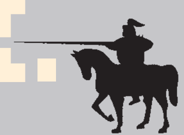
INDIA

Tube Investments of India Limited

Annual Report 2007-08

GREATER CHALLENGE.

STRONGER RESOLVE.



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.

Contents

The year 2007-08 turned out to be a challenging one for TI due to a combination of various factors: intense competition, cheaper imports, higher input costs (mainly steel), rupee appreciation and a decline in the performance of a major user-industry (two-wheeler).

TI, with almost 70 per cent of its revenues derived from the auto component sector, was no exception to this prevailing industry trend. The Company did well to report a 9 per cent increase in total revenues to Rs. 1762 crores in 2007-08 and an operating profit of Rs. 77 crores.

In these challenging times, TI could have waited to bide the weak industry sentiment. On the contrary, the Company responded to the challenges with timely initiatives and investments.

A RESOLVE TO TAKE THE CHALLENGES HEAD ON.

Dear Shareholders

India is the investment destination of the world. With a stable 8-9 per cent annual growth, burgeoning foreign exchange reserves and rising FDI inflows, India is the second fastest growing major economy.

Although, India's real GDP grew by nine per cent in 2007-08, it was a year marked by a challenging economic environment. The domestic economy witnessed high inflation, an appreciating rupee, a volatile capital market and a marginal industrial slowdown. The manufacturing sector grew 8.8 per cent vis-a-vis the strong 12 per cent growth reported in the previous year. The continued slowdown in the US economy and sub prime crisis impacted India. Soaring steel prices (21 per cent in 2007-08) and increasing oil prices continue to be a cause for concern.

Tube Investments, with a presence in the bicycle and auto component industries, was directly impacted. While the bicycle industry was stagnant, the auto component industry experienced a significant profitability squeeze on account of increasing steel prices and growing competition. In an industry where export contributes almost 20 per cent of the total turnover, a rupee appreciation of almost 13 per cent in 2007-08 thinned margins further.

TI is engaged in the midst of a challenging battle, a battle that requires us to be farsighted in our strategy and yet firm in our day-to-day decision making. So even as we reported lower profits, we reinforced our long-term sustainability through investments in technology upgradation that will lead to enhanced productivity, cost control, customer delivery, efficiency and environment friendliness. These investments will strengthen our domestic and international competitiveness.

Even though the present is a challenge, we believe the prospects of the Indian auto component industry will improve. This sector is forecast to grow from US$ 10 billion to US$40-45 billion by 2015 as global automobile manufacturers expect India to emerge as a manufacturing hub for auto components, ramping their outsourcing volumes and value from the country. To capitalise on these opportunities, TI is investing proactively

The Chairman

highlights the initiatives taken by the Company

in enhanced capacity, particularly in automobile chains and metal forming products.

At TI, to successfully counter competition, we recognise the significance of diversifying our product and customer base. In view of this, we leveraged our expertise in longstanding business to enter new areas and products. In the bicycle business we continue to focus on the specials category through the introduction of new high-end models and fitness products. In line with the changing retail landscape, we re-defined the bicycle shopping experience in India. We leveraged our strong BSA brand and extended it into specialised bicycle retail through our BSA Go stores. We are now exploring the possibility of leveraging our existing retail experience to extend it into a platform, centered around bicycles, fitness and leisure.

In the engineering and metal forming businesses, which are highly auto component oriented, we have responded with a dual approach:

- We have strengthened our sectoral position through an extension into niche, customer-centric value-added products that require considerable customer service, traditionally our competitive strength. In view of this, we are targeting the manufacture of safety critical four-wheeler components and a higher contribution from value-added tubes and tubular components.
- We are progressively de-risking our business from an over-dependence on a few sectors through an extension into products with applications beyond the automobile industry. We have already started manufacturing roll forming sections for railway wagons; we are focusing on chain solutions in the power transmission sector, enhancing our presence in two rapidly growing industries.

At TI, we enjoy a robust foundation comprising strong processes oriented around TPM/TQM practices, our ability to efficiently service customers and above all, a motivated team. We continue to invest in the development of our people to enhance their technical and leadership skills. I am confident that our investments and initiatives will build on this foundation, generating sustainable growth and profitability.

I am pleased to welcome Mr. L Ramkumar, who joined us as Managing Director in February 2008. Mr. Ram V Tyagarajan stepped down from the Board in May 2008. I wish him well in his endeavours. Our Board of Directors continue to support us well in these challenging times with their suggestions and wise counsel. To them, I wish to express my sincere thanks and gratitude.

Finally to all of you shareholders, I am most grateful for the confidence and support given to TI.

Sincerely yours,

M M Murugappan

TI IS ENGAGED IN THE MIDST OF A CHALLENGING BATTLE, A BATTLE THAT REQUIRES US TO BE FARSIGHTED IN OUR STRATEGY AND YET FIRM IN OUR DAY-TO-DAY DECISION MAKING.

BIG CHALLENGE. SMART MOVES.

Alexander the Great set out from Macedonia with the objective to create one boundary-less corporation. His odds: fatigue, logistics, poor communication, imprecise terrain knowledge and numerical disadvantage. Alexander's response: unprecedented integration of infantry, cavalry and engineers on the one hand with logistics, strategic innovation and intelligence on the other.

This strategy was best showcased when he set out to conquer Persia. An inadequate army, no navy, no money but a simple strategy: he resolved to make small coastal victories, control the ports and acquire scale. Once he had cut Persia off from its coast, he attacked the empire's centre with vigour – and eventually vanquished it.

And then after Persia it was another geography, another battle. But Alexander responded with a different approach, a different idea. And always won the day.

Challenge:

The bicycle industry in India is passing through a combination of diverse industry challenges, marked by stagnant overall growth, declining demand for standard bicycles, thin margins, rising steel and input costs as well as increasing imports.

TI's response:

The bicycles division grew revenues by 13 per cent and market share by 2.5 per cent in 2007-08, the industry challenges notwithstanding.

