(0.36)	
Additions/(Deductions) during the year (Net)	(0.78)		0.82	
Balance at the end of the year		**(0.32)**		**0.46**
General Reserve				
Balance at the beginning of the year	532.16		332.16	
Additions during the year	117.50		200.00	
Balance at the end of the year		**649.66**		**532.16**
Surplus in the Statement of Profit and Loss				
Surplus at the beginning of the year	279.70		392.70	
Profit for the period	103.96		180.09	
Final dividend including dividend distribution tax (Refer Note c below)	(0.00)		(0.02)	
Transfer to General Reserve	(100.00)		(200.00)	
Transfer to Debenture Redemption Reserve	(84.27)		(31.66)	
Interim Dividend @ `1.50 (Previous Year `2) per Equity Share of `2 each	(27.99)		(37.24)	
Final Dividend Proposed @ `0.50 (Previous Year `1) per Equity Share of `2 each	(9.33)		(18.63)	
Dividend Distribution Tax - Current year	(3.20)		(7.30)	
Earlier year's provision for dividend tax no longer required (Refer Note d below)	1.17		1.76	
Surplus at the end of the year		**160.04**		**279.70**
		1144.01		**1077.70**

Notes:

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

b) Represents the amount transferred to General Reserve on redemption of Non-Convertible Debentures.

NOTES TO FINANCIAL STATEMENTS

c) Final Dividend including Dividend Distribution Tax

Subsequent to the Balance Sheet date of 31 March 2012 and before the book closure date for declaration of the final dividend for the year 2011-12, 48,640 (Previous Year 1,29,721) Equity Shares were allotted under the Employees Stock Option Scheme to employees and dividend of `0.0049 Cr. (Previous Year `0.0195 Cr.) on these shares were paid. The total amount of `0.0057 Cr. (Previous Year `0.0227 Cr.) including dividend distribution tax, have been appropriated from the opening surplus in the Statement of Profit and Loss.

d) Represents amount written back on account of set-off of Dividend Distribution Tax paid by a 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 Employees Stock Option Scheme, the Company had received `0.03 Cr. towards share application money for 5,296 Equity Shares of `2 each with a premium of `54.80 per share during the year ended 31 March 2012. The shares were allotted as per the Scheme during the year ended 31 March 2013 and until the date of allotment of shares, the said amount was held in a designated bank account and was not available for use by the Company.

5. Long Term Borrowings

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Secured Borrowings		
Secured, Listed and Rated Non-Convertible Debentures (NCD)		
10.15% Privately Placed NCD	50.00	-
9.99% Privately Placed NCD	50.00	-
9.81% Privately Placed NCD	150.00	-
9.95% Privately Placed NCD	100.00	-
8.50% Privately Placed NCD	30.00	-
9.90% Privately Placed NCD	100.00	100.00
11.70% Privately Placed NCD	-	50.00
8.75% Privately Placed NCD	-	150.00
Rupee Term Loan	50.00	-
Foreign Currency Term Loans		
External Commercial Borrowing	73.50	73.50
External Commercial Borrowing	14.48	28.97
Unsecured Borrowings		
Deferred Payment Liability - Sales Tax Deferral	12.38	16.24
	630.36	**418.71**

5.1. Nature of Security

5.1.1. Secured, Listed and Rated Non-Convertible Debentures (NCD)

(a) NCDs with Coupon of 10.15%, 9.99%, 9.81%, 9.95%, 9.90% and 8.75% are secured by a *pari passu* first charge on certain immovable properties of the Company.

(b) NCDs with Coupon of 8.50% and 11.70% are secured by a *pari passu* first charge on all the Plant & Machinery and certain immovable properties of the Company.

5.1.2. Rupee Term Loan

Term Loan from IDBI Bank is secured by a *pari passu* first charge on all the Plant & Machinery of the Company.

5.1.3. Foreign Currency Term Loans

(a) External Commercial Borrowing of USD 15 Mio. equivalent to `73.50 Cr. is secured by a *pari passu* first charge on all the Plant & Machinery of the Company.

(b) External Commercial Borrowing of USD 9.32 Mio. equivalent to `43.46 Cr. (Outstanding as at 31 March 2013 – USD 6.21 Mio. equivalent to `28.97 Cr. including Current Maturities of `14.49 Cr.) is secured by a *pari passu* first charge on all the Plant & Machinery and certain immovable properties of the Company.

5.2. Repayment Schedule

5.2.1. Secured, Listed and Rated Non-Convertible Debentures (NCD)

Coupon Rate	Outstanding Amount (` in Crores)	Maturity Date and Redemption Particulars	Options Available	Date of Redemption if Option is exercised
10.15%	50	9 August 2018 - `50 Cr.	Call	9 August 2015
9.99%	50	26 April 2017 - `50 Cr.	-	-
9.81%	150	9 August 2016 - `75 Cr. 9 August 2017 - `75 Cr.	-	-
9.95%	100	9 August 2016 - `30 Cr. 9 August 2017 - `30 Cr. 9 August 2018 - `40 Cr.	Put & Call	9 August 2015
8.50%	30	27 November 2014 - `30 Cr.	-	-
9.90%	100	11 August 2016 - `100 Cr.	Put & Call	11 August 2014
11.70%#	50	25 February 2014 - `50 Cr.	-	-
8.75%#	150	7 May 2015 - `150 Cr.	Put & Call	7 May 2013

#Classified as "Other Current Liabilities" (Refer Note 9)

5.2.2. Rupee Term Loan

Interest at the rate of IDBI Bank's Base Rate plus 0.50% p.a. is payable monthly. The said loan is repayable in twelve equal monthly instalments commencing 1 April 2014 with prepayment option at the end of each quarter without any penalty starting from 30 June 2013.

5.2.3. Foreign Currency Term Loans

Original Principal Amount	Outstanding Amount	Rate of Interest	Repayment Date
USD 15 Mio. (`73.50 Cr.)	USD 15 Mio. (`73.50 Cr.)	3 Months USD LIBOR + 2.00% p.a payable quarterly	2 March 2015 - USD 15 Mio.
USD 9.32 Mio. (`43.46 Cr.)	USD 6.21 Mio. (`28.97 Cr.)	3 Months USD LIBOR + 2.40% p.a payable Quarterly	10 February 2014 - USD 3.11# 10 February 2015 - USD 3.10

#Classified as "Other Current Liabilities" (Refer Note 9)

NOTES TO FINANCIAL STATEMENTS

5.2.4. Sales Tax Deferral

The Company has availed benefit for establishing capacities in various states in the form of Sales Tax Deferral. The details of repayments are as under:

Repayment Year	Repayment Amount (` in Crores)
2013-14#	3.86
2014-15	4.19
2015-16	2.23
2016-17	1.85
2017-18	1.52
2018-19	1.24
2019-20	0.89
2020-21	0.46

#Classified as "Other Current Liabilities" (Refer Note 9)

6. Deferred Tax Liabilities (Net)

The net deferred tax liability of `52.29 Cr. as at 31 March 2013 (Previous Year `48.08 Cr.) comprises the following:

` in Crores

Nature - Liability/(Asset)	As at 01.04.2012	Charged/(Credited) to Statement of Profit and Loss	As at 31.03.2013
Deferred Tax Liabilities			
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961	59.43	4.66	64.09
Total (A)	**59.43**	**4.66**	**64.09**
Deferred Tax Assets			
Deferred Revenue Expenses	(1.74)	0.61	(1.13)
Provision for Doubtful Trade Receivables	(2.89)	(0.02)	(2.91)
Provision for Employee Benefits and Others	(6.72)	(1.04)	(7.76)
Total (B)	**(11.35)**	**(0.45)**	**(11.80)**
Net Deferred Tax Liability (A+B)	**48.08**	**4.21**	**52.29**

7. Short Term Borrowings

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Secured Borrowings (secured by *pari passu* first charge on inventories and trade receivables)		
From Banks		
Foreign Currency Loans	38.00	117.32
Working Capital Demand Loans	120.00	-
Cash Credit and other borrowings	38.14	42.85
	196.14	**160.17**

NOTES TO FINANCIAL STATEMENTS

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Unsecured Borrowings		
From Banks		
Foreign Currency Loans	56.61	4.79
Working Capital Demand Loans	50.00	100.00
Cash Credit and other borrowings	0.42	31.27
	107.03	**136.06**
	303.17	**296.23**

8. Trade Payables

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Trade Payables		
- Dues to Micro, Small & Medium Enterprises (See Note below)	1.48	0.90
- Goods and Services*	421.77	490.44
Acceptances	62.16	59.06
	485.41	**550.40**
*Includes Dues to Subsidiaries		
- Sedis SAS	-	0.03
- Cholamandalam Investment and Finance Co Ltd	-	0.03
- Shanthi Gears Ltd	0.01	-

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 are furnished below:

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Principal amount due to suppliers under MSMED Act	1.39	0.88
Interest accrued and due to suppliers under MSMED Act, on the above amount	0.05	0.00
Payment made to suppliers (other than interest) beyond the appointed day, during the year	9.05	5.70
Interest paid to suppliers under MSMED Act (Section 16)	0.01	0.02
Interest due and payable to suppliers under MSMED Act, for payments already made	0.04	0.02
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.09	0.02

NOTES TO FINANCIAL STATEMENTS

9. Other Current Liabilities

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Current Maturities of Long Term Borrowings		
Secured, Listed and Rated Non-Convertible Debentures (NCD)		
11.70% Privately Placed NCD	50.00	-
9.75% Privately Placed NCD	150.00	-
8.75% Privately Placed NCD	150.00	-
8.60% Privately Placed NCD	-	50.00
8.50% Privately Placed NCD	-	50.00
External Commercial Borrowing	14.49	14.49
Deferred Payment Liability - Sales Tax Deferral	3.86	2.98
Interest Accrued but Not Due	45.98	21.06
Unpaid Dividends	2.00	1.91
Advances and Deposits from Customers/Others	5.42	5.17
Dues to Directors	1.89	1.72
Other Liabilities		
- Recoveries from employees	2.67	2.00
- Statutory liabilities	9.29	10.77
- Capital Creditors	5.34	4.85
- Others	0.48	0.46
	441.42	**165.41**
Amounts to be Credited to Investor Education and Protection Fund towards: Unpaid Dividends	-	-

Note:

The 9.75% Debentures are secured by a *pari passu* first charge on certain immovable properties of the Company. The Debentures are redeemable at par, at the end of thirteen months from the date of allotment, i.e., on 25 September 2013.

10. Short Term Provisions

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Provision for Compensated Absences	14.96	15.17
Provision for Warranties (Note a)	1.96	1.63
Provision for Contingencies (Note b)	2.50	2.50
Provision for Wealth Tax	0.07	0.07
Provision for Others	13.52	13.31
Proposed Dividend	9.33	18.63
Distribution Tax on Proposed Dividend	1.59	3.02
	43.93	**54.33**

NOTES TO FINANCIAL STATEMENTS

Note:

(a) Provision for Warranties

` in Crores

Particulars	2012-13	2011-12
At the beginning of the year	1.63	1.63
Created during the year	2.56	3.13
Utilised during the year	(2.23)	(3.13)
At the end of the year	**1.96**	**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	2012-13	2011-12
At the beginning of the year	2.50	1.50
Created during the year	-	1.00
Utilised during the year	-	-
At the end of the year	**2.50**	**2.50**

NOTES TO FINANCIAL STATEMENTS

11. Tangible Assets

` in Crores

Particulars	Gross Block at Cost				Depreciation/Amortisation				Net Block	
	As at 31.03.2012	Additions	Deletions	As at 31.03.2013	As at 31.03.2012	Additions (Note 1)	Deletions	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Land (Freehold)	**54.51**	**4.00**	**-**	**58.51**	**-**	**-**	**-**	**-**	**58.51**	**54.51**
	(29.61)	(24.90)	-	(54.51)	-	-	-	-	(54.51)	(29.61)
Land (Leasehold)	**1.14**	**-**	**-**	**1.14**	**0.11**	**0.03**	**-**	**0.14**	**1.00**	**1.03**
	(1.14)	-	-	(1.14)	(0.10)	(0.01)	-	(0.11)	(1.03)	(1.04)
Buildings (Note 2)	**174.33**	**16.13**	**0.12**	**190.34**	**48.38**	**5.85**	**0.05**	**54.18**	**136.16**	**125.95**
	(161.17)	(13.28)	(0.12)	(174.33)	(43.21)	(5.22)	(0.05)	(48.38)	(125.95)	(117.96)
Plant & Machinery	**941.70**	**79.98**	**15.55**	**1006.13**	**530.15**	**68.05**	**14.79**	**583.41**	**422.72**	**411.55**
	(873.39)	(76.26)	(7.95)	(941.70)	(470.69)	(66.46)	(7.00)	(530.15)	(411.55)	(402.70)
Railway Siding	**0.21**	**-**	**-**	**0.21**	**0.20**	**-**	**-**	**0.20**	**0.01**	**0.01**
	(0.21)	-	-	(0.21)	(0.19)	(0.01)	-	(0.20)	(0.01)	(0.02)
Office Equipment	**27.21**	**2.70**	**6.92**	**22.99**	**19.97**	**3.44**	**6.58**	**16.83**	**6.16**	**7.24**
	(22.90)	(5.36)	(1.05)	(27.21)	(18.45)	(2.57)	(1.05)	(19.97)	(7.24)	(4.45)
Furniture & Fixtures	**12.11**	**1.86**	**0.80**	**13.17**	**9.28**	**1.02**	**0.80**	**9.50**	**3.67**	**2.83**
	(10.19)	(1.92)	-	(12.11)	(8.48)	(0.80)	-	(9.28)	(2.83)	(1.71)
Vehicles	**7.11**	**1.85**	**1.70**	**7.26**	**3.72**	**1.38**	**1.22**	**3.88**	**3.38**	**3.39**
	(7.14)	(1.42)	(1.45)	(7.11)	(3.79)	(1.01)	(1.08)	(3.72)	(3.39)	(3.35)
TOTAL	**1218.32**	**106.52**	**25.09**	**1299.75**	**611.81**	**79.77**	**23.44**	**668.14**	**631.61**	**606.51**
Previous Year	(1105.75)	(123.14)	(10.57)	(1218.32)	(544.91)	(76.08)	(9.18)	(611.81)	(606.51)	(560.84)

Notes:

1. Depreciation/Amortisation for the year includes depreciation amounting to `2.25 Cr. (Previous Year `2.39 Cr.) charged additionally on certain assets.
2. Net Block of Buildings includes Improvement to Buildings `10.61 Cr. (Previous Year `11.06 Cr.) constructed on Leasehold Land.
3. Previous Year Figures are given in brackets.