The Company responded to the industry reality through a combined strategy: a stronger leverage of its established presence as one of the largest manufacturers in India, an effective management of its popular brands (BSA and Hercules) to evolve the mindset from the product to the application (cycles to cycling) as well as a growing focus on the specials category.

Importantly, category-leading TI Cycles did not just focus on enhancing market share; it focused on innovating new market niches. Specifically, the Company created an avenue for leisure cycling, a concept popular in developed countries. Besides, the Company continued to introduce products that would appeal to youth and children.

TI capitalised on the evolving Indian retail landscape. In a country where cycles are usually marketed through dingy overcrowded shops, TI re-defined the bicycle shopping experience. It introduced the BSA Go concept, a one-stop premium store for all bicycling and fitness equipment requirements - BSA and Hercules brands of bicycles and BSA fitness equipment - promoting cycling as a health and lifestyle option. These stores introduced an element of the experiential, encouraging customers to ride bikes. This differentiated and forward-looking retail initiative translated into higher trade volumes.

Going ahead, TI will reinforce its sectoral presence through an extension into the high-end electric bike segment and an entry into speciality retail.

HIGH AMBITION. GRASSROOTS UNDERSTANDING.

When Zahiruddin Mohammed Babur intended to extend his presence from Kabul to the prosperous destination of India, his principal handicap was numerical. His army was estimated at a third of that of Ibrahim Lodhi, the ruler of the large Delhi Sultanate. Lodhi possessed more than 1000 war elephants compared with Babur's 15-20 field artillery pieces. Besides, Lodhi enjoyed a deep terrain knowledge and logistical support; Babur was accompanied by all the attending disadvantages of an insurgent.

Whatever Babur lacked, he made up with a superior understanding of ground realities around which lay the foundation of the most powerful empire in India for centuries. He established a defensive position in Panipat. He collected 700 wagons from the country side, tied them with raw hide, arranged them in a line, and created occasional gaps between wagons through which the cavalry could charge or artillery would fire. Then on the far left, he laid trees along a ravine to protect his flank from encirclement. And then Babur set out to surprise his larger adversary. He used gunpowder weapons, used for the first time in India. The intended benefit: heavy enemy losses. Unintended benefit: they scared Lodhi's elephants into trampling his own army.

Challenge:

Over the years, the steel content in automotives has remained steadily high – from 500 kg in an entry-level passenger car to five tonnes in a medium duty commercial vehicle. As a result, a steep rise in HR steel price by 21 per cent in 2007-08 impacted the auto component industry in general and TI, where raw material costs accounted for 80 per cent of the total variable costs, in particular.

TI's response:

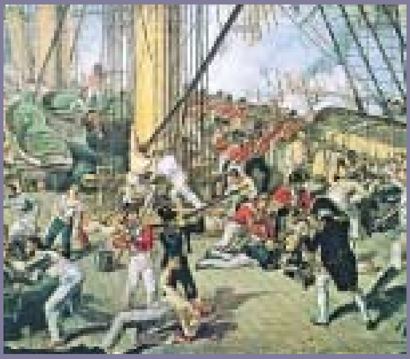
For a development completely external to the Company, TI responded with a singularly inward productivity management perspective.

The Company made significant plant investments directed at technology upgradation with the objective to enhance long-term productivity. It invested around Rs. 28 crores in tube mill and slitter modernization. It integrated the main tubes plant with the international business plant (both at Avadi) to enhance asset utilisation and productivity.

It focused on quality control to improve quality and reduce defects. It invested in a state-of-the-art scanning electron microscope that reinforced failure analysis and associated laboratory investigation. Its focused cost control programme reduced in-plant costs.

The Company also recognises its need to reduce its dependence on steel through prudent material substitution without compromising overall product quality. Besides, it is also exploring entry into markets that make it easier to recover raw material cost increases through higher realisations from customers.

COMMON PROBLEMS.
TACTICAL SOLUTIONS.



The face-off between the British Royal Navy and the combined French and Spanish navies was not just going to be another battle. It would decide the master of trade routes; it would decide who would rule the world.

However, the odds were loaded against the British. Their size (27 ships) was smaller than the adversary's 33 ships when they engaged at the Battle of Trafalgar. Except for a strategic brainwave. Admiral Lord Horatio Nelson, commander of British Royal Navy, introduced a method of naval engagement that was different from the conventional maneuver of lining up parallel to the enemy and blasting the guns. He proposed allocating all his ships into three columns. These would approach the adversary from the perpendicular, breaking through the Franco-Spanish line of ships and then engaging the enemy in single combat.

The Franco-Spanish fleet was confused by the English strategy. 18 French and Spanish ships struck their colours in surrender. The English lost none.

Challenge:

Direct and indirect competition is increasing in the Indian auto component industry. From integrated steel manufacturers and players with international presence on the one hand and significant rupee appreciation (almost 13 per cent in 2007-08) on the other, leading to cheaper imports.

TI's response:

TI leveraged its longstanding ability to customise products and provide a superior service to manufacture niche, research-led engineered products with relatively low competition. It identified new business opportunities supported by the technical competence of its R&D and Engineering Development Centre.

In the tubes business, TI is entering new product segments. It enhanced its presence in tubular component products through the manufacture of value-added, safety-critical components for four-wheelers. Going ahead, TI will increase the contribution of value-added tubes and tubular components to its total engineering revenue.

The Company is also deepening the international penetration of its tubes and chains businesses. In the tubes business, it already enjoys a US presence and expects to enhance its market share in Europe. Its 12000-tpa CDW tube plant at China is operational, enhancing its exposure in a high potential 2.5-lakh tpa geography. In the area of industrial chains, the Company expects to extend its established presence in Europe with an enhanced exposure in US.

In the model-specific doorframes business, the Company enjoys a leadership status in roll formed car doorframes in India with around 60 per cent market share. The Company continues to increase its product base, de-risking its product portfolio. It has been appointed as the sole car doorframe vendor for Tata Motors' small wonder car (Nano). It is investing Rs. 25 crores in setting up a dedicated proximate plant to meet Nano's requirements at Singur (West Bengal). Its Indica doorframe plant at Pune will go into commercial operations as soon as the new model is launched by Tata Motors.

The Company is also setting up an automotive chain plant at Uttarakhand to cater to the needs of Hero Honda Motors Ltd and others, enabling it to capitalise on the favourable investment climate of the region.

SINGULAR FOCUS.
PLURAL INITIATIVES.

Hannibal of Carthage intended to go to war with the Romans.

The war could be fought in two ways. Wait for the Romans to cross the Mediterranean and land in North Africa. Or sail and fight the navy-rich Romans. Hannibal selected the third alternative. He crossed the sea just above Carthage, took the land route and determined to carry the war into the heart of Italy with a rapid march through Hispania and southern Gaul.

His biggest obstacle: the Pyrenees and the Alps. No one gave him a chance. His was a plain-adjusted army. He needed to climb. There were elephants he needed to take. There were soldiers that he needed to feed. There were horses that needed to climb. But Hannibal thundered: "We will either find a way, or make one."

Hannibal survived the mountains, the guerrilla tactics of native tribes and the sheer lingual and racial diversity of his own army. He descended into a surprised Roman territory leading to subsequent victory in the Battle of Trebia.

An unusual approach had won the day.

Challenge:

Nearly 80 per cent of revenues of the Company's Engineering and Metal Formed products are dependent on the automobile sector; a 10 per cent decline in the two-wheeler industry impacted the growth of these businesses, more significantly the Company's tube and chain segments.

TI's response:

TI widened its product range beyond tubes for two wheelers to products for four-wheelers (including commercial vehicles). It expects to enhance its focus on ERW tubes and cold rolled steel strips, enjoying applications in bicycle and general engineering industries.

TI diversified its product base beyond auto component products in the metal forming business as well. It is now manufacturing roll formed sections for railway wagons and coaches to enhance their load bearing capacity, an application with growing potential.

TI plans to graduate from the mere manufacture of products to the delivery of power transmission solutions. It expects to introduce chains for elevators and excavators, targeting construction and material handling segments.

Dear Shareholders

The Managing Director

reviews the performance of the Company during the year 2007-08

As you are aware, a significant portion of TI's revenues come from supplies to the auto industry, more specifically the two wheeler industry. The year 2007-08 was a challenging one for the auto component industry marked by a steep increase in steel prices, rupee appreciation and decline in some of our user industries. The silver lining on the cloud was that even though our profitability weakened, we improved our market share in some of our product segments like bicycles, precision tubes and chains, representing the optimism of a vigorous rebound as soon as the industry sentiment improves.

Bicycles

TI continued to be a leading player in the Indian bicycle industry through the ownership of strong brands like BSA and Hercules. In spite of stagnant industry growth during the year under review, we grew our market share by 2.5 per cent. This improvement was achieved as a result of a customer-focused strategy that comprised a superior consumer experience at one-stop premium stores. To counter the industry weakness, the Company focused on high-end bikes and health & fitness equipment; it is now in the process of launching an electric bike.

Engineering

The industry challenge was the biggest in the business of precision tubes and strips. The performance of the division was impacted by rising steel prices, rupee appreciation and a slowdown of the two-wheeler industry, which made it difficult for the Company to recover cost increases. As a suitable counter-strategy, the Company increased its focus on value-added products, progressing from the manufacture of tubes to value-added tubular components. I am pleased to report that our continued focus on quality and delivery helped us retain our leadership position in precision welded steel tubes in India.

Metal Formed Products

The Company's metal forming division comprised two main products - chains and cold roll formed car doorframes. In the model-specific cold roll doorframe segment, we continued to retain our leadership position in the domestic market with an almost 60 per cent market share. We emerged as the sole vendor for Tata Motor's celebrated Nano car. We are broadbasing our roll forming customer profile by increasing our presence in high growth roll formed sections for railway wagons.

Notwithstanding the challenging environment, our automotive and industrial chain volumes increased. We are also setting up a chain facility in investment friendly Uttarakhand, closer to customers.

Research & Development

The Company's R&D initiatives focused on sheet metal forming and thermal processing. During the year under review, we developed and commissioned a new process for the low cost manufacture of sheet metal parts, complementing existing fine blanking processes. A new steel processing method, leveraging cold drawing and heat treatment, resulted in the development of high strength ultra fine grained steel tubes. Both these developments will facilitate new product opportunities pursued by our application engineers.

Human resources

Our human resource management revolves around a four-step process - Attract, Nurture, Retain and Develop talent - which facilitates competence building in individuals. We continued to develop leadership through our Business Leadership Programme (BLP) and Emerging Leaders Programme (ELP). During the year under review, we commenced two major programmes in collaboration with reputed institutes - TI Senior Management Programme in collaboration with Great Lakes Institute of Management and Technology Appreciation Programme (TAP) through IIT Madras. At the shop floor level, the practice of Small Group Activities (SGAs) and kaizens ensured fair employee involvement.

Going ahead, we will continue to focus on process and productivity improvements on the one hand and superior customer delivery on the other to sustain our growth within a challenging environment.

A number of initiatives and investments – existing and prospective – will translate into higher volumes and enhanced profitability, going ahead.

Yours sincerely,

L Ramkumar

WE WILL CONTINUE TO FOCUS ON PROCESS AND PRODUCTIVITY IMPROVEMENTS ON THE ONE HAND AND SUPERIOR CUSTOMER DELIVERY ON THE OTHER TO SUSTAIN OUR GROWTH WITHIN A CHALLENGING ENVIRONMENT.