12. Non-Current Investments

(Valued at cost unless stated otherwise)

` in Crores

Particulars	Nominal Value (`)/Unit	Number		Amount	
		As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Investment in Subsidiary Companies:					
Trade Investments:					
Equity Shares (Fully Paid) - Quoted					
Shanthi Gears Ltd. (Note a)	1	5,72,96,413	-	464.10	-
Equity Shares (Fully Paid) - Unquoted					
Financiere C10 SAS (Note b)	¤15	2,23,920	1,72,712	60.14	43.59
TICI Motors (Wuxi) Company Ltd. (Note c)				3.81	3.81
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. (Note d)	10	21,60,70,204	20,98,96,769	271.64	234.60
TI Financial Holdings Ltd.	10	1,10,000	1,10,000	0.11	0.11
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. (Cost - `23,574 only)	1	6,000	6,000	-	-
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

NOTES TO FINANCIAL STATEMENTS

` in Crores

Particulars	Nominal Value (`)/Unit	Number		Amount	
		As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
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 Sarabjit Co-operative Housing Society Ltd. (Cost - `250 only)	50	5	5	-	-
Chennai Willingdon Corporate Foundation (Cost - `100 only)	10	10	10	-	-
Others - Unquoted					-
Government of India Securities				0.03	0.05
Less: Provision for Diminution in Value of Investments (Note c)				(3.81)	-
				1444.01	**930.15**

	As at 31.03.2013	As at 31.03.2012
Quoted		
Cost	1110.25	646.15
Market value	2296.63	1360.89
Unquoted		
Cost	333.76	284.00

Notes:

a. During the year, the Company acquired 70.12% stake in Shanthi Gears Limited (SGL) at the cost of `464.10 Cr. (5,72,96,413 Equity Shares at `81 per share) out of which 44.12% was acquired from erstwhile promoters on 3 September 2012 and 26% was acquired pursuant to the mandatory Open Offer under the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 from the public shareholders on 19 November 2012. Accordingly, SGL has become a Subsidiary of the Company.

b. During the year, the Company acquired 22.87% stake in Financiere C10 SAS (FC10), an Overseas Subsidiary in France, at an investment of `16.55 Cr. As a result, FC10 has become a Wholly Owned Subsidiary of the Company with effect from 17 December 2012.

c. Considering the business conditions, the Company has decided to voluntarily liquidate TICI Motors (Wuxi) Company Limited, a Wholly Owned Overseas Subsidiary in China. Consequently a sum of `3.81 Cr. has been provided towards the diminution in value of investments.

d. During the year, the Company subscribed to 61,73,435 Equity Shares of `10 each of Cholamandalam MS General Insurance Company Limited, a Subsidiary, offered on Rights basis at `60 per share amounting to `37.04 Cr.

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NOTES TO FINANCIAL STATEMENTS

13. Long Term Loans and Advances

(Considered Good, Unsecured unless stated otherwise)

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Capital Advances		
- Secured	21.35	19.57
- Unsecured	5.02	16.98
Loans and advances		
- Electricity and other deposits	6.00	7.55
- Others	1.61	3.41
Balance with Customs, Excise and Sales Tax Authorities	6.60	8.52
Advance Income Tax (Net of Provision)	38.11	38.77
	78.69	**94.80**

14. Current Investments

` in Crores

Particulars	Nominal Value (`)/Unit	Number of units		Amount	
		As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Others (At cost) - Unquoted					
Government Securities		-	-	0.02	-
		-	**-**	**0.02**	**-**

Note:

During the year, the Company has invested an aggregate amount of `985.54 Cr.(Previous Year `507.91 Cr.) in units of various Cash Management Schemes of Mutual Funds, for the purpose of deployment of temporary cash surpluses. The total consideration on sale of these units during the year was `989.52 Cr. (Previous Year `525.87 Cr.).

15. Inventories

(Lower of Cost and estimated Net Realisable Value (Net of Allowances)) ` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Raw Materials	145.46	177.79
Work-in-Progress	81.93	86.47
Finished Goods	97.22	93.82
Stock-in-Trade	21.20	25.78
Stores and Spare Parts	5.70	6.99
Goods-in-Transit		
- Raw Materials	4.02	2.75
- Stock-in-Trade	1.24	16.40
	356.77	**410.00**

NOTES TO FINANCIAL STATEMENTS

Details of Inventories

` in Crores

Particulars	Cycles/Components/ E-Scooters		Steel Strips and Tubes		Metal Formed Products		Total	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Raw Materials	53.78	62.28	65.12	77.15	26.56	38.36	145.46	177.79
Work-in-Progress	24.16	8.56	31.65	38.93	26.12	38.98	81.93	86.47
Finished Goods	19.04	24.25	57.24	48.39	20.94	21.18	97.22	93.82
Stock-in-Trade	19.78	24.19	-	-	1.42	1.59	21.20	25.78
Stores and Spare Parts	-	-	3.87	3.83	1.83	3.16	5.70	6.99
Goods-in-Transit								
- Raw Materials	2.89	-	0.77	2.61	0.36	0.14	4.02	2.75
- Stock-in-Trade	1.24	16.39	-	-	-	0.01	1.24	16.40
Total Inventory	**120.89**	**135.67**	**158.65**	**170.91**	**77.23**	**103.42**	**356.77**	**410.00**

16. Trade Receivables

(Unsecured)

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	2.53	4.96
Doubtful	8.28	8.52
	10.81	**13.48**
Others		
Considered good*	391.87	430.89
Doubtful	0.27	0.36
	392.14	**431.25**
Gross Trade Receivables	**402.95**	**444.73**
Provision for Doubtful Receivables	(8.55)	(8.88)
	394.40	**435.85**
*Includes Dues from Subsidiaries		
- Financiere C10 SAS	4.62	3.38
- Societe De Commercialisation De Composants Industriels - SARL	0.85	1.16
- Sedis SAS	4.09	5.05
- Shanthi Gears Limited	0.84	-

NOTES TO FINANCIAL STATEMENTS

17. Cash and Cash Equivalents

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Balance with Banks		
- Current Accounts*	31.16	21.57
- Unpaid Dividend Accounts	2.00	1.91
- Fixed Deposit Accounts	-	59.17
	33.16	**82.65**
Cheques on Hand	-	3.18
Cash on Hand	0.11	0.09
	33.27	**85.92**
*includes balance in restricted bank account	0.91	0.91
Note: Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statements is	30.36	83.10

18. Short Term Loans and Advances

(Unsecured and considered good unless otherwise stated)

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Advances Recoverable		
- Goods and Services	17.17	28.09
- Employee related	1.14	1.23
- Prepaid expenses	3.95	3.54
- Gratuity Fund (Net of Provision) (Refer Note 34)	0.78	0.71
- Others	1.93	1.88
	24.97	**35.45**
Deposit with Subsidiary - Cholamandalam MS General Insurance Co. Ltd.	0.07	0.06
Other deposits	5.97	5.39
Balances with Customs, Excise and Sales Tax Authorities	8.40	5.59
Fringe Benefits Tax (Net of Provision)	0.01	0.01
	39.42	**46.50**

NOTES TO FINANCIAL STATEMENTS

19. Sale of Products

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Cycles/Components	1270.29	1276.63
E-Scooters	3.37	18.39
Steel Strips and Tubes	1495.66	1446.83
Metal Formed Products	872.93	922.92
Sale of Products - Gross#	**3642.25**	**3664.77**
Excise Duty on Sales	(251.88)	(200.35)
Sale of Products - Net	**3390.37**	**3464.42**
#Includes Sale of Stock-in-Trade		
- Cycles/Components	158.08	210.76
- Metal Formed Products	9.94	11.96

20. Other Operating Revenue

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Conversion Income	1.29	2.80
Cash Discount	0.90	0.98
Export Benefits	5.85	5.98
Service Income from Subsidiaries	5.36	3.38
Subsidy Income	-	2.24
Liabilities no longer payable written back	0.77	4.16
Others	2.89	5.81
	17.06	**25.35**

21. Other Income

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Dividend income from		
Subsidiary	25.28	21.67
Joint Venture	0.25	0.20
Non-Trade Investments	0.38	0.70
Current Investments	-	3.93
	25.91	**26.50**
Interest Income		
Fixed Deposits with Banks	4.36	0.47
Others	5.64	3.45
	10.00	**3.92**
Rental Income	0.04	0.02
Royalty Income	0.32	0.41
Profit on Tangible Assets Sold/Discarded (Net)	-	0.12
Profit on Sale of Current Investments	3.98	-
	40.25	**30.97**

NOTES TO FINANCIAL STATEMENTS

22. Cost of Materials Consumed

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Opening Raw Material	180.54	199.34
Purchases	2072.29	2149.96
Closing Raw Material	(149.48)	(180.54)
Raw Materials Consumed	**2103.35**	**2168.76**
Scrap Sales (Net of Excise Duty)	(158.11)	(155.35)
Raw Materials Consumed (Net)	**1945.24**	**2013.41**
Itemwise breakup of Raw Material Consumed is given below:		
Steel	1330.22	1377.13
Rims	70.29	73.80
Tyres	81.81	79.98
Cycle Tubes	32.20	32.96
Saddle	34.82	34.39
Chains	15.16	15.70
Frames	120.45	120.12
Forks	44.14	38.97
Mudguards	26.21	27.35
E Scooters, Bicycle Components and Others	348.05	368.36
Raw Materials Consumed	**2103.35**	**2168.76**

23. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Opening Stock		
Work-in-Progress	86.47	65.19
Finished Goods	93.82	91.78
Stock-in-Trade	42.18	28.03
	222.47	**185.00**
Closing Stock		
Work-in-Progress	81.93	86.47
Finished Goods	97.22	93.82
Stock-in-Trade	22.44	42.18
	201.59	**222.47**
	20.88	**(37.47)**

24. Employee Benefits Expense

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Salaries, Wages and Bonus	227.49	212.21
Contribution to Provident and Other Funds	18.36	18.29
Welfare Expenses	31.50	28.73
	277.35	**259.23**

NOTES TO FINANCIAL STATEMENTS

25. Other Providing Expenses

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Consumption of Stores and Spares	145.72	144.30
Freight and Carriage Inwards	46.84	46.17
Conversion Charges	75.20	70.49
Power and Fuel*	147.52	125.10
Rent	12.51	9.41
Repairs to Buildings	0.90	0.75
Repairs to Machinery	48.31	49.97
Insurance	3.71	3.67
Rates and Taxes	12.46	8.04
Travelling and Conveyance	14.52	13.21
Printing, Stationery and Communication	5.79	5.40
Freight, Delivery and Shipping Charges	106.42	97.83
Discounts/Incentives on Sales	26.54	33.51
Advertisement and Publicity	25.86	33.00
Trade Receivables Written Off	-	1.75
Release of Doubtful Trade Receivables Provision	(0.33)	(1.75)
Provision for Doubtful Receivables	-	0.97
Loss on Tangible Assets Sold/Discarded (Net)	0.17	-
Auditors' Remuneration (Note a)	0.60	0.49
Commission to Non Whole Time Directors	1.30	1.30
Directors' Sitting Fees	0.08	0.08
Loss on Exchange Fluctuation (Net)	2.97	4.28
Provision for Contingencies	-	1.00
Bank Charges	2.51	2.05
Information Technology Expenses	7.15	7.09
Donations to Charitable and other institutions	1.26	1.07
Donations to Political Parties		
- Bharatiya Janata Party	-	0.10
- Desiya Murpokku Dravida Kazhagam	-	0.25
Administration Expenses	8.24	6.89
Other Expenses	38.94	35.59
	735.19	**702.01**
*Includes Stores Consumed	88.33	78.93

Note:

a) Auditors' Remuneration

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
As Auditor:		
Audit fee	0.30	0.25
Tax audit fee	0.03	0.03
Limited review	0.08	0.06
Consolidation fee	0.06	0.05
In other capacity:		
Taxation matters	0.02	0.02
Company law matters	0.01	0.01
Other services (Certification fees)	0.09	0.07
Reimbursement of expenses	0.01	0.00
	0.60	**0.49**

NOTES TO FINANCIAL STATEMENTS

26. Finance Costs

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Interest Expense	93.93	68.81
Exchange difference on Foreign Currency Loans	9.47	6.60
Other Borrowing Costs	0.76	1.15
	104.16	**76.56**

27. Commitments and Contingent Liabilities

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
a) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
i. Capital Expenditure	94.76	90.82
ii. Investments	-	53.85
b) Disputed Income-Tax demands from A.Y. 1993-94 to 2009-10 under appeal/ remand pending before various appellate/assessing authorities against which `28.02 Cr. (Previous Year `29.54 Cr.) has been deposited. The Balance of `1.47 Cr. (Previous Year `1.91 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.	29.49	31.45
c) Disputed Service Tax, Excise and Customs duty demand amounting to `1.78 Cr. (Previous Year `1.72 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.	3.00	2.94
d) Cases decided in favour of the Company against which the department has gone on an appeal		
i. Income Tax	43.21	43.14
ii. Excise	2.18	2.18
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.	68.90	26.03
f) Bills drawn on Customers and Discounted with Banks	1.44	1.03

Note:

Show Cause Notices received from various Government Authorities pending adjudication have not been considered as Contingent Liabilities.

28. Research and Development Expenses

Research and Development Expenses incurred by the Company are given below.

a) Revenue Expenditure (disclosed in Notes 24 and 25 under the respective heads)

` in Crores

Particulars	2012-13	2011-12
Salaries, Wages and Bonus	5.00	4.44
Contribution to Provident and Other Funds	0.48	0.26
Welfare Expenses	0.06	0.04
Consumption of Stores and Spares	1.58	0.85
Power and Fuel	0.29	0.22
Repairs to Machinery	0.16	0.04
Other Expenses	4.41	2.85
Total	**11.98**	**8.70**

NOTES TO FINANCIAL STATEMENTS

b) Capital Expenditure (disclosed in Note 11 under the respective heads)

Particulars	2012-13	2011-12
Plant & Machinery	2.76	0.63
Office Equipment	0.25	0.30
Furniture & Fixtures	0.53	0.08
Vehicles	0.09	0.20
Total	**3.63**	**1.21**

29. Imported and Indigenous Materials Consumed

(a) Consumption of Raw Materials (Refer Note 22)

Particulars	2012-13		2011-12	
	%	` in Crores	%	` in Crores
Imported	10.23	215.27	9.77	211.90
Indigenous	89.77	1888.08	90.23	1956.86
Total	**100.00**	**2103.35**	**100.00**	**2168.76**

(b) Consumption of Stores and Spares

Particulars	2012-13		2011-12	
	%	` in Crores	%	` in Crores
Imported	3.00	7.01	3.41	7.62
Indigenous				
- Fuel	37.74	88.33	35.36	78.93
- Others	59.27	138.71	61.23	136.68
Total	**100.00**	**234.05**	**100.00**	**223.23**

30. Value of Imports on CIF Basis

` in Crores

Particulars	2012-13	2011-12
Raw Materials	223.36	230.30
Stores and Spare Parts	11.06	8.50
Finished Goods	129.12	180.03
Capital Goods	89.34	27.92
Total	**452.88**	**446.75**

31. Earnings in Foreign Exchange

` in Crores

Particulars	2012-13	2011-12
FOB Value of Exports	189.02	188.76
Service Income	4.62	3.38
Total	**193.64**	**192.14**

NOTES TO FINANCIAL STATEMENTS

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

Particulars	2012-13	2011-12
Dividend* - ` in Crores	0.01	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	2011-12	2010-11
- Interim	2012-13	2011-12

*The above excludes remittances amounting to `1.61 Cr. (Previous Year `2.25 Cr.) to Global Depository Receipt (GDR) holders through the custodian of GDR holders.