10-Year Financials

Rs. in Crores

	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08
OPERATING RESULTS										
Sales (Including Excise Duty)	677.35	979.93	1,090.02	1,074.47	1,197.13	1,257.34	1,562.58	1,584.18	1,761.84	1,926.70
Profit before Depreciation, Interest & Tax	65.69	92.80	104.09	98.53	105.82	147.39	178.50	307.09	256.99	154.74
Profit before Interest & Tax	43.46	63.22	70.50	70.72	77.65	117.79	140.69	258.53	206.60	101.59
Profit before Tax (PBT)	21.50	41.34	50.91	55.34	62.45	105.30	126.18	245.63	195.31	83.44
Profit after Tax (PAT)	21.08	32.84	36.16	36.27	45.89	82.49	98.55	182.93	155.78	56.50
Dividends	6.16	9.85	12.31	13.54	16.63	18.47	25.87	86.84	27.71	18.48
Dividend Tax	0.65	1.08	1.26	-	2.13	2.37	3.63	12.18	4.71	3.14
Retained Profits	14.27	21.91	22.59	22.73	27.13	61.65	69.05	83.91	123.36	34.88
SOURCES AND APPLICATION OF FUNDS										
SOURCES OF FUNDS :										
Share Capital	24.62	24.62	24.62	24.62	18.47	18.47	36.95	36.95	36.95	36.95
Reserves & Surplus	318.59	340.33	362.75	347.01	315.18	376.83	411.24	495.15	618.90	681.02
Net Worth	343.21	364.95	387.37	371.63	333.65	395.30	448.19	532.10	655.85	717.97
Debt	137.73	181.16	174.27	174.25	262.20	215.64	228.12	244.30	206.45	327.50
Deferred Tax Liability (Net)	-	-	-	35.82	31.98	31.79	32.71	41.50	41.83	42.64
Funds Employed	480.94	546.11	561.64	581.70	627.83	642.73	709.02	817.90	904.13	1,088.11
APPLICATION OF FUNDS :										
Gross Fixed Assets	368.30	391.68	419.06	418.72	406.08	432.30	566.43	626.01	734.06	861.91
Depreciation	124.06	139.02	164.41	175.46	180.75	206.65	282.96	324.44	369.82	400.43
Net Fixed Assets	244.24	252.66	254.65	243.26	225.33	225.65	283.47	301.57	364.24	461.48
Capital Work-In-Progress	5.01	6.68	9.85	2.14	2.93	13.66	21.42	80.49	105.54	57.31
Investments	52.68	66.21	58.58	97.13	174.55	204.17	189.71	235.86	190.55	316.95
Gross Current Assets	288.18	393.48	392.41	412.17	449.78	440.77	516.91	539.62	583.48	638.03
Current liabilities & Provisions	118.20	178.76	165.67	205.96	256.46	262.95	302.49	339.64	339.68	385.66
Net Current Assets	169.98	214.72	226.74	206.21	193.32	177.82	214.42	199.98	243.80	252.37
Deferred Revenue Expenditure	9.03	5.85	11.82	32.96	31.70	21.43	-	-	-	-
Net Assets Employed	480.94	546.11	561.64	581.70	627.83	642.73	709.02	817.90	904.13	1,088.11
RATIOS :										
ROCE (%) #	9.04	11.58	12.55	12.16	12.37	18.33	19.84	31.61	22.85	9.34
PBT To Sales (%)	3.17	4.22	4.67	5.15	5.22	8.37	8.08	15.51	11.09	4.33
Return on Networth (%) (+)	6.41	9.27	9.75	10.71	15.20	22.06	21.99	34.38	23.75	7.87
Earnings Per Share (Rs.)	8.56	13.34	14.69	14.73	19.46	22.32	26.67	9.90	8.43	3.06
Dividend Per Share (Rs.)	2.50	4.00	5.00	5.50	9.00	10.00	7.00	4.70	1.50	1.00
Book Value Per Share (Rs.)	133.64	143.83	150.58	137.55	163.46	202.39	121.28	28.80	35.49	38.86
Debt Equity Ratio (%) @ (+)	41.85	51.15	47.00	51.45	86.83	57.68	50.90	45.91	31.48	45.61
Fixed Assets Turnover (times)	2.77	3.88	4.28	4.42	5.31	5.57	5.51	5.25	4.84	4.18
Net Working Capital Turnover (times)	3.98	4.56	4.81	5.21	6.19	7.07	7.29	7.92	7.23	7.63

\# Return on capital employed (ROCE) is profit before interest and taxation divided by the capital employed as at the end of the year.

@ Debt-equity Ratio is Total Debt as a percentage of Shareholders' Funds

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

Corporate Information

BOARD OF DIRECTORS

- M M Murugappan, *Chairman*
- L Ramkumar, *Managing Director*
- Amal Ganguli
- D Jayavarthanavelu
- Pradeep Mallick
- S Sandilya
- N Srinivasan
- R Srinivasan
- Tapan Mitra

COMPANY SECRETARY

S Suresh

REGISTERED OFFICE

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

PLANTS

Bicycles:
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, Ambattur, Chennai
Tube Products of India, Shirwal, Satara District
Tube Products of India, Mohali

Metal Formed Products:
TIDC India, Ambattur, Chennai
TIDC India, Kazipally, Medak District
TIDC India, Uttarakhand
TI Metal Forming, Nemilicherry, Chennai
TI Metal Forming, Kakkalur
TI Metal Forming, Bawal
TI Metal Forming, Halol
TI Metal Forming, Pune
TI Metal Forming, Uttarakhand

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 (52 years) holds a Bachelors degree in Chemical Engineering. He is also a Master of Science in Chemical Engineering from the University of Michigan, USA. He joined the Board in March 2002. He is currently 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 (52 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.

Mr. Amal Ganguli, Non-Executive Director

Mr. Amal Ganguli (68 years) is a Fellow of The Institute of Chartered Accountants of England & Wales and The Institute of Chartered Accountants of India. He joined the Board in June 2003. He was formerly Chairman and Senior Partner, PriceWaterhouse Coopers, India. He is on the Board of various companies including Maruti Suzuki India Limited and Tata Communications Limited.

Dr. D Jayavarthanavelu, Non-Executive Director

Dr. D Jayavarthanavelu (67 years) is a graduate in Engineering. He also holds B.S. Textiles from Philadelphia College of Textiles and Science, USA. He joined the Board in July 1997. He is currently Chairman and Managing Director of Lakshmi Machine Works Limited. He is also on the Board of various companies including Lakshmi Electrical Control Systems Limited and Lakshmi Mills Limited.

Mr. Pradeep Mallick, Non-Executive Director

Mr. Pradeep Mallick (65 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 Avaya GlobalConnect Limited.

Mr. S Sandilya, Non-Executive Director

Mr. S Sandilya (60 years) is a Commerce Graduate with a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He joined the Board in January, 2005. He is currently Group Chairman, Eicher Group. He is on the Board of various companies including Rane Brake Lining Limited and GMR Industries Limited.

Mr. N Srinivasan, Non-Executive Director

Mr N Srinivasan (50 years) is a Chartered Accountant and Company Secretary. He joined the Board in January, 2007. He is on the Board of Cholamandalam DBS Finance Limited and Cholamandalam MS General Insurance Company Limited.

Mr. R Srinivasan, Non-Executive Director

Mr. R Srinivasan (66 years) is a Graduate in Mechanical Engineering. He joined the Board in June 2004. He was formerly Managing Director of Widia India Limited. He is on the Board of various companies including Sundram Fasteners Limited and Cholamandalam MS General Insurance Company Limited.

Mr. Tapan Mitra, Non-Executive Director

Mr. Tapan Mitra (68 years) is a Fellow of Institute of Chartered Accountants of India and holds a Masters degree in Business Administration from the University of Geneva. He joined the Board in October 2000. He was formerly Managing Director of Indian Aluminium Company Limited. He is currently Member of West Bengal State Planning Board. He is also on the Board of Thermax Limited and Essel Propack Limited.

Management Discussion and Analysis

OVERVIEW

The Indian economy has been growing at over 8% for the past four years. During the year, however, the economy witnessed high level of inflation, soaring commodity & oil prices, volatility in financial markets and concerns on global slow-down. The economy was also saddled with sub-prime concerns which emanated in the US but carried a global impact. The price of steel, the base raw material for many industries, witnessed unbridled and unprecedented increases threatening the very viability of these industries. With a view to control the soaring inflation, the Government has come out with several measures, the impact of which is yet to be realised in full. The Rupee appreciated nearly 13% in the year cutting into the margins of exporters. Though the Government has introduced various measures to off-set the impact of an appreciating Rupee, export margins continue to be under stress.

Viewed against this back drop, the Company's sales for the year grew at 9% to Rs. 1762.33 Crores but the Profit Before Tax (PBT) dipped considerably to Rs. 83.44 Crores. The consolidated revenue for the year increased by 23% to Rs. 2306.11 Crores with a PBT of Rs. 109.55 Crores.

The highlights of the year are as follows:

- Tubular Precision Products (Suzhou) Co. Ltd, the Company's tube manufacturing subsidiary at China, commenced commercial production.
- Significant growth in revenue from tubular components.
- Thrust on brand through retail outlets gained momentum with 33 stores.
- Growth in export of chains by 6%, despite Rupee appreciation.
- The Company was chosen as the sole supplier of doorframes for 'Nano' cars of Tata Motors Ltd.
- Cholamandalam MS General Insurance Co Ltd, the Company's general insurance subsidiary's gross written premium shot up by 67%.

BUSINESS REVIEW

BICYCLES

Industry Scenario

The bicycle industry in India has been largely static with an annual demand of around 10 M bicycles, excluding the share of the unorganised sector. In the organised sector, the bulk of the volume is catered to by three major players. Your Company's bicycle division, TI Cycles of India (TICI) is one of the major players having a significant market share, especially in Southern India. Aided by the appreciating Rupee, the year witnessed an increase in bicycle imports, especially in the kids segment.

While the high volume 'standards segment' has been declining, the 'specials segment', including Mountain Terrain Bikes (MTB) and kids bicycles have been growing. A few State Governments continue to support the need for mobility among children from economically weaker sections of the society and this segment constitutes a fair share of the 'standard segment'. With changing customer preferences and higher income levels, customers increasingly favour lighter and trendier bikes. A niche market for high end bikes is also developing in metros and major cities.

The industry has been characterised by low margins across the supply chain which are further squeezed by the steep increase in the price of steel.

Review of Performance

TICI performed creditably during the year. The volume grew 11% and the turnover grew 13%. TICI maintained its focus on high service levels helping it to gain market share. Simultaneously, receivables were maintained at healthy levels.

During the year, a new range of high end bikes and fitness products were launched in select markets and the response was encouraging.

Having pioneered the concept of exclusive outlets for our products, we grew the number of outlets to 33 and the spread of the outlets into the larger Tier II cities is under way.

TICI is also re-organising its distribution model so as to focus on distributors and key dealers and carry out secondary distribution through them.

With a view to adding value to the business, we are planning a foray into Electric bikes (E-bikes). These bikes would have a significant advantage by way of lower running costs over fuel powered motorcycles / scooters. Being environment-friendly, these bikes have an added advantage.

ENGINEERING

TI's Presence

Tube Products of India (TPI), the Engineering division of your Company, manufactures precision steel tubes viz., Cold Drawn Welded tubes (CDW) and Electric Resistance Welded tubes (ERW). TPI also has a regional presence in cold rolled steel strips. TPI primarily caters to the requirements of the automotive, boiler, bicycles and general engineering industries.

Industry Scenario

The Indian automotive industry has been growing at a significant pace over the last few years. During the year under review too, the industry grew overall, but the growth of various segments within the industry was uneven. The passenger car and LCV segments grew, while two wheeler and medium & heavy commercial vehicle segments declined. The decline in the two wheeler segment was steep. High interest rates and risk aversion led banks and other finance providers to withdraw from two-wheeler financing. Availability of pre-owned cars at affordable prices and aggressive pricing of entry level cars are also impacting two-wheeler sales.

The run away increase in steel prices has affected the profitability of most users of steel. The Central Government is taking steps to bring some stability to steel prices, but the exponential growth in global demand has positioned the steel industry in a sellers' market.

India has also emerged as an auto component manufacturing hub and this offers good prospects for the business.

The market for precision steel tubes is growing. Integrated steel manufacturers have increased their presence in this market with a view to enhance their value chain. Imports are also on the increase due to appreciation of Rupee. Overall, the competition in this industry has become so intense that the increase in the price of steel could not be passed on to the customers in full.