33. Expenditure in Foreign Currency

` in Crores

Particulars	2012-13	2011-12
Travel	0.66	0.85
Interest on Foreign Currency Loans	4.38	1.23
Royalty	1.46	2.08
Others	4.75	5.42
Total	**11.25**	**9.58**

34. Employee Benefits

a) Gratuity

Actuarial data on Gratuity:

` in Crores

Particulars	2012-13	2011-12
Change in Benefit Obligation		
Projected Benefit Obligation as at Year Beginning	28.88	25.79
Service Cost	2.91	2.63
Interest Cost	2.23	1.97
Actuarial Losses	0.15	0.90
Benefits Paid	(2.00)	(2.41)
Projected Benefit Obligation as at Year End	**32.17**	**28.88**
Change in Plan Assets		
Fair Value of Plan Assets as at Year Beginning	29.59	27.48
Expected/Actual Return on Plan Assets	2.75	2.45
Employer's Contribution	2.61	2.07
Benefits Paid	(2.00)	(2.41)
Fair Value of Plan Assets as at Year End	**32.95**	**29.59**

NOTES TO FINANCIAL STATEMENTS

` in Crores

Particulars	2012-13	2011-12
Amounts Recognised in the Balance Sheet		
Projected Benefit Obligation at the Year End	32.17	28.88
Fair Value of the Plan Assets at the Year End	32.95	29.59
Asset Recognised in the Balance Sheet	**0.78**	**0.71**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	2.91	2.63
Interest on Obligation	2.23	1.97
Expected/Actual Return on Plan Assets	(2.75)	(2.45)
Actuarial Losses Recognised in the Year	0.15	0.90
Net Cost Recognised in the Statement of Profit and Loss	**2.54**	**3.05**
Assumptions	**2012-13**	**2011-12**
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%

Notes:

i. The entire Plan Assets are managed by Life Insurance Corporation of India (LIC). In the absence of the relevant information from the LIC/Actuary, the above details do not include the composition of plan assets and experience adjustment in respect of actuarial losses/gains.

ii. The expected/actual 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 assumption used for computing the long term accumulated compensated absences on actuarial basis are as follows:

Assumptions	2012-13	2011-12
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%

INDIA

NOTES TO FINANCIAL STATEMENTS

35. Segment Information

The Company's operations are organised into three major divisions - Cycles/Components/E-Scooters, Engineering and Metal Formed Products which 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	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
REVENUE										
External Sales	1255.45	1284.75	1340.60	1320.09	794.32	859.58			3390.37	3464.42
Inter-Segment Sales	0.00	0.00	126.80	129.24	0.47	0.25	(127.27)	(129.49)	-	-
Other Operating Revenue	2.92	8.15	3.94	7.31	9.19	9.75			16.05	25.21
Unallocated Corporate Income									1.01	0.14
Total Revenue	**1258.37**	**1292.90**	**1471.34**	**1456.64**	**803.98**	**869.58**	**(127.27)**	**(129.49)**	**3407.43**	**3489.77**
Unallocated Corporate Expenses									(17.10)	(23.48)
RESULTS										
Operating Profit	52.86	75.56	109.94	131.00	79.59	111.93			225.29	295.01
Profit/(Loss) on Sale of Assets	(0.06)	0.00	(0.18)	0.12	0.24	0.03			0.00	0.15
Net Operating Profit	**52.80**	**75.56**	**109.76**	**131.12**	**79.83**	**111.96**			**225.29**	**295.16**
Dividend Income									25.91	26.50
Finance Costs									(104.16)	(76.56)
Tax Expense									(43.25)	(65.01)
Exceptional Item - Provision for										
Diminution in Value of Investment in Subsidiary	(3.81)								(3.81)	-
Profit on Sale of Current Investments									3.98	-
Net Profit	**48.99**	**75.56**	**109.76**	**131.12**	**79.83**	**111.96**			**103.96**	**180.09**
ASSETS										
Segment Assets	284.63	303.33	735.33	704.96	610.11	642.73	(23.08)	(23.42)	1606.99	1627.60
Unallocated Corporate Assets*									1530.93	1020.55
Total Assets	**284.63**	**303.33**	**735.33**	**704.96**	**610.11**	**642.73**	**(23.08)**	**(23.42)**	**3137.92**	**2648.15**
LIABILITIES										
Segment Liabilities	199.35	212.91	235.27	255.99	122.11	151.08	(23.08)	(23.42)	533.65	596.56
Unallocated Corporate Liabilities									68.76	56.11
Total Liabilities	**199.35**	**212.91**	**235.27**	**255.99**	**122.11**	**151.08**	**(23.08)**	**(23.42)**	**602.41**	**652.67**
OTHER INFORMATION										
Capital Expenditure	10.51	5.82	82.24	93.31	48.81	60.57			141.56	159.70
Unallocated Corporate Capital Expenditure									75.60	5.60
Depreciation	8.90	6.97	33.87	30.23	33.93	36.67			76.70	73.87
Unallocated Corporate Depreciation									3.07	2.21

*includes Income Tax Assets (Net)

NOTES TO FINANCIAL STATEMENTS

(B) SECONDARY SEGMENT ` in Crores

Particulars		2012-13	2011-12
1)	**Revenue by Geographic Market**		
	India	3207.34	3292.03
	Rest of The World	200.09	197.74
	Total	**3407.43**	**3489.77**
2)	**Segment Assets by Geographic Market**		
	India	1571.24	1590.02
	Rest of The World	35.75	37.58
	Total	**1606.99**	**1627.60**
3)	**Capital Expenditure by Geographic Market**		
	India	217.16	165.30
	Rest of The World	-	-
	Total	**217.16**	**165.30**

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

a) List of Related Parties

I. **Subsidiary Companies**

a. Shanthi Gears Limited (Associate from 3 September 2012 to 18 November 2012 and Subsidiary with effect from 19 November 2012)

b. Cholamandalam MS General Insurance Company Limited

c. Cholamandalam Investment and Finance Company Limited and its Subsidiaries namely

i. Cholamandalam Distribution Services Limited

ii. Cholamandalam Factoring Limited and

iii. Cholamandalam Securities Limited

d. TI Financial Holdings Limited

e. TICI Motors (Wuxi) Company Limited (Refer Note 12 (c))

f. Financiere C10 SAS and its Subsidiaries namely

i. Sedis SAS

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

iii. Sedis Co. Ltd.

II. **Associate - Investing Company**

Murugappa Holdings Limited

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	2012-13	2011-12
Dividend Received	Cholamandalam Investment and Finance Company Limited Cholamandalam MS Risk Services Limited	25.28 0.25	21.67 0.20
Dividend Paid	Murugappa Holdings Limited Mr. L Ramkumar	16.01 0.05	22.42 0.06
Claims Received	Cholamandalam MS General Insurance Company Limited	0.48	4.11
Premium Paid	Cholamandalam MS General Insurance Company Limited	5.40	5.42
Rentals Paid	Cholamandalam Investment and Finance Company Limited	0.14	0.33
Subscription to Equity Shares	Cholamandalam MS General Insurance Company Limited TI Financial Holdings Limited TICI Motors (Wuxi) Company Limited	37.04 - -	37.04 0.04 0.56
Sales and Services rendered	Shanthi Gears Limited Financiere C10 SAS Sedis SAS S2CI	0.74 4.62 11.84 2.56	- 3.38 14.24 2.73
Purchases	Shanthi Gears Limited Sedis SAS	0.14 0.04	- 0.11
Fee paid for Risk Services	Cholamandalam MS Risk Services Limited	-	0.05
Recovery of Expenses	Sedis SAS	0.16	-
Reimbursement of Expenses	Cholamandalam MS General Insurance Company Limited Cholamandalam Investment and Finance Company Limited TICI Motors (Wuxi) Company Limited	0.03 - -	0.02 0.03 0.06
Amount received on exercise of Employee Stock Options	Mr. L Ramkumar	0.19	0.39
Purchase of Fixed Assets	Shanthi Gears Limited Sedis SAS	0.03 1.32	- 0.80
Sale of Fixed Assets	Cholamandalam Investment and Finance Company Limited	0.03	-
Rental Deposit	Cholamandalam Investment and Finance Company Limited	0.01	0.15
Payable	Shanthi Gears Limited Cholamandalam Investment and Finance Company Limited Sedis SAS Mr. L Ramkumar	0.01 - - 0.59	- 0.03 0.03 0.42
Receivable	Shanthi Gears Limited Cholamandalam MS General Insurance Company Limited Financiere C 10 SAS Sedis SAS S2CI	0.84 0.07 4.62 4.09 0.85	- 0.06 3.38 5.05 1.16

c) **Details of remuneration to Key Management Personnel is given below:** ` in Crores

Particulars	2012-13	2011-12
Managing Director's Remuneration		
- Salaries and Allowances	1.65	1.54
- Provident Fund and Super Annuation	0.16	0.14
- Welfare and Perquisites	0.09	0.03
- Incentive	0.59	0.42
	2.49	**2.13**

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. Operating Leases

The Company has operating lease agreements for office space and residential accommodation generally which are cancellable in nature. As per the lease terms, an amount of `9.14 Cr. (Previous Year `6.51 Cr.) has been recognised in the Statement of Profit and Loss.

38. Earnings Per Share

Particulars	2012-13	2011-12
Profit after Taxation – ` in Crores	103.96	180.09
Weighted Average Number of Shares		
- Basic	18,64,65,999	18,59,37,978
- Diluted	18,69,61,944	18,64,59,480
Earnings Per Share of `2 each		
- Basic	5.58	9.69
- Diluted	5.56	9.66

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	Expected Life	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
		% (p.a)	(Years)	(%)	(%)	(`)	(`)
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 31.10.10 31.10.11	8.25 8.23 8.22	1.62 2.12 2.62	31.56 32.28 37.07	1.86 1.86 1.86	56.80 56.80 56.80	107.13 107.73 108.53
Grant 4	31.07.09 31.07.10 31.07.11 31.07.12	0.00 8.24 8.22 8.22	0.00 1.99 2.49 2.99	0.00 32.37 34.22 39.82	1.86 1.86 1.86 1.86	44.45 44.45 44.45 44.45	117.15 118.02 118.13 118.38
Grant 5	31.10.09 31.10.10 31.10.11 31.10.12	8.31 8.23 8.22 8.21	0.12 2.12 2.62 3.24	32.98 32.28 37.07 42.55	1.86 1.86 1.86 1.86	24.25 24.25 24.25 24.25	137.33 135.00 134.38 133.62
Grant 6	30.01.10 30.01.11 30.01.12 30.01.13	8.31 8.23 8.22 8.21	0.24 2.24 2.74 3.49	28.04 33.96 38.52 43.77	1.86 1.86 1.86 1.86	31.05 31.05 31.05 31.05	130.44 129.19 128.82 128.32
Grant 7	29.01.12 29.01.13 29.01.14 29.01.15	8.26 8.21 8.21 8.22	1.24 3.48 4.48 5.48	31.69 43.79 46.73 45.74	1.86 1.86 1.86 1.86	140.05 140.05 140.05 140.05	39.45 67.57 76.34 80.72
Grant 8	29.01.12 29.01.13 29.01.14	8.26 8.21 8.21	1.24 3.48 4.48	31.69 43.79 46.73	1.86 1.86 1.86	140.05 140.05 140.05	39.45 67.57 76.34
Grant 9	29.01.12 29.01.13	8.26 8.21	1.24 3.48	31.69 43.79	1.86 1.86	140.05 140.05	39.45 67.57
Grant 10	02.05.12 02.05.13 02.05.14 02.05.15	8.25 8.21 8.21 8.22	1.37 3.74 4.74 5.74	31.38 42.99 47.27 45.12	1.86 1.86 1.86 1.86	140.45 140.45 140.45 140.45	40.44 68.54 78.10 81.25
Grant 11	01.08.12 01.08.13 01.08.14 01.08.15	8.25 8.21 8.22 8.23	1.49 3.99 4.99 5.99	31.76 46.63 47.01 44.83	1.86 1.86 1.86 1.86	159.75 159.75 159.75 159.75	31.78 66.76 73.58 76.81
Grant 12	02.11.12 02.11.13 02.11.14 02.11.15	8.24 8.21 8.22 8.23	1.74 4.24 5.24 6.24	32.74 46.93 46.20 46.36	1.86 1.86 1.86 1.86	143.10 143.10 143.10 143.10	43.55 74.06 79.03 83.69

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

Impact on Profit for the year ` in Crores

Particulars	2012-13	2011-12
Profit for the year (As reported)	103.96	180.09
Stock based employee compensation expense included in Net Profit	-	-
Stock based compensation expense determined under fair value based method (Pro forma)	(3.49)	(0.41)
Profit for the year (Pro forma)	100.47	179.68

Impact on Earnings Per Share

Particulars	2012-13	2011-12
Basic Earnings per Share of `2 each (As reported)	5.58	9.69
Basic Earnings per Share of `2 each (Pro forma)	5.39	9.66
Diluted Earnings per Share of `2 each (As reported)	5.56	9.66
Diluted Earnings per Share of `2 each (Pro forma)	5.37	9.64

NOTES TO FINANCIAL STATEMENTS

39. Information on Joint Venture Entity

The particulars of the Company's Joint Venture Entity as at 31 March 2013 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 31.03.2013					2012-13	
Name of the Joint Venture	% Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitments	Income	Expenses
Cholamandalam MS Risk Services Limited	49.50%	6.12	1.28	0.04	-	7.17	5.63
	(49.50%)	(7.22)	(3.12)	(-)	(-)	(7.20)	(5.11)

Notes:

a) Figures in brackets are for the previous year.

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

40. 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 2013, the Company has recognised Mark to Market (MTM) Loss of `0.32 Cr. (Previous Year Gain `0.46 Cr.) relating to Derivative Contracts 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.

There was no undesignated/ineffective Derivative Contracts as on 31 March 2013.

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

` in Crores

Particulars	2012-13	2011-12
At the beginning of the year	0.46	(0.36)
Net Movement for the year	(0.78)	0.82
At the end of the year	**(0.32)**	**0.46**

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	As at 31.03.2013		As at 31.03.2012	
		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	-	-	18	$ 1.80 M
	Future Export	-	-	12	¤ 2.25 M
	Future Export	1	$ 0.03 M	5	$ 1.69 M
	Future Export	2	¤ 2.46 M	-	-
Other Derivatives (including currency swaps)	Borrowings	2	$ 21.21 M	2	$ 24.31 M

41. Previous Year's Figures

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

Signatures to Notes to Financial Statements

On behalf of the Board

M M Murugappan
Chairman

Chennai
2 May 2013

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

INFORMATION ON SUBSIDIARIES

	Particulars	Cholamandalam Investment and Finance Company Limited		Cholamandalam Distribution Services Limited		Cholamandalam Factoring Limited		Cholamandalam Securities Limited		Cholamandalam MS General Insurance Company Limited	
		For the year ended Mar '13	For the year ended Mar '12	For the year ended Mar '13	For the year ended Mar '12	For the year ended Mar '13	For the year ended Mar '12	For the year ended Mar '13	For the year ended Mar '12	For the year ended Mar '13	For the year ended Mar '12
1	Share Capital	143.17	132.62	42.40	42.40	80.36	80.36	20.50	20.50	291.99	283.65
2	Share Application Money Received	-	-	-	-	-	-	-	-	-	-
3	Reserves & Surplus (adjusted for debit balance in P&L Account, where applicable)	1,821.59	1,284.66	(11.78)	(13.78)	(76.25)	(77.65)	(9.96)	(9.00)	143.95	42.05
4	Total Assets (Fixed Assets + Current Assets + Deferred Tax Asset + Misc. Expenditure not written off)	17,960.29	13,360.90	28.04	28.74	72.02	69.54	16.71	19.99	982.34	389.06
5	Total Liabilities (Debts + Current Liabilities + Deferred Tax Liability)	16,220.04	12,005.32	0.94	1.32	67.93	69.12	7.55	9.87	2,023.02	1,181.20
6	Investments (Non Current + Current Investments)	224.51	61.70	3.52	1.20	0.02	2.29	1.38	1.38	1,476.62	1,117.84
7	Total Income	2,555.68	1,766.60	11.56	11.76	1.46	0.02	7.21	6.32	1,337.99	967.78
8	Profit / (Loss) Before Tax	450.80	290.11	2.00	(0.37)	1.43	(61.29)	(0.96)	(2.58)	87.84	15.49
9	Provision for Tax	(144.26)	(117.57)	-	0.01	(0.03)	-	-	(2.77)	(27.64)	3.63
10	Profit / (Loss) After Tax	306.54	172.54	2.00	(0.36)	1.40	(61.29)	(0.96)	(5.35)	60.20	19.12
11	Proposed Dividend (includes Preference Dividend)and Tax thereon	16.74	15.41	-	-	-	-	-	-	-	-
	Details of Investments (other than in Subsidiaries)										
	Long Term Investments										
(i)	Government Securities and Government Guaranteed Bonds including Treasury Bills	-	-	-	-	-	-	-	-	559.51	375.46
(ii)	Debentures and Bonds	-	-	-	-	-	-	-	-	495.94	390.82
(iii)	Infrastructure and Social Sector Bonds	-	-	-	-	-	-	-	-	194.01	142.85
(iv)	Investments in Equity shares (Net of Fair Value Change)	1.29	1.29	-	-	0.02	0.02	1.38	1.38	3.01	2.91
(v)	Other Investments	24.01	-	1.92	1.20	-	-	-	-	-	-
	Total (A)	**25.30**	**1.29**	**1.92**	**1.20**	**0.02**	**0.02**	**1.38**	**1.38**	**1,252.47**	**912.04**
	Short Term Investments										
(i)	Debentures and Bonds	-	-	-	-	-	-	-	-	145.24	114.00
(ii)	Money market instruments	-	-	-	-	-	-	-	-	53.84	71.29
(iii)	Government Securities and Government Guaranteed Bonds including Treasury Bills	-	4.01	-	-	-	-	-	-	-	5.01
(iv)	Mutual Funds	135.00	-	1.60	-	-	2.27	-	-	-	-
(v)	Investments in Infrastructure and Social Sector Bonds	-	-	-	-	-	-	-	-	10.13	15.50
(vi)	Other Investments	6.73	-	-	-	-	-	-	-	14.94	-
	Total (B)	**141.73**	**4.01**	**1.60**	**-**	**-**	**2.27**	**-**	**-**	**224.15**	**205.80**
	Total (A) + (B)	**167.03**	**5.30**	**3.52**	**1.20**	**0.02**	**2.29**	**1.38**	**1.38**	**1,476.62**	**1,117.84**