There were instances of product substitution arising out of improved quality in ERW tubes and cost considerations associated with seamless tubes.

The market for cold rolled steel strips is witnessing healthy growth with strong demand coming from user industries such as fine blanking, general engineering and infrastructure.

Review of Performance

During the year under review, the turnover increased by 12% as volume grew 5% in cold rolled steel strips. The volume of tubular components grew substantially, albeit on a low base. But for the appreciation of the Rupee and competitive pressures in the market, the realisation could have been much better. The increase in the top line, however, did not result in an improvement in the bottom line due to reluctance on the part of the customers to absorb the increase in input cost.

Simultaneously with the efforts to increase prices, there is considerable focus on improving internal efficiencies and margins through improvement in technology, product & process improvements and innovations. The manufacturing facilities at the main plant at Avadi and the International Business plant, also at Avadi, have been integrated, enabling better utilisation of assets and improvement in productivity levels. Despite the pressure on margins, keeping the long term health of the business in mind, modernisation of manufacturing facilities, across plants, is being undertaken to improve performance.

Quality and service levels have been improved and quality levels (ppm) in certain product lines are comparable with international benchmarks.

With a view to broad basing the user industry, TPI has re-established its presence in ERW tubes also and recorded a higher market share. The ERW tube pre-dominantly caters to the bicycle and general engineering industries.

The overseas subsidiary at China commenced operations towards the end of the third quarter. The subsidiary is in the process of supplying samples and getting its products and processes validated and accepted by customers. The lead time for obtaining customer accreditation in the automotive industry is high and the company is confident of achieving some progress in the coming financial 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 constitute the Metal Formed products of the Company. Your Company is one of the two major players manufacturing chains in India.

Industry Scenario

The two-wheeler segment of the auto industry declined 10% over the previous year, mainly because of non-availability of finance at affordable terms. However, the demand for automotive chains was healthy, driven by off-take in the after sales market. In recent years, the motorcycle manufacturers themselves have started addressing the after sales market directly.

The production of passenger cars has been continuously increasing to meet the growing demand. The emergence of India as an auto components hub has also helped the growth of this industry. The Company's prospects in the doorframe business is directly associated with the success of the models to which it caters. The number of models being introduced is on the increase, providing a variety of options to the customer. This will, however, result in the volumes per model declining and greater variety coming into play and adds to the risk of a model not being successful. While there are only two roll-formed doorframe manufacturers in India, the industry has started experiencing overseas competition.

The Government of India has embarked on a programme of increasing the freight carried by the Railways. Various measures have been taken to increase the availability of wagons, and also, the payload of the wagons.

Review of Performance

The turnover in this business was higher by 14%. Higher volumes in auto and industrial chains, doorframes and a manifold increase in sections for railway wagons contributed to this. The profitability in this business too was affected due to the lag in passing on input costs to customers.

Despite the slowdown in the two-wheeler segment, the sale of automotive chains was higher due to the increased off-take by OEM's for the replacement market. The growth in industrial chains was also significant.

The export market for industrial chains, mainly used in agriculture / farm equipment, continued to be favourable and exports grew by 6%. The steep appreciation of the Rupee impacted the profitability, despite some of the exports having been hedged at much higher levels. The focus in this business is on improving presence in the American and European markets.

The year under review saw mixed fortunes for car doorframes. Also, in some models investments have been made in establishing manufacturing facilities, but the models are yet to be launched. The move to de-risk revenues and broad base the user industry has yielded good results and offers greater scope for growth.

FINANCIAL REVIEW

Steel Price

The price of basic grade of HR coil which was Rs.28,963/- per ton on 1st April 2007 increased to Rs. 35,150/- per ton on 31st March 2008, an increase of 21%. Such a steep increase in price of steel has not been witnessed in the past few years and the trend continues in the current year too. Prices realisable from our customers for various products could not go up correspondingly. Consequently, the margins of all players in the auto industry are under pressure. Since the Company has a large exposure to the auto industry, this phenomenon affected the Company's profitability.

Capital Expenditure

The total capital expenditure incurred by the Company was Rs.108.83 Crores. The major investments were carried out in expanding facilities for manufacture of tubes, chains and establishing facilities for manufacture of car doorframes for certain new models. The Company continues with the policy of providing additional depreciation for certain assets which in the opinion of the management may have a shorter useful life.

Interest Cost

The financial markets were unfavourable, with the year marked by restrictions on debt capital flows and increase in interest rates. Adverse market conditions, soaring steel prices and delays in receipt of money from customers resulted in a steep increase in working capital during the year. This, together with the higher long term borrowings for capital expenditure resulted in the interest cost increasing by Rs.6.86 Crores.

The Company used a judicious mix of foreign currency borrowings to reduce the impact of the high rates, but the average borrowing cost increased from 6.96% last year to 8.38% in the current year.

Forward Contracts

The Company has entered into various forward contracts to hedge the foreign exchange fluctuation risk arising out of exports and repayment of long term foreign currency borrowings.

The forward contracts relating to anticipated exports during 2008-09 are regarded as 'Cash Flow hedges of a highly probable forecast nature'. In line with the method prescribed in Accounting Standard 30 (AS 30), these contracts have been identified with the customers based on the monthly forecast. These contracts have also been marked-to-market and the net loss amounting to Rs. 0.65 Crores, arising out of unassigned contracts, has been charged to the Profit & Loss Account. The loss of Rs. 3.03 Crores arising out of assigned contracts has been accounted under the 'Hedge Accounting Reserve'. The actual gain / loss will be recognised in the profit & loss account on the actual occurrence of these transactions.

Investments in Financial Services

The Company has investments in Cholamandalam MS General Insurance Company Ltd (74%) and Cholamandalam DBS Finance Ltd (30.93%).