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 2 May, 2013, accorded consent for not attaching with the Company's Balance Sheet for the Financial Year 2012-13, 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, Shanthi Gears 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
2 May 2013

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

` in Crores

TI Financial Holdings Limited		Shanthi Gears Limited		TICI Motors (Wuxi) Company Limited		Financiere C10 SAS		SEDIS SAS		S2CI		SEDIS Co.Ltd.	
For the year ended Mar '13	For the year ended Mar '12	For the year ended Mar '13	For the year ended Mar '12	For the year ended Dec '12	For the year ended Dec '11	For the year ended Dec '12	For the year ended Dec '11	For the year ended Dec '12	For the year ended Dec '11	For the year ended Dec '12	For the year ended Dec '11	For the year ended Dec '12	For the year ended Dec '11
0.11	0.11	8.17	8.17	4.75	4.37	23.34	22.82	45.18	44.16	1.60	1.56	1.61	1.59
-	-	-	-	-	-	-	-	-	-	-	-	-	-
(0.05)	(0.04)	249.41	239.67	(4.30)	(2.00)	42.52	35.92	6.38	8.34	1.86	1.92	1.39	1.55
0.01	0.02	250.38	289.19	0.56	4.30	6.36	0.89	132.93	143.46	9.44	11.85	5.04	5.54
-	-	30.79	41.35	0.11	1.93	14.68	14.67	81.37	90.96	5.98	8.37	2.04	2.40
0.05	0.05	37.99	-	-	-	74.18	72.52	-	-	-	-	-	-
-	-	154.17	177.94	7.40	8.22	8.52	7.61	216.67	216.80	18.19	18.75	9.66	10.79
(0.01)	(0.01)	22.07	41.60	(2.12)	(0.72)	6.25	3.52	0.33	4.38	0.99	1.80	(0.08)	0.17
-	-	(6.60)	(13.47)	-	-	(0.47)	(0.39)	1.40	(0.58)	(0.33)	(0.57)	0.03	(0.04)
(0.01)	(0.01)	15.47	28.13	(2.12)	(0.72)	5.78	3.13	1.73	3.80	0.66	1.23	(0.05)	0.13
-	-	-	-	-	-	-	-	-	-	-	-	-	-
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-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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0.05	0.05	37.99	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.05	**0.05**	**37.99**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
0.05	**0.05**	**37.99**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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, 2013 (closing day of the Company's Financial Year) is furnished below:
   (a) 1 Euro = ` 69.50 for Financiere C10 SAS, Sedis SAS and S2CI ;
   (b) 1 Pound Sterling = ` 82.49 for Sedis Co. Ltd; &
   (c) 1 RMB = ` 8.78 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

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF TUBE INVESTMENTS OF INDIA LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TUBE INVESTMENTS OF INDIA LIMITED** ("the Company"), its subsidiaries and jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2013, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other Auditors on the financial statements of the subsidiaries, jointly controlled entity and associate referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2013;

(b) 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

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

Emphasis of Matter

In case of one of the subsidiaries of the Company, Cholamandalam MS General Insurance Company Limited, the audit report issued by their auditors on its Audited Financial Statements for the year ended 31 March 2013 includes the following emphasis of matter:

"Without qualifying our opinion, we draw attention to Note 4 of Schedule 16 to the financial statements, which describes deferment of the liability on dismantling of Indian Motor Third Party Insurance Pool by the Company to the extent of

`55 Crores pursuant to the exercise of the option for the accounting treatment for the same prescribed under paragraph 3(b) of Insurance Regulatory and Development Authority Order no. IRDA/F&A/ORD/MTPP/070/03/2012 dated 22 March 2012". Note 34(b) in the Consolidated financial statements corresponds to Note 4 of Schedule 16 referred to above.

Our opinion is not qualified in respect of this matter.

Other Matter

We did not audit the financial statements of 10 subsidiaries and one jointly controlled entity, whose financial statements reflect total assets (net) of `2,982.39 Crores as at 31 March 2013, total revenues of `1,608.81 Crores and net cash flows amounting to `109.62 Crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of Profit after tax of `1.47 Crores for the period from 3 September 2012 to 18 November 2012, in respect of an associate, whose financial statements has not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity and associate, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 008072S)

M.K.Ananthanarayanan
Partner
(Membership No. 19521)

CHENNAI, 2 May 2013

CONSOLIDATED BALANCE SHEET

` in Crores

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share Capital	2	37.33	37.26
(b) Reserves and Surplus	3	1621.84	1272.79
		1659.17	**1310.05**
Share Application Money Pending Allotment	4	-	0.03
Minority Interest		**1159.03**	**736.99**
Non-Current Liabilities			
(a) Long Term Borrowings	5	8929.07	7573.44
(b) Deferred Tax Liabilities (Net)	6	61.44	49.98
(c) Other Long Term Liabilities	7	1007.47	213.54
(d) Long Term Provisions	8	92.06	55.86
		10090.04	**7892.82**
Current Liabilities			
(a) Short Term Borrowings	9	3297.51	1846.35
(b) Trade Payables	10	676.99	722.86
(c) Other Current Liabilities	11	6024.40	4173.11
(d) Short Term Provisions	12	254.42	218.19
		10253.32	**6960.51**
TOTAL		**23161.56**	**16900.40**
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	13	887.74	714.75
(ii) Intangible Assets	13	17.87	13.10
(iii) Capital Work-in-Progress		164.30	42.43
Fixed Assets - Share in Joint Venture		0.61	0.51
(b) Goodwill on Consolidation		351.50	63.82
(c) Non-Current Investments	14	1282.30	918.19
(d) Deferred Tax Assets (Net)	15	69.48	55.24
Deferred Tax Assets (Net) - Share in Joint Venture		0.13	0.03
(e) Long Term Loans and Advances	16	622.82	190.74
(f) Receivable under Financing Activity	17	11473.65	8342.96
(g) Other Non-Current Assets	18	459.69	369.12
		15330.09	**10710.89**
Current Assets			
(a) Current Investments	19	405.65	212.08
(b) Inventories	20	462.82	473.30
(c) Trade Receivables	21	536.25	511.68
(d) Cash and Cash Equivalents	22	764.00	553.55
(e) Short Term Loans and Advances	23	99.60	154.16
(f) Receivable under Financing Activity	24	5220.13	4047.96
(g) Other Current Assets	25	343.02	236.78
		7831.47	**6189.51**
TOTAL		**23161.56**	**16900.40**
Significant Accounting Policies	1		

See accompanying Notes forming part of the Consolidated Financial Statements.

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

M.K.Ananthanarayanan
Partner

On behalf of the Board

M M Murugappan
Chairman

Chennai
2 May 2013

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 31.03.2013	Year ended 31.03.2012
Revenue from Operations			
Sale of Products - Gross		3932.64	3871.53
Less: Excise Duty on Sales		258.26	200.35
Sale of Products - Net		**3674.38**	**3671.18**
Income from Financing Operations		2502.54	1729.11
Revenue from Operations - Share in Joint Venture		6.95	6.94
Premium Earned		1162.03	863.71
Other Operating Revenue		247.63	170.89
Total		**7593.53**	**6441.83**
Other Income	26	28.16	14.53
Total Revenue		**7621.69**	**6456.36**
Expenses			
Cost of Materials Consumed	27	2015.44	2058.62
Purchase of Stock-in-Trade - Cycles/Components and Metal Formed Products		180.13	231.08
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	28	25.84	(42.80)
Employee Benefits Expense	29	592.24	510.68
Other Expenses	30	1282.37	1195.20
Claims Incurred (Net of Recovery)		899.88	617.94
Business Origination Outsourcing		178.48	132.19
Provisions, Loan Losses and Other Charges	31	123.34	77.95
Financing Charges		1410.00	990.04
Total Expenses		**6707.72**	**5770.90**
Earnings Before Finance Costs, Tax, Depreciation and Amortisation Expense		**913.97**	**685.46**
Depreciation and Amortisation Expense	13	132.43	100.74
Depreciation and Amortisation Expense - Share in Joint Venture		0.19	0.16
Finance Costs	32	107.41	78.66
Profit Before Tax and Exceptional Items		**673.94**	**505.90**
Exceptional items			
- Reversal of dimunition in value of Investment		0.00	30.00
Profit Before Tax		**673.94**	**535.90**
Tax Expense			
Income Tax			
- Current Year		237.31	104.14
- Prior Years		(8.20)	5.77
MAT Credit Entitlement		(0.50)	(1.63)
Deferred tax (Net)		(11.78)	74.95
Provision for Tax Expense - Share in Joint Ventures		0.50	0.69
		217.33	**183.92**
Profit for the Year before Minority Interest and Share of Profit from Associate		**456.61**	**351.98**
Minority Interest in Profit		(169.57)	(83.07)
Share of Profit from Associate		1.47	-
Net Profit for the Year		**288.51**	**268.91**
Earnings per Equity Share of `2 each	41		
Basic		15.47	14.46
Diluted		15.43	14.42
Significant Accounting Policies	1		

See accompanying Notes forming part of the Consolidated Financial Statements.

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

M.K.Ananthanarayanan
Partner

On behalf of the Board

M M Murugappan
Chairman

Chennai
2 May 2013

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

CONSOLIDATED CASH FLOW STATEMENT

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
A. Cash Flow from Operating Activities:		
Net Profit Before Tax	**673.94**	**535.90**
Adjustments for :		
Depreciation and Amortisation Expense	132.62	100.90
Financing Charges	1410.00	990.02
Finance Costs	107.41	78.66
Profit on Tangible Assets Sold/Discarded (Net)	(0.91)	(0.12)
Profit on Sale of Investments (Net)	(26.48)	(11.57)
Provision/(Reversal of Provision) for Doubtful Debts And Advances (Net)	0.06	(0.34)
Provision/(Reversal of Provision) for Standard Assets (Net)	7.69	(17.10)
Provision/(Reversal of Provision) for Non Performing Assets under Financing Activity (Net)	74.64	(98.87)
Reversal of Provision for Credit Enhancement and Servicing Costs on Assets De-recognised (Net)	(1.11)	(25.88)
Provision for Others	4.14	5.69
Loss on Repossessed Assets (Net)	29.95	16.17
Loss Assets Written Off	11.54	172.23
Reinsurance acceptance from Terrorism Pool/Motor pool	-	(159.36)
Claims from Declined Risk Pool	8.08	178.21
Liabilities no longer payable written back	(4.03)	(4.76)
Unrealised Losses on Foreign Currency Borrowings (Net)	0.89	3.02
Interest Income	(212.36)	(134.85)
Dividend Income	(1.56)	(4.90)
Operating Profit before Working Capital/Other Changes	**2214.51**	**1623.05**
Adjustments for :		
Increase in Liabilities and Provisions	928.44	347.91
Increase in Loans and Advances	(565.33)	(43.76)
Decrease/(Increase) in Inventories	70.30	(39.40)
Decrease/(Increase) in Trade Receivables	29.09	(57.31)
Increase in Receivable Under Financing Activity (including Repossessed Assets)	(6528.43)	(5007.21)
Decrease in Securitisation/Bilateral Assignment of Receivables	2187.75	1113.37
Cash Generated From Operations	**(1663.67)**	**(2063.35)**
Financing Charges Paid	(1332.21)	(923.56)
Direct Taxes Paid (Net)	(232.27)	(106.74)
Net Cash Flow Used in Operating Activities	**(3228.15)**	**(3093.65)**
B. Cash Flow from Investing Activities:		
Capital Expenditure (Including Capital Work-in-Progress and Capital Advances)	(293.36)	(219.55)
Proceeds from Sale of Assets	5.45	1.98
Investments in Subsidiaries	(480.65)	-
Purchase of Other Investments	(20645.87)	(13277.56)
Sale/Redemption of Other Investments	20358.88	13088.46
Interest Received	191.76	138.51
Dividend Received	1.56	4.90
Net Cash Used in Investing Activities	**(862.23)**	**(263.26)**
C. Cash Flow from Financing Activities:		
Proceeds from exercise of Employees Stock Option	2.05	3.71
Increase in Equity Share Capital and Securities Premium (Net of Expenses)	309.22	221.87
Repayment of Sales Tax Deferral	(2.98)	(2.74)
Increase in Long Term Borrowings	1607.88	3017.30
Increase in Short Term Borrowings	2717.64	518.30
Increase in Fixed Deposits	(0.14)	-
Finance Costs Paid (Including Exchange Differences on Foreign Currency Loans)	(81.21)	(71.30)
Dividends Paid (Including Dividend Distribution Tax - Net)	(88.24)	(92.10)
Receipt of Industrial Promotion Subsidy	0.47	0.40
Net Cash From Financing Activities	**4464.69**	**3595.44**
Net Increase in Cash and Cash Equivalents [A+B+C]	**374.31**	**238.53**
Cash and Cash Equivalents at the Beginning of the Year	**399.83**	**161.30**
Cash and Cash Equivalents of Subsidiary Acquired during the Year	**75.22**	**-**
Cash and Cash Equivalents as at End of the Year	**849.36**	**399.83**
Reconciliation with Note 22		
Cash and Cash Equivalents as at End of the Year as per Cash Flow Statement	849.36	399.83
Current Investments (Excluding Investments under Lien)	(174.77)	(2.27)
Bank Deposits held for More than Three Months	9.20	75.23
Bank Deposits under Lien	76.54	77.60
Balance in Restricted Bank Account	0.91	0.91
Balance in Dividend Accounts	2.76	2.25
Cash and Cash Equivalents as at End of the Year as per Note 22	**764.00**	**553.55**

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

M.K.Ananthanarayanan
Partner

On behalf of the Board

M M Murugappan
Chairman

Chennai
2 May 2013

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

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') and the Group's share of profit/loss in its associates.

a) 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 some of the Subsidiaries indicated in Para 1.2 below 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.

b) 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, intra-group transactions and the resulting unrealised profits or losses, unless cost cannot be recovered, as per Accounting Standard 21 – Consolidated Financial Statements.

c) Share of profit/loss, assets and liabilities in the jointly controlled entities, which are not subsidiaries, have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses on a proportionate basis to the extent of the Company's equity interest in such entity as per AS 27 – Financial Reporting of Interests in Joint Ventures. The intra-group balances, intra-group transactions and unrealised profits or losses have been eliminated to the extent of the Group's share in the entity.

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, at the dates on which the investments are made, is recognised in the Consolidated 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 over its Cost of Investment, at the dates on which the investments are made, 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 31.03.2013	As at 31.03.2012
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%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

Company	Relationship	Year End	Country of Incorporation	Proportion of Ownership	
				As at 31.03.2013	As at 31.03.2012
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	100.00%	77.13%
Cholamandalam Investment and Finance Company Limited (CIFCL) Subsidiaries of CIFCL - Cholamandalam Distribution Services Limited (CDSL) - Cholamandalam Factoring Limited (CFACT) - Cholamandalam Securities Limited (CSEC)	Subsidiary	31 March	India	50.47%	54.49%
Shanthi Gears Limited	Subsidiary w.e.f. 19 November 2012. Associate for the period from 3 September 2012 to 18 November 2012.	31 March	India	70.12%	Not Applicable
Cholamandalam MS Risk Services Limited (CMSRSL)	Joint Venture	31 March	India	49.50%	49.50%

The effect of acquisition of Shanthi Gears Limited, Subsidiary:

The effect of acquisition of Shanthi Gears Limited, Subsidiary w.e.f. 19 November 2012 on the financial position and results as included in the Consolidated Financial Statements for the year ended 31 March 2013 is given below:

` in Crores

Particulars	Amount
Liabilities	25.05
Assets	288.35
Revenue	66.94
Expenses	60.11
Profit before tax	6.83
Profit after tax	4.78

Goodwill on Consolidation:

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Opening Balance	63.82	63.82
Additions during the Year		
Shanthi Gears Limited	284.30	-
Financiere C10 SAS	3.38	-
Closing balance	**351.50**	**63.82**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

1.3 Accounting Convention

The Consolidated Financial Statements of the Group 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.

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances with certain exceptions as mentioned in the paragraphs below and are presented to the extent possible, in the same manner as the Company's separate financial statements.

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, Orders/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.

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 its Consolidated Financials in accordance with the legal and regulatory provisions applicable in France (Regulation 99.02).

1.4 Presentation and disclosure of financial statements

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 normal operating cycle relevant for each of the entities in the Group;

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 within the normal operating cycle relevant for each of the entities in the Group;

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 entities in the Group do 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.

1.5 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 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 and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

1.6 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

excludes duties and taxes that are recoverable from tax authorities. Borrowing costs are capitalised as part of qualifying fixed assets.

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.

1.7 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.

1.8 Investments

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

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

c) In the case of CMSGICL –

(i) 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.

(ii) Listed and actively traded equity securities are stated at the lower of the last quoted closing price on the National Stock Exchange of India Limited (NSE) or BSE Limited (BSE). 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".

(iii) Units of Mutual Funds are valued at Net Asset Value (NAV). The change in the value is credited/(debited) to the "Fair Value Change Account".

d) In the case of CIFCL –

Long Term Investments are stated at cost other than the investment in the shares of BSE, which is accounted at fair value based on the Expert Advisory Committee opinion on "Accounting for conversion of membership rights of erstwhile BSE (AOP) into trading rights of BSE and shares". However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments.

1.9 Inventories

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

b) Work-in-progress and finished goods are valued at lower of weighted average cost and estimated net realisable value (net of allowances). 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

1.10 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, Quantity Discounts and Sales Returns.

b) Service revenues are recognised when services are rendered.

c) Dividend income is accounted for when the right to receive it is established.

d) Interest Income is recognised on time proportion basis.

e) In the case of CMSGICL:

(i) Premium (net of service tax) is recognised as income on assumption of risk, after adjusting for unexpired risk, which recognition in the case of Rashtriya Swasthya Bima Yojna Scheme is done on receipt of Government acknowledgement of the enrolments done under the Scheme. 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 except health line 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 February 2, 2011, the Reserve for Unexpired Risk is calculated only on “Day Basis”. Further, in the case of the inward premium from IMTPDRIP (DR Pool), in view of the “clean cut” arrangement, the entire inward premium is recognised as revenue.

(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 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.

f) In the case of 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) Service Charges are 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.

(iii) 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.

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

(v) Loss, if any, in respect of securitisation and assignment is recognised upfront in the Statement of Profit and Loss.

(vi) Income from non-financing activity is recognised as per the terms of the respective contract on accrual basis.

(vii) Brokerage Income on stock broking and other charges are recognised on the trade date of transaction upon confirmation of the transaction by the exchanges.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

(viii) Income from depository services, finance charges on client dues are recognised on the basis of agreements entered into with the clients and when the right to receive the income is established.

(ix) Interest income on bonds and deposits and pass through certificates is recognised on accrual basis.

(x) Commission is recognised on an accrual basis based on contractual obligations and when there is no uncertainty in receiving the same. Commission income is net of service tax.

(xi) Profit/loss on sale of investments is recognised at the time of sale or redemption.

1.11 Reinsurance Ceded and Commission Received (CMSGICL):

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

b) 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.

1.12 Acquisition Cost of new insurance contracts (CMSGICL)

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

1.13 Claims and Premium Deficiency (CMSGICL)

a) 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.

b) 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.

c) 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.

d) In respect of incoming co-insurance, claims are accounted based on intimations received from co-insure.

e) In respect of Declined Risk Pool, in view of the "clean cut" arrangement, the reserving claim is made on the entire premium recognised as revenue.

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

1.14 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 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.

1.15 Receivables Under Financial Activity – (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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

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.

1.16 Employee Benefits

a) Defined Contribution Plan

(i) Superannuation

Contributions at a sum equivalent to 15% of eligible employees salary are made 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 towards Employees Provident Fund made to the Regional Provident Fund are recognised as expense in the year in which they are incurred.

b) Defined Benefit Plan

(i) Gratuity

Annual contributions are made 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 less the Fair Value of Plan Assets out of which the obligations are expected to be settled. Actuarial gains/losses are immediately recognised in the Statement of Profit and Loss.

(ii) Provident Fund

In respect of employees not covered under Point 1.16 (a) (ii), contributions to the Company's Employees Provident Fund Trust are made 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, determined based on an actuarial valuation, as an expense.

c) 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 Projected Unit Credit Method less the Fair Value of Plan Assets out of which the obligations are expected to be settled, as at the Balance Sheet date.

d) Short Term Employee Benefits

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.

Employee benefits relating to employees of overseas subsidiaries are covered based on the labour laws prevailing in the country of incorporation of the subsidiaries.

1.17 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 Statement of Profit and Loss as per the lease terms.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

1.18 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.

Consolidation of subsidiaries situated in foreign countries

For the purpose of consolidation of subsidiaries situated in foreign countries, other than those whose operations are integral in nature (which are translated using the same principles and procedures as those of the Company), income and expenses are translated at average exchange rates and the assets and liabilities are stated at closing exchange rates. The net impact of such change is accumulated under foreign currency translation reserve under Reserves and Surplus. On the disposal of a non-integral subsidiary, the cumulative amount of the exchange differences which have been included under Foreign Currency Translation Reserve and which relate to that subsidiary are recognised as income or as expense in the period in which the gain or loss on disposal is recognised. When there is a change in the classification of a subsidiary, the translation procedures applicable to the revised classification are applied from the date of change in the classification.

1.19 Derivative Instruments and Hedge Accounting

Company

The Company uses forward contracts and currency swaps (Derivative Contracts) 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 Derivative 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.

Derivative contracts 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

CIFCL

CIFCL enters into derivative contracts in the nature of foreign currency swaps with an intention to hedge its existing assets and liabilities in foreign currency. Derivative Contracts which are closely linked to the existing assets and liabilities are accounted as per policy stated for foreign currency transactions and translations.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

1.20 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
Lease hold Improvements - CIFCL	Primary Lease Period or 5 Years, whichever is lower
Computer Equipment	3 Years – 4 Years
Other Plant & Machinery/Equipment	5 Years – 20 Years
Intangible Assets	
- Computer Software	License Period or 3 Years whichever is lower
- Stock Exchange Membership Card	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
Buildings	15 Years – 40 Years
Furniture & Fixtures	5 Years – 15 Years
Tools	3 Years

Depreciation is normally provided pro-rata from the month of Capitalisation.

Individual fixed assets whose actual cost does not exceed `5,000 are fully depreciated in the year of acquisition.

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.

c) Additional depreciation is provided for, 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 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

(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 Statement of Profit and Loss.

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

1.21 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 1.20 above.

1.22 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 is measured using the tax rates and tax laws enacted or substantively enacted as at the reporting date.

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.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

In respect of overseas subsidiaries, income tax is provided for based on income tax laws prevailing in the country of incorporation of the respective subsidiaries.

1.23 Provisions and Contingencies

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.

1.24 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

1.25 Borrowing Costs

Borrowing Costs include interest, amortisation of ancillary costs incurred and Exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the finance cost. Finance Costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date the asset is ready for its intended use is added to the cost of the assets. Capitalisation of Finance Costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

1.26 Prepaid Finance Charges (CIFCL)

Prepaid Finance Charges represents ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed, and is 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.

1.27 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the period.

The weighted average number of Equity Shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential Equity Shares, that have changed the number of Equity Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity share holders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential Equity Shares.

1.28 Employees Stock Option

Stock options granted to the employees under the stock option scheme are evaluated as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities and Exchange Board of India. The Company follows the intrinsic value method of accounting for the options and accordingly, the excess of market value of the stock options as on date of grant, if any, over the exercise price of the options is recognised as deferred employee compensation and is charged to the Statement of Profit and Loss on graded vesting basis over the vesting period of the option.

1.29 Provision for Claw Back of Commission Income (CIFCL)

The estimated liability for claw back of commission income is recorded in the period in which the underlying revenue is recognised. These estimates are established using historical information on the nature, frequency and expected average cost of claw back and management estimates regarding possible future incidence. The estimates used for accounting of claw back claims are reviewed periodically and revisions are made as required.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Share Capital

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Authorised Capital		
21,50,00,000 Equity Shares of `2 each	43.00	43.00
Issued, Subscribed and Paid-up Capital		
18,66,79,308 Equity Shares of `2 each fully paid up (Previous Year 18,63,15,317 Equity Shares of `2 each fully paid up)	37.33	37.26
	37.33	**37.26**

a) The Reconciliation of Share Capital is given below:

Particulars	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	` in Crores	No. of Shares	` in Crores
At the beginning of the year	18,63,15,317	37.26	18,56,66,931	37.13
Shares allotted on exercise of employee stock options (Refer Note e below)	3,63,991	0.07	6,48,386	0.13
At the end of the year	**18,66,79,308**	**37.33**	**18,63,15,317**	**37.26**

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. Dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. Repayment of capital will be in proportion to the number of Equity Shares held.

c) Details of Shareholder(s) holding more than 5% of Equity Shares in the Company as on 31 March 2013

	As at 31.03.2013		As at 31.03.2012	
Name of the Share Holder	No. of Shares	% against total number of shares	No. of Shares	% against total number of shares
Murugappa Holdings Limited (Associate - Investing Company)	6,40,54,680	34.31%	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 2013 is 52,23,460 (Previous Year 64,23,460) each representing one Equity Share of `2 face value. GDR % against total number of shares is 2.80% (Previous Year 3.45%). The GDRs carry the same terms/rights attached to Equity Shares of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

e) Stock Options

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

Particulars	Date of Grant	Exercise Price (`)	Options Granted	Options Vested	Options Cancelled/ lapsed	Options Exercised & allotted	Options Exercised, 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-Oct-07	62.85	6,00,120	3,80,874	2,36,496	3,63,624	-	-	31.10.08 – 100%
Grant 2	31-Jan-08	66.10	1,05,460	81,324	24,136	81,324	-	-	31.01.09 – 100%
Grant 3	24-Mar-08	56.80	26,55,260	16,13,270	10,41,990	12,06,252	-	4,07,018	31.10.09 – 25% 31.10.10 – 37.5% 31.10.11 – 37.5%
Grant 4	31-Jul-08	44.45	3,86,900	2,94,305	92,595	1,74,433	-	1,19,872	31.07.09 – 20% 31.07.10 – 20% 31.07.11 – 30% 31.07.12 – 30%
Grant 5	31-Oct-08	24.25	54,000	30,240	23,760	30,240	-	-	31.10.09 – 20% 31.10.10 – 20% 31.10.11 – 30% 31.10.12 – 30%
Grant 6	30-Jan-09	31.05	28,100	23,323	4,777	23,323	-	-	30.01.10 – 20% 30.01.11 – 20% 30.01.12 – 30% 30.01.13 – 30%
Grant 7	29-Jan-11	140.05	4,25,400	1,22,242	85,898	2,600	-	3,36,902	29.01.12 – 20% 29.01.13 – 20% 29.01.14 – 30% 29.01.15 – 30%
Grant 8	29-Jan-11	140.05	1,92,400	1,07,200	39,420	17,512	-	1,35,468	29.01.12 – 40% 29.01.13 – 30% 29.01.14 – 30%
Grant 9	29-Jan-11	140.05	13,900	11,120	2,780	-	-	11,120	29.01.12 – 50% 29.01.13 – 50%
Grant 10	2-May-11	140.45	55,000	3,936	31,384	-	-	23,616	02.05.12 – 20% 02.05.13 – 20% 02.05.14 – 30% 02.05.15 – 30%
Grant 11	1-Aug-11	159.75	33,600	-	6,720	-	-	26,880	01.08.12 – 20% 01.08.13 – 20% 01.08.14 – 30% 01.08.15 – 30%
Grant 12	2-Nov-11	143.10	1,26,800	21,900	3,460	-	-	1,23,340	02.11.12 – 20% 02.11.13 – 20% 02.11.14 – 30% 02.11.15 – 30%
			46,76,940	**26,89,734**	**15,93,416**	**18,99,308**	**-**	**11,84,216**	

During the past 5 years, the Company has allotted 18,99,308 (Previous Year 15,35,317) Equity 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 2013 is 11,84,216 (Previous Year 16,80,893) and each Option is exercisable into one Equity Share of `2 face value within three/six 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 in the previous year & alloted during the year	Options Exercised & pending allotment	
Grant 1	31-Oct-07	-	-	-	-	-	-	-
Grant 2	31-Jan-08	-	-	-	-	-	-	-
Grant 3	24-Mar-08	6,45,453	-	-	2,38,435	5,296	-	4,07,018
Grant 4	31-Jul-08	2,15,220	-	16,011	79,337	-	-	1,19,872
Grant 5	31-Oct-08	8,100	-	1,620	6,480	-	-	-
Grant 6	30-Jan-09	15,174	-	843	14,331	-	-	-
Grant 7	29-Jan-11	3,87,796	-	48,294	2,600	-	-	3,36,902
Grant 8	29-Jan-11	1,81,240	-	28,260	17,512	-	-	1,35,468
Grant 9	29-Jan-11	12,510	-	1,390	-	-	-	11,120
Grant 10	2-May-11	55,000	-	31,384	-	-	-	23,616
Grant 11	1-Aug-11	33,600	-	6,720	-	-	-	26,880
Grant 12	2-Nov-11	1,26,800	-	3,460	-	-	-	1,23,340
Total		**16,80,893**	**-**	**1,37,982**	**3,58,695**	**5,296**	**-**	**11,84,216**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Reserves and Surplus

` in Crores

Particulars	As at 31.03.2012	Movement	As at 31.03.2013
Capital Reserve (Refer Note a below)	0.79	0.47	1.26
Capital Reserve on Consolidation	0.16	0.00	0.16
Capital Redemption Reserve	24.13	(1.32)	22.81
Securities Premium Account	190.13	62.60	252.73
Debenture Redemption Reserve	68.33	66.77	135.10
Hedge Reserve Account	0.46	(0.78)	(0.32)
Statutory Reserve (Refer Note b below)	68.69	26.03	94.72
Foreign Currency Translation Reserve	1.86	(1.13)	0.73
Contingency Reserve for Unexpired Risk (Refer Note c below)	7.07	11.59	18.66
Fair Value Change Account	(0.64)	(0.01)	(0.65)
General Reserve	619.52	357.48	977.00
	980.50	**521.70**	**1502.20**
Surplus/(Deficit) in the Statement of Profit and Loss			
Surplus at the beginning of the year	461.61		292.29
Profit for the year	268.91		288.51
Final Dividend including Dividend Distribution Tax	(0.02)		(0.00)
Transfer to General Reserve	(303.20)		(250.74)
Transfer to Statutory Reserve	(34.51)		(61.59)
Transfer to Contingency Reserve for Unexpired Risk	(9.55)		(25.21)
Transfer to Debenture Redemption Reserve	(31.66)		(84.27)
Interim Dividend @ `1.50 (Previous Year `2) per Equity Share of `2 each	(37.24)		(27.99)
Final Dividend Proposed @ `0.50 (Previous Year `1) per Equity Share of `2 each	(18.63)		(9.33)
Dividend Distribution Tax	(5.18)		(3.20)
Earlier year's provision for Dividend Distribution Tax no longer required	1.76		1.17
Surplus at the end of the year	**292.29**		**119.64**
	1272.79		**1621.84**

Notes:

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

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

c) 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 except health line 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 February 2, 2011, the Reserve for Unexpired Risk is calculated only on "Day Basis". Further in the case of the inward premium from IMTPDRIP (DR Pool), in view of the "clean cut" arrangement, the entire inward premium is recognised as revenue.