The investment in Cholamandalam DBS Finance Ltd (CDFL) as of 31st March 2007 was Rs. 55.77 Crores with a market value of Rs. 128.36 Crores. The dividend income during the year was Rs. 4.70 Crores giving a post tax yield of 8.4%. During the year, the Company subscribed to its portion of the rights issue aggregating to Rs. 61.63 Crores. The aggregate investment in CDFL as at 31st March 2008 is Rs. 117.40 Crores, carrying a market value of Rs. 260.10 Crores. Apart from this, the Company holds 44,01,975 warrants carrying a right to convert them into one equity share per warrant between April 2008 and April 2009 at a price to be announced by CDFL, but not exceeding Rs. 275 per share. CDFL grew by 216% in terms of revenue and 172% in terms of profit through increased presence in retail financing.

The investment in Cholamandalam MS General Insurance Company Ltd (CMSGICL) amounts to Rs. 105.05 Crores. CMSGICL achieved a Gross Written Premium of Rs.522.34 Crores and a Profit before tax of Rs. 10.54 Crores. With this performance, the cumulative losses made by the subsidiary have been completely wiped out. The market share of private players in the Indian general insurance industry is increasing and is poised for greater growth.

TII Shareholding Trust

Arising out of the amalgamation of TIDC India Ltd (TIDC) with the Company, the TII Shareholding Trust was vested with 1,01,51,870 shares of the Company. Out of this, 57,50,000 shares were sold during the year @ Rs. 57.50 per share. The remaining shares are to be sold on or before 14th December 2008. The profit on sale of own shares amounting to Rs. 28.75 Crores has been credited to the Securities Premium account.

Consolidated Financials

The consolidated revenue for the year was Rs. 2306.11 Crores, representing a growth of 23% and the consolidated profit before tax was Rs. 109.55 Crores.

On behalf of the Board

Chennai
1st May 2008

L Ramkumar
Managing Director

Enterprise Risk Analysis and Management

Risk management refers to the formal processes whereby risks associated with the 'enterprise' as a whole are managed. Our approach to 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

Your Company believes that risk assessment and management strengthens the business through a process of decision making, planning and implementation. It also believes that risk management enhances the success rate in investments, strategy & policy implementation and other entrepreneurial initiatives. Naturally, this has to work within the normal constraint of time, efficiency and cost.

The Company has an established risk assessment and mitigation procedure. 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 and judgement.

A. Bicycles

Risk	Why Considered as Risk	Mitigation Plan / Counter Measure
Product obsolescence Risk	• Availability of alternate transport· • Increased affordability for motorised vehicles· • Less road space for cycling	• "Special" bicycles with good potential • Repositioning bicycle as leisure, fitness and recreation product • Leverage brand to expand the product range • Strengthen the distribution network
Trade channel Risk	• Disinterest / Discontinuation of business by some of the dealers	• Rationalisation and re-organisation • Branding and customer service • Establishment of more 'BSA GO' outlets
Sourcing Risk	• With regard to quality or supplies	• Vendor relationship • Vendor capability improvement • Technical link
Low entry barrier Risk	• Increased presence of small and un-organised players	• Enhancement in value proposition • Enhance brand visibility

B. Engineering

Risk	Why Considered as Risk	Mitigation Plan / Counter Measure
User Industry Concentration Risk	• Around 70 percent of the revenue emanates from auto sector	• Presence in agro accessories, machine tools, boiler, white goods and other general engineering industries
Raw Material Risk	• Increase in steel prices. Lag in pass through to the customers • Inconsistency in quality	• Good relationship and quarterly price agreement with suppliers • Leverage the relationship with the customers for timely pass through of increase in steel price • Working closely with suppliers on quality improvement
Technology obsolescence Risk	• Cheaper alternatives for auto applications would adversely affect the revenue stream	• Tracking emerging products and technologies that are relevant • Strategic alliances with educational / research institutions
Competition Risk	• Competition from integrated steel mills • New players with larger investments • Imports	• Long term relationship with customers • More solutions providing approach

C. Metal Formed Products

Risk	Why Considered as Risk	Mitigation Plan / Counter Measure
Product Risk	• Revenues are model specific	• Increased customer base and spread in models catered • Flexibility in equipment
Import Risk	• Imports from China and other ASEAN countries	• Strong customer relationships • Moving up the value chain
Customer Retention Risk	• Disruption in supplies to OEM's	• Presence close to the customer • Increased automation

D. General

Risk	Why Considered as Risk	Mitigation Plan / Counter Measure
HR Risk	• Ability to attract talent • Retention of talent	• Corporate brand building and better pay package • Career planning • Enriching job content • Employees' Stock Option Plans
Internal Control Risk	• The businesses are growing and locations increasing	• Periodic review of Internal control systems • Strong internal audit system
Currency Risk	• Foreign currency exposure on account of imports, exports and borrowings	• Monitor all exposures • Hedging
IT Related Risk	• Confidentiality, integrity and availability	• Access controls • Firewalls

On behalf of the Board

Chennai
1st May 2008

L Ramkumar
Managing Director

General Shareholder Information

Registered Office

'Dare House', 234, NSC Bose Road, Chennai 600 001

Annual General Meeting

Day : Thursday
Date : 31st July 2008
Time : 4.00 p.m.
Venue : T T K Auditorium, The Music Academy,
T T K Road, Royapettah, Chennai 600 014.

Tentative Financial Calendar

Annual General Meeting – 31st July 2008.

Financial reporting for the first quarter ending 30th June 2008 – 31st July 2008.

Financial reporting for the second quarter ending 30th September 2008 – 31st October 2008.

Financial reporting for the third quarter ending 31st December 2008 – Last week of January 2009.

Financial reporting for the year ending 31st March 2009 - April / May 2009.

Book Closure for Dividend

Friday, the 11th July 2008 to Thursday, the 31st July 2008 (both days inclusive).

Dividend

The Board of Directors has recommended the payment of a dividend of Re.1/- per share (50%). The dividend on equity shares will be paid to those members, whose names appear in the Register of Members as on 31st July 2008 and the same will be paid on or before 6th August 2008.

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

Instructions to the shareholders

(a) Shareholders holding shares in physical form

Requests for change of address must be sent to the Company's registrar, M/s Karvy Computershare Private Ltd, not later than 10th July 2008 to enable them to forward the dividend warrants to the latest address. Members are also advised to intimate M/s Karvy Computershare Private Ltd the details of their bank account to enable the same to be incorporated on the dividend warrants. This would help to prevent any fraudulent encashment of the dividend warrants.