4. Share Application Money Pending Allotment

Pursuant to Options granted under Employees Stock Option Scheme, the Company had received `0.03 Cr. towards share application money for 5,296 Equity Shares of `2 each with a premium of `54.80 per share during the year ended 31 March 2012. The Shares were allotted as per the Scheme during the year ended 31 March 2013 and until the date of allotment of shares, the said amount was held in a designated bank account and was not available for use by the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Long Term Borrowings

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Secured Borrowings		
Non-Convertible Debentures	2529.40	1907.90
Foreign Currency Term Loans from Banks	142.26	255.08
Rupee Term Loans from Banks	4391.33	4108.34
Senior Debt and Others	-	0.18
Unsecured Borrowings		
Non-Convertible Debentures	1853.70	1285.70
Deferred Payment Liability - Sales Tax Deferral	12.38	16.24
	8929.07	**7573.44**

6. Deferred Tax Liabilities (Net)

` in Crores

Nature - Liability/(Asset)	As at 31.03.2013	As at 31.03.2012
COMPANY		
Deferred Tax Liabilities		
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961	64.09	59.43
Total (A)	**64.09**	**59.43**
Deferred Tax Assets		
Deferred Revenue Expenses	(1.13)	(1.74)
Provision for Doubtful Debts/Advances	(2.91)	(2.89)
Provision for Employee Benefits and Others	(7.76)	(6.72)
Total (B)	**(11.80)**	**(11.35)**
Net Deferred Tax Liability (A+B)	**52.29**	**48.08**
SUBSIDIARY - FINANCIERE C10 SAS		
Deferred Tax Liabilities		
Others	2.28	1.90
Total (A)	**2.28**	**1.90**
Deferred Tax Assets		
Others	-	-
Total (B)	**-**	**-**
Net Deferred Tax Liability (A+B)	**2.28**	**1.90**
SUBSIDIARY - SHANTHI GEARS LIMITED		
Deferred Tax Liabilities		
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961	9.01	-
Total (A)	**9.01**	**-**
Deferred Tax Assets		
43B liabilities/disallowance	(2.14)	-
Total (B)	**(2.14)**	**-**
Net Deferred Tax Liability (A+B)	**6.87**	**-**
Total Deferred Tax Liability (Net)	**61.44**	**49.98**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Other Long Term Liabilities

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Advances from Customers/Others	1.16	0.79
Interest Accrued but Not Due on Loans/Other Deposits	45.24	16.79
Payable to IMTPIP	-	121.06
Claims Outstanding	922.10	47.41
Reserve for Unexpired Risk	36.71	21.59
Other Liabilities	2.26	5.90
	1007.47	**213.54**

8. Long Term Provisions

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Provision for Standard Assets*	28.51	20.76
Provision for Non-Performing Assets*	52.17	25.37
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised*	7.53	6.88
Provision for Compensated Absences	3.85	2.85
	92.06	**55.86**

*Also Refer Note 12(iii)

9. Short Term Borrowings

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Secured Borrowings		
Foreign Currency Loans	38.00	117.32
Working Capital Demand Loans	120.00	-
Cash Credit and Other Borrowings	2149.21	42.85
	2307.21	**160.17**
Unsecured Borrowings		
Foreign Currency Loans	56.61	4.79
Working Capital Demand Loans	50.00	1413.06
Cash Credit and Other Borrowings	33.64	33.33
Commercial Papers	850.05	235.00
	990.30	**1686.18**
	3297.51	**1846.35**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Trade Payables

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Trade Payables		
- Dues to Micro, Small & Medium Enterprises	1.48	0.88
- Goods and Services	613.35	662.92
Acceptances	62.16	59.06
	676.99	**722.86**

11. Other Current Liabilities

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Current Maturities of Long Term Borrowings	4373.26	2864.29
Deferred Payment Liability - Sales Tax Deferral	3.86	2.98
Interest Accrued but Not Due	321.17	209.25
Unpaid Dividends	2.76	2.25
Income received in advance	0.03	0.30
Unclaimed Fixed Deposits and interest	0.40	0.54
Advances and Deposits from Customers/Others	91.78	24.79
Collections in derecognised assets	184.87	-
Claims Outstanding	261.08	415.77
Reserve for Unexpired Risk	628.89	461.39
Other Liabilities	155.80	191.23
Share in Joint Venture	0.50	0.32
	6024.40	**4173.11**

12. Short Term Provisions

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Provision for Compensated Absences (Net)	29.19	30.16
Provision for Warranties (Refer Note i below)	1.96	1.63
Provision for Contingencies (Refer Note ii below)	4.12	3.49
Provision for Wealth Tax	0.13	0.07
Provision for Standard Assets (Refer Note iii below)	13.06	13.12
Provision for Non Performing Assets (Refer Note iii below)	172.14	124.30
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised (Refer Note iii below)	0.75	2.51
Provision for Others	13.55	13.32
Contingent Service Tax Claims (Refer Note iii below)	7.92	7.36
Proposed Dividend	9.33	18.63
Dividend Distribution Tax	1.59	3.02
Share in Joint Venture	0.68	0.58
	254.42	**218.19**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes:

(i) Warranties - Company

The details of Provision for Warranties is given below: ` in Crores

Particulars	2012-13	2011-12
Opening Balance	1.63	1.63
Provision created during the year	2.56	3.13
Utilised during the year	(2.23)	(3.13)
Closing Balance	**1.96**	**1.63**

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

(ii) Contingencies

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

` in Crores

Particulars	2012-13	2011-12
Opening Balance	3.49	3.51
Provision created during the year	0.63	1.00
Utilised during the year	-	(1.02)
Closing Balance	**4.12**	**3.49**

(iii) Movement in Provisions in 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 Derecognised	Contingent Service Tax Claims
Opening Balance				
- Long Term (Refer Note 8)	20.76	25.37	6.88	-
- Short Term	13.12	124.30	2.51	7.36
Provision Created during the year	7.69	107.57	-	0.56
Utilised/Reversed during the year	-	(32.93)	(1.11)	-
Closing Balance				
- Long Term (Refer Note 8)	28.51	52.17	7.53	
- Short Term	13.06	172.14	0.75	7.92

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Fixed Assets

` in Crores

Particulars	Gross Block at Cost					Depreciation / Amortisation					Net Block	
	As at 31.03.2012	Addition on Acquisition of Subsidiary	Additions/ Adjustments	Deletions/ Adjustments	As at 31.03.2013	As at 31.03.2012	Addition on Acquisition of Subsidiary	For the Year (Note 1)	On Deletion	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible Assets												
Land (Freehold)	64.06	5.50	7.33	-	76.89	-	-	-	-	-	76.89	64.06
	(34.01)	-	(30.05)	-	(64.06)	-		-	-	-	(64.06)	(34.01)
Land (Leasehold)	1.14		-	-	1.14	0.20	-	0.02	-	0.22	0.92	0.94
	(1.14)		-	-	(1.14)	(0.19)		(0.01)	-	(0.20)	(0.94)	(0.95)
Buildings (Note 2)	250.39	34.01	26.35	0.12	310.63	57.13	9.33	29.54	0.05	95.95	214.68	193.26
	(231.25)	-	(19.26)	(0.12)	(250.39)	(49.85)	-	(7.33)	(0.05)	(57.13)	(193.26)	(181.40)
Plant & Machinery	1088.29	303.90	90.50	17.61	1465.08	661.22	221.57	70.08	16.94	935.93	529.15	427.07
	(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	0.20	-	-	-	0.20	0.01	0.01
	(0.21)	-	-	-	(0.21)	(0.19)		(0.01)	-	(0.20)	(0.01)	(0.02)
Office Equipment	30.11	8.25	36.71	7.85	67.22	20.85	7.58	13.57	7.30	34.70	32.52	9.26
	(22.90)	-	(9.04)	(1.83)	(30.11)	(18.45)	-	(4.20)	(1.80)	(20.85)	(9.26)	(4.45)
Improvrment to Premises (Leasehold and Owned)	7.02	-	15.62	0.64	22.00	2.37	-	7.52	0.63	9.26	12.74	4.65
	(4.65)	-	(2.37)	-	(7.02)	(1.83)	-	(0.54)	-	(2.37)	(4.65)	(2.82)
Furniture & Fixtures	27.40	1.94	3.70	1.02	32.02	19.49	1.47	0.71	0.99	20.68	11.34	7.91
	(18.74)	-	(9.09)	(0.43)	(27.40)	(16.33)	-	(3.53)	(0.37)	(19.49)	(7.91)	(2.41)
Vehicles	13.44	2.80	5.01	3.06	18.19	5.85	2.14	2.92	2.21	8.70	9.49	7.59
	(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)	-	-	(2.45)	-	(1.98)		(0.47)	(2.45)	-	-	(0.47)
Total	**1482.06**	**356.40**	**185.22**	**30.30**	**1993.38**	**767.31**	**242.09**	**124.36**	**28.12**	**1105.64**	**887.74**	**714.75**
	(1331.77)	-	(166.63)	(16.34)	(1482.06)	(687.33)	-	(94.23)	(14.25)	(767.31)	(714.75)	(644.44)
Intangible Assets												
- Computer Software	48.68	4.69	13.76	-	67.13	38.25	3.25	7.98	-	49.48	17.65	10.43
	(40.71)	-	(7.97)	-	(48.68)	(31.80)	-	(6.45)	-	(38.25)	(10.43)	(8.91)
- Others	6.65	-	-	4.81	1.84	3.98	-	0.09	2.45	1.62	0.22	2.67
	(6.65)	-	-	-	(6.65)	(4.16)	-	(0.06)	(0.24)	(3.98)	(2.67)	(2.49)
Total	**55.33**	**4.69**	**13.76**	**4.81**	**68.97**	**42.23**	**3.25**	**8.07**	**2.45**	**51.10**	**17.87**	**13.10**
Total	**(47.36)**	**-**	**(7.97)**	**-**	**(55.33)**	**(35.96)**	**-**	**(6.51)**	**(0.24)**	**(42.23)**	**(13.10)**	**(11.40)**
Grand Total	**1537.39**	**361.09**	**198.98**	**35.11**	**2062.35**	**809.54**	**245.34**	**132.43**	**30.57**	**1156.74**	**905.61**	**727.85**
	(1379.13)	-	(174.60)	(16.34)	(1537.39)	(723.29)	-	(100.74)	(14.49)	(809.54)	(727.85)	(655.84)

Notes:

1. Additions to Depreciation includes depreciation amounting to `2.25 Cr. (Previous Year `2.39 Cr.) charged additionally on certain assets.
2. Net Block of Buildings includes Improvement to Buildings `10.61 Cr. (Previous Year `11.06 Cr.) constructed on Leasehold Land.
3. Previous Year Figures are given in brackets.

14. Non-Current Investments

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Long Term Investments (At Cost unless otherwise stated)		
Trade Investments:		
Government Securities	559.55	375.51
Other Investments:		
Equity Shares (Fully paid) - Quoted (Refer Note a and b below)	3.33	4.10
Equity Shares (Fully paid) - Unquoted	3.54	3.54
Debentures and Bonds	495.94	390.82
Investment in Mutual Fund Units	1.92	1.25
Investment in Infrastructure Bonds	194.01	142.85
Others	24.01	-
Share in Joint Venture	-	0.12
	1282.30	**918.19**

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 `4.54 Cr. (Previous Year `4.39 Cr.).

15. Deferred Tax Assets (Net)

` in Crores

Nature - Liability/(Asset)	As at 31.03.2013	As at 31.03.2012
SUBSIDIARY - CMSGICL		
Deferred Tax Liabilities		
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961	(1.17)	(0.31)
Total (A)	**(1.17)**	**(0.31)**
Deferred Tax Assets		
Provision for Employee Benefits and Others	1.23	1.32
Unabsorbed business loss	-	2.40
Provision for dimunution in investments	0.37	0.36
Others	0.19	0.06
Total (B)	**1.79**	**4.14**
Net Deferred Tax Asset (A+B)	**0.62**	**3.83**
SUBSIDIARY - CIFCL		
Deferred Tax Liabilities		
Unamortised Miscellaneous Expenditure	(21.81)	(20.31)
Total (A)	**(21.81)**	**(20.31)**
Deferred Tax Assets		
Provision for Standard Assets	14.13	10.99
Provision for Non-Performing Assets	53.19	26.17
Provision for Credit Enhancements and Servicing Costs on Assets De-Recognised	2.82	3.05
Provision for Repossessed Stock	4.07	3.08
Provision for Contingent Service Tax	2.69	-
Income Derecognised on Non-Performing Assets	7.51	19.64
Provision for Employee Benefits and Others	3.56	-
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961	2.00	0.72
Others	0.70	7.79
Total (B)	**90.67**	**71.44**
Net Deferred Tax Asset (A+B)	**68.86**	**51.13**
SUBSIDIARY - TICI Motors (WUXI) Company Limited		
Deferred Tax Assets		
Others	-	0.28
Net Deferred Tax Asset	**-**	**0.28**
Total Deferred Tax Asset (Net)	**69.48**	**55.24**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Long Term Loans and advances

(Unsecured, Considered Good unless otherwise stated) ` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Capital Advances		
- Secured	21.35	19.57
- Unsecured	6.93	20.63
Loans and Advances		
- Receivable from Terrorism Pool	49.61	37.93
- Electricity and Other Deposits	6.00	7.55
- Others	1.87	3.63
Deposits with Government, Public Bodies and Others	13.86	9.88
Balance with Customs, Excise and Sales Tax Authorities	6.60	8.52
Receivable from Indian Motor Third Party Insurance Pool Members	418.53	-
Sundry Deposits	4.37	7.52
Advance Income Tax (Net of Provision)	91.69	73.74
MAT Credit Entitlement	1.98	1.60
Share in Joint Venture	0.03	0.17
	622.82	**190.74**

17. Receivable Under Financing Activity

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Secured (Refere Note below)		
Automobile Financing	7414.12	5435.93
Loans against Immovable Property	3991.78	2785.63
Loans against Securities	54.25	96.68
Other Loans	13.14	23.00
Unsecured		
Consumer Loans	0.36	1.72
	11473.65	**8342.96**
Of the above:		
Considered Good	11402.47	8296.00
Others - Non Performing Assets	71.18	46.96
	11473.65	**8342.96**

Note:

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.

18. Other Non-Current Assets

(Unsecured, Considered Good unless otherwise stated) ` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Non-Current Bank Balances	350.97	247.39
Excess Interest spread - Derecognised Assets	51.13	57.91
Prepaid Finance Charges	49.49	48.29
Financial Assets	5.99	15.53
Deposits	2.11	-
	459.69	**369.12**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. Current Investments

(At lower of Cost and Fair Value) ` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Investments - Current		
Investment in Infrastructure Bonds	10.13	15.50
Debentures/Bonds	145.24	114.00
Mutual Funds and Money Market Instruments	243.53	73.56
Government Securities	6.75	9.02
	405.65	**212.08**

20. Inventories

(Lower of Cost and estimated Net Realisable Value (Net of Allowances)) ` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Raw Materials	180.04	198.57
Work-in-Progress	131.44	105.28
Finished Goods	107.36	102.39
Stock-in-Trade	21.20	29.19
Stores and Spare Parts	16.93	16.27
Goods-in-Transit		
- Raw Materials	4.49	3.94
- Stock-in-Trade	1.36	17.66
	462.82	**473.30**

21. Trade Receivables

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	55.35	4.96
Doubtful	8.28	8.52
	63.63	**13.48**
Others		
Considered good	477.84	503.91
Doubtful	0.78	0.36
	478.62	**504.27**
Gross Trade Receivables	**542.25**	**517.75**
Provision for Doubtful Debts	(9.06)	(8.88)
Share in Joint Venture	3.06	2.81
	536.25	**511.68**
Of the above:		
- Secured	4.36	6.70
- Unsecured	531.89	504.98
	536.25	**511.68**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. Cash and Cash Equivalents

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Balance with Banks		
- Current Accounts	465.89	298.48
- Unpaid Dividend Accounts	2.76	2.25
- On Deposit Accounts		
- Free of Lien	151.11	133.20
- Under Lien	6.31	4.70
- On Client and Exchange Related Accounts	2.84	0.88
- Deposits as Collateral towards Assets De-recognised	66.83	71.08
- Public Deposit Escrow Account	0.56	0.94
- In Deposit Accounts - Original maturity more than 3 months	7.44	-
Share in Joint Venture	1.78	1.50
	705.52	**513.03**
Cheques on Hand	25.84	19.53
Cash on Hand	32.64	20.99
	764.00	**553.55**

23. Short Term Loans and Advances

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Advances Recoverable		
- Goods and Services	18.83	31.72
- Employee Related	12.12	10.04
- Prepaid Expenses	7.48	13.16
- Gratuity Fund (Net of Provision)	0.78	0.71
- Others	4.11	70.77
	43.32	**126.40**
Other Deposits	11.28	5.51
Receivable from IMTPIP	32.17	-
Balances with Customs, Excise and Sales Tax Authorities	12.39	9.43
Advance Tax (Net of Provision)	0.04	12.66
Fringe Benefits Tax (Net of Provision)	0.01	0.01
Share in Joint Venture	0.39	0.15
	99.60	**154.16**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24. Receivable under Financing Activity

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Secured		
Automobile Financing	4357.86	3274.80
Loans against Immovable Property	342.84	205.31
Loans against Securities	100.47	239.22
Loans against Gold	15.34	41.31
Instalments and Other Dues from Borrowers	236.61	121.09
Unsecured		
Consumer Loans	68.87	76.57
Other Loans	85.06	74.22
Instalments and Other Dues from Borrowers	13.08	15.44
	5220.13	**4047.96**
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) Instalments and Other Dues from Borrowers include dues from Borrowers in respect of assets de-recognised on account of Assignment of Receivables.	25.61	9.28
c) Secured Instalments and Other Dues to Borrowers include amounts outstanding for more than 6 months.	56.43	42.92
d) Unsecured Instalments and Other Dues to Borrowers include amounts outstanding for more than 6 months.	11.08	13.23
Of the above:		
Considered Good	5090.89	3908.30
Others - Non Performing Assets	129.24	139.66
	5220.13	**4047.96**

25. Other Current Assets

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Excess Interest spread - Derecognised assets	6.76	16.80
Prepaid Finance Charges	14.67	14.30
Prepaid Discount on Commercial papers	26.48	4.97
Reposessed Vehicles	6.28	1.95
Interest and Other Income Accrued but Not Due		
- on Loans to Borrowers	190.09	137.04
- on Deposits and Investments	58.89	36.99
Financial Assets	17.56	15.12
Unbilled Revenue	0.16	0.22
Other Accruals and Receivables	22.13	9.39
	343.02	**236.78**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

26. Other Income

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Interest and Dividend Income	15.81	13.10
Royalty Income	0.32	0.41
Profit on Tangible Assets sold/Discarded (Net)	0.91	0.12
Profit on Sale of Investments (Net)	4.08	-
Miscellaneous Income	6.82	0.72
Share in Joint Venture	0.22	0.18
	28.16	**14.53**

27. Cost of Materials Consumed

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Raw Materials Consumed	2174.43	2213.97
Scrap Sales (Net of Excise Duty)	(158.99)	(155.35)
Raw Materials Consumed (Net)	**2015.44**	**2058.62**

28. Changes in Inventories of Finished goods, Work-in-Progress and Stock-in-Trade

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Opening Stock		
Work-in-Progress	105.28	83.10
Finished Goods	102.39	100.11
Stock-in-Trade	46.85	28.51
	254.52	**211.72**
Addition on Acquisition of new Subsidiary	**32.68**	**-**
Closing Stock		
Work-in-Progress	131.44	105.28
Finished Goods	107.36	102.39
Stock-in-Trade	22.56	46.85
	261.36	**254.52**
	25.84	**(42.80)**

29. Employee Benefits Expense

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Salaries, Wages and Bonus	496.78	425.59
Contribution to Provident and Other Funds	47.14	45.01
Welfare Expenses	45.58	37.44
Share in Joint Venture	2.74	2.64
	592.24	**510.68**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

30. Other Expenses

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Consumption of Stores and Spares	149.55	144.30
Freight and Carriage Inwards	47.22	46.17
Conversion Charges	76.12	70.49
Power and Fuel	165.60	135.47
Rent	64.52	37.41
Repairs to Buildings	2.04	1.59
Repairs to Machinery	54.12	54.13
Repairs to Others	2.69	1.70
Insurance	4.50	2.83
Rates and Taxes	38.57	42.03
Travelling and Conveyance	38.51	36.37
Printing, Stationery and Communication	25.05	25.48
Freight, Delivery and Shipping Charges	113.75	104.93
Discounts/Incentives on Sales	27.87	33.78
Advertisement and Publicity	32.01	45.31
Bad Debts Written Off	0.51	1.75
Release of Bad Debts provision	(0.33)	(1.75)
Provision for Doubtful Debts	0.18	1.20
Advances Written Off	0.11	-
Auditors' Remuneration (Refer Note below)	1.82	1.47
Commission to Non Whole Time Directors - Company	1.30	1.30
Directors' Sitting Fees - Company	0.08	0.08
Loss on Exchange Fluctuation (Net)	9.24	3.61
Provision for Contingencies	0.63	1.00
Marketing Expenses	128.40	118.20
Bank Charges	2.59	3.64
EDP Expenses	26.93	22.61
Donations to Charitable and other instiutions	1.38	1.07
Administration Expenses	55.11	6.89
Insurance Commission (Net)	17.05	49.94
Recovery Charges	64.98	57.56
Other Expenses	127.57	142.35
Share in Joint Venture	2.70	2.29
	1282.37	**1195.20**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note: Auditors' Remuneration (Including for other Auditors)

` in Crores

Particulars	2012-13	2011-12
Statutory Audit	1.22	1.00
Tax Audit & Other Services	0.55	0.46
Reimbursement of Expenses	0.05	0.01
Sub-Total	**1.82**	**1.47**
Share in Joint Venture	0.02	0.01
Total	**1.84**	**1.48**

31. Provisions, Loan Losses and Other Charges

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Loss Assets Written Off	11.54	172.23
Loss on Repossessed Assets (Net)	29.95	16.17
Provision for Non Performing Assets	107.57	74.90
Provision Released for Non Performing Assets on Recovery/Write off	(33.64)	(198.88)
Provision for Standard Assets (Net)	7.69	12.90
Provision for other Doubtful Debts and Advances	0.21	0.54
Loss on Sale of Shares held as Stock-in-Trade (Net)	0.01	0.02
Provision for Dimunition in value of Investment	0.01	0.07
	123.34	**77.95**

32. Finance Costs

` in Crores

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Interest Expense	96.64	70.33
Exchange difference on Foreign Currency Loans (Net)	9.96	7.18
Other Borrowing Costs	0.81	1.15
	107.41	**78.66**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

33. Contingent Liabilities and Commitments

` in Crores

	Particulars	As at 31.03.2013	As at 31.03.2012
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for:		
	i. Capital Expenditure	107.22	113.06
	ii. Investments	-	53.85
b)	Disputed Income-Tax demands from A.Y. 1993-94 to 2009-10 under appeal/remand pending before various appellate/assessing authorities against which `28.02 Cr. (Previous Year `29.54 Cr.) has been deposited. The Balance of `1.47 Cr. (Previous Year `1.91 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.	29.49	31.45
c)	Disputed Service Tax, Excise and Customs duty demand amounting to `1.78 Cr. (Previous Year `1.72 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.	3.00	2.94
d)	Cases decided in favour of the Company against which the department has gone on an appeal		
	i. Income Tax	43.21	43.14
	ii. Excise	2.18	2.18
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.	68.90	26.03
f)	Bills Drawn of Customers and Discounted with Banks	1.44	1.03
g)	Counter Guarantees Provided by two of the Subsidiaries	39.86	56.66
h)	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
i)	Disputed claims against one of the Subsidiary lodged by various parties pending litigation (to the extent quantifiable)	15.13	10.83
j)	Cases decided in favour of the Subsidiaries against which the department has gone on appeal		
	i. Income Tax	0.98	32.35
	ii. Excise/Service Tax	-	17.37
k)	Disputed Excise/Sales/Service Tax Demands in respect of the Subsidiaries and Joint Venture	42.81	0.23
l)	Disputed Income Tax Demands in respect of the Subsidiaries and Joint Venture	64.25	21.42
m)	Claims Against Company not acknowledged as debts in one of the subsidiaries	7.25	-
n)	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:

a) CMSGICL is in receipt of 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 adjudication, have not been considered as contingent liabilities.

34. 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. CMSGICL'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 2012 has been accounted under the respective heads as follows :-

a) Premium Inwards - Premium on Reinsurance Accepted

b) Claims - under Claims Paid and Claims Outstanding

c) Management Expenses - under Operating Expenses Related to Insurance Business

d) Investment Income (provisional statements received upto March 31, 2013) - under Interest and Dividends in the Statement of Profit and Loss

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

The CMSGICL's share in the Terrorism Pool Account with GIC for the period 1 January 2013 to 31 March 2013 will be accounted on receipt of the relevant statements of account from GIC.

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

a) IRDA had vide its Orders No. IRDA/NL/ORD/MPL/277/12/2011 dated 23 December 2011 and IRDA/NL/ORD/MPL/003/01/2012 dated 3 January 2012 directed dismantling of the IMTPIP with effect from 31 March 2012. The dismantling of the pooling arrangement of IMTPIP implied that the insurers liability on motor third party insurance on commercial vehicles got restated from industry market share basis to actual policy issued basis.

b) Further, vide Order No. IRDA/F&A/ORD/MTPP/070/03-2012 dated 22 March 2012, IRDA had directed all members to effect the inter-se settlement of the transitional liabilities arising out the dismantling of IMTPIP. Accordingly, based on the advice from the Pool Administrator, CMSGICL has effected the settlement for the underwritten years 2007-08 and 2008-09 and has created claims outstanding liability for the underwritten years 2009-10, 2010-11 and 2011-12 with a corresponding asset towards receivable from other member companies.

c) IRDA, vide Order No. IRDA/F&A/ORD/MTPP/070/03-2012 dated 22 March 2012, amongst other things, had provided an option to insurers for a deferred absorption of the differential liability subject to certain conditions listed in the said Order. The Company, having exercised the option, has recognised in its Miscellaneous Revenue Account for the year ended 31 March 2013, `67 Cr. representing the current year's share of the cumulative differential actuarially estimated liability (net of earned premium) for the underwriting years 2009-10, 2010-11 and 2011-12.

d) In terms of the above-said Order dated 22 March 2012,

1. CMSGICL has carried forward `55 Cr. of the differential liability representing the final tranche, which will be absorbed in the next financial year 2013-14.
2. CMSGICL has accrued and recognised interest income of `31 Cr. receivable from the member of the erstwhile IMTPIP. During the year, one of the members of the IMTPIP has appealed to the Central Government under Section 110H of the Insurance Act, 1938 for setting aside the IRDA Order with respect to the payment of interest. The matter is under consideration of the Central Government.

c. Indian Motor Third Party Declined Risk Insurance Pool (DR Pool):

a) In accordance with the directions of IRDA, the CMSGICL, together with other non-life insurance companies, participates in the DR Pool, a multilateral reinsurance arrangement in respect of specified commercial vehicles and where the policy issuing member insurer cede the insurance premium to the DR pool based on underwriting policy approved by IRDA. The DR Pool is administered by General Insurance Corporation of India (GIC).

b) In terms of the DR Pool agreement,

1. Every member insurance company shall underwrite, net of reinsurance, a minimum percentage of "Act only" premium of specified commercial vehicles which is in proportion to the sum of fifty percent of the company's percentage share in total gross premium and fifty percent of the total motor premium of the industry for the financial year.

2. 70% of the premium written by the member insurer is to be ceded to the DR Pool.
3. The fulfilment or shortfall of the above mandatory obligations shall be determined based on actual premium written (net of reinsurance) by the Company and premium retained with respect to the business ceded to the DR Pool.
4. The DR Pool shall be extinguished at the end of every financial year on a clean cut basis, based on the statement of accounts drawn by the Pool Administrator.

c) CMSGICL has recognised the DR Pool transactions in its books as under :

1. Amounts collected towards declined risks is reflected in GWP (Direct) and the ceding to the DR Pool in Premium on reinsurance ceded.
2. Likewise, premium received from the DR Pool is reflected in Reinsurance accepted.
3. Earned Premium is considered at 100% of the premium received from the DR Pool since the risks have been transferred on a clean cut basis. This treatment of earned premium is different from the accounting policy in respect of earned premium from other pooling arrangements which is generally at 50% of the Reinsurance accepted.
4. Likewise, CMSGICL's share of incurred claims of the DR Pool has also been considered on 100% of the earned premium and reflected in Claims Paid and Claims Outstanding.
5. The impact of such change in the accounting policy is that the surplus in the Statement of Profit and Loss is lower by `5.22 Cr. with a corresponding effect in Net Current Assets.
6. The CMSGICL's share of administrative expenses of the DR Pool is disclosed under expenses of management and are net of deductions, if any.
7. For the first 3 quarters ended 31 December 2012, the actual share of premium, claims, pool administrator fees based on the audited statements received from the DR Pool Administrator has been considered.
8. For the calendar quarter ended 31 March 2013, the premium, claims and pool administrator fees have been considered based on the management estimate. The difference, if any, between the estimates and the actuals for the said quarter shall be recognised in the calendar quarter in which the Pool Administrator makes available the audited statement.

d. Contingency Reserve for Unexpired Risks:

CMSGICL 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 amounts to `37.32 Cr. (Previous Year – `26.56 Cr.).

In terms of the said circular:

a) `25.21 Cr. (Previous year – `9.55 Cr.) has been transferred to Contingency Reserve for Unexpired Risks.
b) The Contingency Reserve of `9.55 Cr. created as of 31 March 2012 has been transferred to General Reserve as of 31 March 2013.

35. Subsidiary - CIFCL

Assets De-recognised ` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Assets De-recognised		
On Bilateral Assignment of Receivables	429.96	1008.53
On Securitisation of Receivables	2098.81	313.38
Deposits provided as Collateral for Credit Enhancements	448.29	314.05

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

36. Segment Information

(A) PRIMARY SEGMENT

` in Crores

COMPONENTS/PRODUCTS	CYCLES/ COMPONENTS/ E SCOOTERS		ENGINEERING		METAL FORMED PRODUCTS		GEARS AND GEAR 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	Current Year	Previous Year
REVENUE																		
External Sales	1262.58	1292.97	1340.60	1320.09	1008.13	1058.17	63.07		1162.03	863.71	2502.54	1729.11	6.95	6.89			7345.90	6270.94
Inter-Segment Sales	0.00	0.00	126.80	129.24	0.47	0.25	0.14		5.40	5.42				0.05	(132.81)	(134.96)	0.00	
Other Operating Income	2.92	8.15	3.94	7.31	4.57	6.37			170.56	98.65	65.37	50.20		0.07			247.36	170.75
Unallocated Corporate Income																	0.27	0.14
Total Revenue	**1265.50**	**1301.12**	**1471.34**	**1456.64**	**1013.17**	**1064.79**	**63.21**		**1337.99**	**967.78**	**2567.91**	**1779.31**	**6.95**	**7.01**	**(132.81)**	**(134.96)**	**7593.53**	**6441.83**
Unallocated Corporate Expenses																	(17.10)	(23.80)
RESULT																		
Operating Profit	51.16	74.85	109.94	131.00	83.59	120.77	5.35		89.01	15.54	451.99	289.21	1.44	2.10			775.38	609.67
Profit/(Loss) on Sale of Assets	(0.40)	0.00	(0.18)	0.12	0.31	0.03	0.83				0.01						0.57	0.15
Net Operating Profit	**50.76**	**74.85**	**109.76**	**131.12**	**83.90**	**120.80**	**6.18**		**89.01**	**15.54**	**452.00**	**289.21**	**1.44**	**2.10**			**775.95**	**609.82**
Dividend Income																	1.32	4.74
Interest Expense																	(107.41)	(78.66)
Income Taxes																	(217.33)	(183.92)
Profit on Sale of Investments																	4.08	
Minority Interest in Net Income																	(169.57)	(83.07)
Share in Associate Profit																	1.47	0.00
Net Profit	**50.76**	**74.85**	**109.76**	**131.12**	**83.90**	**120.80**	**6.18**		**89.01**	**15.54**	**452.00**	**289.21**	**1.44**	**2.10**			**288.51**	**268.91**
Other Information																		
Segment Assets	285.19	307.36	735.33	704.96	753.11	763.46	288.35		2458.32	1503.96	18159.68	13437.88	5.99	5.26	(33.64)	(33.19)	22652.33	16689.69
Unallocated Corporate Assets																	88.12	91.62
Total Assets	**285.19**	**307.36**	**735.33**	**704.96**	**753.11**	**763.46**	**288.35**		**2458.32**	**1503.96**	**18159.68**	**13437.88**	**5.99**	**5.26**	**(33.64)**	**(33.19)**	**22740.45**	**16781.31**
Segment Liabilities	199.46	214.85	235.27	255.99	175.34	214.73	18.18		2023.01	1181.21	16259.17	12069.80	1.27	0.90	(33.64)	(33.19)	18878.06	13904.29
Unallocated Corporate Liabilities																	68.76	56.11
Total Liabilities	**199.46**	**214.85**	**235.27**	**255.99**	**175.34**	**214.73**	**18.18**		**2023.01**	**1181.21**	**16259.17**	**12069.80**	**1.27**	**0.90**	**(33.64)**	**(33.19)**	**18946.82**	**13960.40**
Capital Expenditure	10.51	6.01	82.24	93.31	61.62	67.50	3.10		24.02	15.16	35.98	31.70	0.29	0.27			217.76	213.95
Unallocated Corporate Capital Expenditure																	75.60	5.60
Depreciation	8.98	7.04	33.87	30.23	42.34	42.51	12.46		10.14	8.09	21.57	10.38	0.19	0.16			129.55	98.41
Unallocated Corporate Depreciation																	3.07	2.49

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(B) SECONDARY SEGMENT

` in Crores

Particulars	2012-13	2011-12
1. Revenue by Geographic Market		
India	7172.46	6,037.17
Rest of the World	421.07	404.66
Total	**7593.53**	**6441.83**
2. Segment Assets by Geographic Market		
India	22473.02	16,527.35
Rest of the World	179.31	162.34
Total	**22652.33**	**16689.69**
3. Capital Expenditure by		
India	280.55	212.43
Rest of the World	12.81	7.12
Total	**293.36**	**219.53**

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

a) List of Related Parties

I. Company having Substantial Interest in Voting Power
Cholamandalam MS General Insurance Company Limited
Mitsui Sumitomo Insurance Company Limited.

II. Associate – Investing Company
Murugappa Holdings Limited

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 Auditor.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	2012-13	2011-12
Rentals Received/Recovered	Mitsui Sumitomo Insurance Company Limited	0.70	0.72
Management Expenses	Mitsui Sumitomo Insurance Company Limited		
(a) Paid/Payable		0.91	1.24
(b) Recovery		0.39	0.16
Reinsurance Ceded	Mitsui Sumitomo Insurance Company Limited	44.64	38.45
Reinsurance Commission Received	Mitsui Sumitomo Insurance Company Limited	6.03	6.03
Reinsurance Recovery on claims	Mitsui Sumitomo Insurance Company Limited	50.56	26.52
Dividend Paid	Murugappa Holdings Limited	22.17	22.42
	KMP of the Company	0.05	0.06
Amount received from KMP	KMP of the Company	0.19	0.39
Remuneration	KMP of the Company	2.49	2.13
Balance at Year End			
Receivable (Net) – Due from other Entities Carrying on Insurance Business	Mitsui Sumitomo Insurance Company Limited	1.99	3.22
Receivable (Net) – Management expenses and rent	Mitsui Sumitomo Insurance Company Limited	1.11	0.17
Payable	KMP of the Company	0.59	0.42

38. Employee Benefits

a. Gratuity

` in Crores

Details of Actuarial Valuation	2012-13	2011-12
Change in Benefit Obligation		
Projected Benefit Obligation as at Year Beginning	35.10	30.40
Service Cost	4.49	3.65
Interest Cost	2.99	2.33
Actuarial Losses	1.27	1.42
Benefits Paid	(2.88)	(2.70)
Projected Benefit Obligation as at Year End	**40.97**	**35.10**
Fair Value of Plan Assets as at Year Beginning	36.08	32.07
Expected Return on Plan Assets	3.65	2.90
Employer's Contribution	4.47	3.80
Benefits Paid	(2.91)	(2.69)
Inward Transfer of Equitable Interest	0.15	-
Fair Value of Plan Assets as at Year End	**41.44**	**36.08**
Amounts Recognised in the Balance Sheet		
Projected Benefit Obligation at the Year End	40.97	35.10
Fair Value of the Plan Assets at the Year End	41.44	36.08
Asset Recognised in the Balance Sheet	**0.47**	**0.98**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	4.49	3.65
Interest on Obligation	2.99	2.33
Expected Return on Plan Assets	(3.65)	(2.90)
Net Actuarial Losses Recognised in the Year	1.27	1.42
Net Cost Recognised in the Statement of Profit and Loss	**5.10**	**4.50**

Notes:

i. The entire Plan Assets are managed by Life Insurance Corporation of India (LIC). In the absence of the relevant information from LIC/Actuary, the above details do not include the composition of plan assets and experience adjustment in respect of actuarial losses/gains.

ii. The expected/actual 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	2012-13	2011-12
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%

39. 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 2013, the Company has recognised Marked-to-Market (MTM) Loss of `0.32 Cr. (Previous Year Gain of `0.46 Cr) relating to Derivative contracts 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.

There was no undesignated/ineffective Derivative contracts as on 31 March 2013.

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

` in Crores

Particulars	2012-13	2011-12
Balance as at Beginning of the Year	0.46	(0.36)
Net Movement for the Year	(0.78)	0.82
Balance as at End of the Year	**(0.32)**	**0.46**

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.

40. Lease Commitments

a) The Company has operating lease agreements for office space and residential accommodation generally which are cancellable in nature. As per the lease terms an amount of `9.14 Cr. (Previous Year `6.51 Cr.) has been recognised in the Statement of Profit and Loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

b) Operating Lease – CMSGICL

The Company has operating lease agreements for: ` in Crores

Particulars	2012-13	2011-12
Office space and residential accommodation generally for a period of 5 years with option to renew and with escalation in rent once in three years.	7.81	7.54
Information Technology hardware, Branch Infrastructure (Furniture & Fixtures, Office and Electrical equipment) for a period of 4 years and are renewable at the option of the Company.	4.12	4.12

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Not later than 1 Year	4.12	4.12
Later than 1 year but not later than 5 Years	-	4.12

c) Operating Lease – Subsidiary – CIFCL

Assets taken on Non-cancellable operating lease consists of Plant and Machinery, Furniture and Fixtures and Office Equipment.

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

` in Crores

Particulars	As at 31.03.2013	As at 31.03.2012
Not later than 1 year	5.40	5.61
Later than 1 year and not later than 5 years	1.35	7.02
Later than 5 years	-	-
Total	**6.75**	**12.63**

41. Earnings Per Share

Particulars	2012-13	2011-12
Profit after Taxation – ` in Crores	288.51	268.91
Weighted Average Number of Shares		
- Basic	18,64,65,999	18,59,37,978
- Diluted	18,69,61,944	18.64,59,480
Earnings Per Share of `2 each		
- Basic	15.47	14.46
- Diluted	15.43	14.42

42. Stock Options

Company

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 CONSOLIDATED 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	Expected Life	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
		% (p.a)	(Years)	(%)	(%)	(`)	(`)
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	8.25	1.62	31.56	1.86	56.80	107.13
	31.10.10	8.23	2.12	32.28	1.86	56.80	107.73
	31.10.11	8.22	2.62	37.07	1.86	56.80	108.53
Grant 4	31.07.09	0.00	0.00	0.00	1.86	44.45	117.15
	31.07.10	8.24	1.99	32.37	1.86	44.45	118.02
	31.07.11	8.22	2.49	34.22	1.86	44.45	118.13
	31.07.12	8.22	2.99	39.82	1.86	44.45	118.38
Grant 5	31.10.09	8.31	0.12	32.98	1.86	24.25	137.33
	31.10.10	8.23	2.12	32.28	1.86	24.25	135.00
	31.10.11	8.22	2.62	37.07	1.86	24.25	134.38
	31.10.12	8.21	3.24	42.55	1.86	24.25	133.62
Grant 6	30.01.10	8.31	0.24	28.04	1.86	31.05	130.44
	30.01.11	8.23	2.24	33.96	1.86	31.05	129.19
	30.01.12	8.22	2.74	38.52	1.86	31.05	128.82
	30.01.13	8.21	3.49	43.77	1.86	31.05	128.32
Grant 7	29.01.12	8.26	1.24	31.69	1.86	140.05	39.45
	29.01.13	8.21	3.48	43.79	1.86	140.05	67.57
	29.01.14	8.21	4.48	46.73	1.86	140.05	76.34
	29.01.15	8.22	5.48	45.74	1.86	140.05	80.72
Grant 8	29.01.12	8.26	1.24	31.69	1.86	140.05	39.45
	29.01.13	8.21	3.48	43.79	1.86	140.05	67.57
	29.01.14	8.21	4.48	46.73	1.86	140.05	76.34
Grant 9	29.01.12	8.26	1.24	31.69	1.86	140.05	39.45
	29.01.13	8.21	3.48	43.79	1.86	140.05	67.57
Grant 10	02.05.12	8.25	1.37	31.38	1.86	140.45	40.44
	02.05.13	8.21	3.74	42.99	1.86	140.45	68.54
	02.05.14	8.21	4.74	47.27	1.86	140.45	78.10
	02.05.15	8.22	5.74	45.12	1.86	140.45	81.25
Grant 11	01.08.12	8.25	1.49	31.76	1.86	159.75	31.78
	01.08.13	8.21	3.99	46.63	1.86	159.75	66.76
	01.08.14	8.22	4.99	47.01	1.86	159.75	73.58
	01.08.15	8.23	5.99	44.83	1.86	159.75	76.81
Grant 12	02.11.12	8.24	1.74	32.74	1.86	143.10	43.55
	02.11.13	8.21	4.24	46.93	1.86	143.10	74.06
	02.11.14	8.22	5.24	46.20	1.86	143.10	79.03
	02.11.15	8.23	6.24	46.36	1.86	143.10	83.69

Subsidiary - CIFCL

The Board at its meeting held on 22 June 2007, approved an issue of Stock Options up to a maximum of 5% of the issued Equity Capital of the Company (before Rights Issue) aggregating to 1,904,162 Equity Shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The Shareholders of the Company at the Annual General Meeting held on 30 July 2007 approved the aforesaid issue of 1,904,162 Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The Compensation and Nomination Committee has approved the following grants to a list of senior level executives of the Company and some of its Subsidiaries in accordance with the Stock Option Scheme -2007:

Particulars		Date of Grant	Exercise Price (`)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited/ Lapsed	Options Outstanding at the end of the period	
Grant No								Vested	Yet to vest
1	Original*	30-07-07	193.40	30-07-08	7,65,900	12,040	6,35,732	1,18,128	-
	CAA*	25-01-08	178.70	-	54,433	546	44,337	9.550	-
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	3,484	3,10,955	1,54,301	-
5	Original	30-07-08	105.00	30-07-09	10,070	3,445	1,491	5,134	-
6	Original	24-10-08	37.70	24-10-09	65,600	17,384	38,786	9,430	-
7									
- Tr I	Original	27-01-11	187.60	27-01-12	2,94,600	3,192	29,672	93,196	1,68,540
- Tr II	Original	27-01-11	187.60	27-01-12	2,09,700	2,000	27,123	1,21,387	59,190
8	Original	30-04-11	162.55	30-04-12	1,13,400	-	36,414	13,466	63,520
9	Original	28-07-11	175.35	28-07-12	61,800	-	2,208	10,152	49,440
10	Original	27-10-11	154.55	27-10-12	1,95,680	-	-	32,658	1,56,544

*CAA- Corporate Action Adjustment

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

Date of Grant	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share in the Market at the time of the Option Grant (`)	Fair Value of the Option (`)
30-Jul-07	7.10% - 7.56%	3-6 years	40.64% -43.16%	5.65%	193.40	61.42
24-Oct-07	7.87% -7.98%	3-6 years	41.24% -43.84%	5.65%	149.90	44.25
25-Jan-08	6.14% -7.10%	3-6 years	44.58% -47.63%	5.65%	262.20	78.15
25-Apr-08	7.79% - 8.00%	2.5-5.5 years	45.78% - 53.39%	3.97%	191.80	76.74
30-Jul-08	9.14% - 9.27%	2.5-5.5 years	46.52% - 53.14%	3.97%	105.00	39.22
24-Oct-08	7.54% - 7.68%	2.5-5.5 years	48.2% - 55.48%	3.97%	37.70	14.01
27-Jan-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-Apr-11	8%	4 years	59.40%	25%	162.55	73.07
28-Jul-11	8%	4 years	58.64%	25%	175.35	79.17
27-Oct-11	8%	4 years	57.52%	25%	154.55	67.26

43. Previous Year Figures

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

Signatures to Notes to Consolidated Financial Statements

On behalf of the Board

M M Murugappan
Chairman

Chennai	**S Suresh**	**K Balasubramanian**	**L Ramkumar**
2 May 2013	Company Secretary	Chief Financial Officer	Managing Director

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