(b) Shareholders holding shares in demat form

In respect of shareholders who have provided relevant bank account details to their Depository Participants (DPs) and who reside in Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi and Trivandrum and any other centres as decided in consultation with bankers, the dividend would be remitted by ECS to their bank account. The Company would send a remittance advice after payment of the dividend by ECS.

In respect of shareholders residing in other centres, the bank account details furnished by their DPs would be incorporated in the dividend warrants and these would be mailed to their residence. If there is any change in bank account details, shareholders are requested to advice their DPs immediately about the change.

Further, if there is any change in address, shareholders are requested to advice their DPs immediately about the new address.

Listing on Stock Exchanges and Stock Code

Equity Shares

National Stock Exchange - TUBEINVEST

The Stock Exchange, Mumbai – 504973

Madras Stock Exchange – TIN

Global Depository Receipts

Luxembourg Stock Exchange

Listing fee for the year ended 31st March 2008 has been paid to all the stock exchanges.

Market Price Data and Comparison

Monthly high and low price during 2007-08 are as follows:

High and Low during each month in last financial year

	National Stock Exchange		Mumbai Stock Exchange	
Month	**HIGH Rs. P**	**LOW Rs. P**	**HIGH Rs. P**	**LOW Rs. P**
Apr-07	69.90	51.60	70.00	52.00
May-07	79.65	63.50	79.90	67.30
Jun-07	82.80	68.10	81.85	69.50
Jul-07	72.90	56.90	73.90	61.30
Aug-07	64.00	53.00	64.00	54.30
Sep-07	66.75	56.50	66.00	55.60
Oct-07	69.90	50.05	69.40	52.05
Nov-07	72.75	54.95	73.40	56.00
Dec-07	94.20	66.55	93.25	66.10
Jan-08	97.40	57.50	97.80	59.00
Feb-08	71.85	60.00	70.80	57.60
Mar-08	62.50	49.50	62.05	50.05

Registrar and Share Transfer Agent

Karvy Computershare Private Ltd
Plot No: 17-24 Vithal Rao Nagar
Madhapur, Hyderabad – 500 081
mailmanager@karvy.com and vlakshmi@karvy.com
Phone Nos. : 040 - 23420818 and 23420828
Fax : 040- 23420814
Contact Person : Mrs. Varalakshmi - Manager

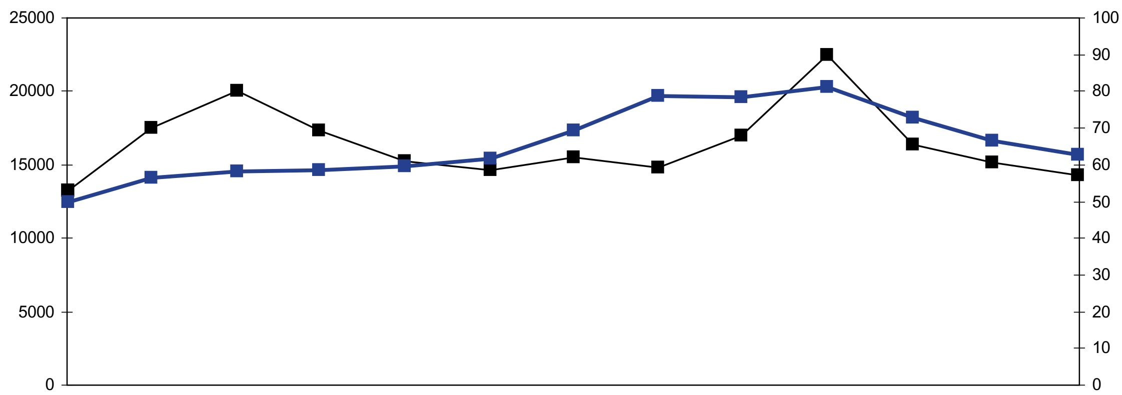
Share Transfer and Investor Service System

A committee of the Board constituted for this purpose, approves share transfers in the physical form on a fortnightly basis. The Board has also authorised the Chairman / Managing Director to approve the transfers / transmissions.

Nomination Facility

The shareholders 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 registrar M/s Karvy Computershare Pvt Ltd.

TI Share Price Movement Vs. BSE Sensex



	39172	39202	39233	39263	39294	39325	39355	39386	39416	39447	39478	39507	39538
BSE Sensex	12455.37	14078.21	14570.75	14664.26	14935.77	15422.05	17328.62	19724.35	19603.41	20300.71	18242.58	16677.88	15644.44
TI Share Price	52.9	70.1	80.3	69.3	60.9	58.55	61.95	59.4	68	89.8	65.6	60.8	57.25

BSE Sensex TI Share Price

Shareholding Pattern as on 31st March 2008

	Category	No of shares held	% of shareholding
A	Promoter Group	8,71,12,830	47.14
B	Non-Promoter Holding		
1	Institutional Investors		
	a) Mutual Funds and UTI	1,13,03,903	6.12
	b) Banks, Financial Institutions, Insurance Companies	84,82,699	4.59
	c) Foreign Institutional Investors	30,93,889	1.67
2	Others		
	a) Private Corporate Bodies	2,20,84,636	11.95
	b) Indian Public	3,50,46,959	18.97
	c) NRI / OCB	9,03,004	0.49
	d) Bank of New York (GDR holders' Depository)	1,67,52,080	9.07
	Grand Total	**18,47,80,000**	**100.00**

Distribution of Shareholding as on 31st March 2008

Category	No of holders	% to Total	No of shares	% to Total
1 - 5000	23,098	90.43	1,16,13,625	6.29
5001 - 10000	1,438	5.63	51,22,444	2.77
10001 - 20000	486	1.90	34,96,478	1.89
20001 - 30000	155	0.61	19,20,501	1.04
30001 - 40000	78	0.31	13,98,952	0.76
40001 - 50000	39	0.15	8,82,108	0.48
50001 - 100000	95	0.37	33,45,288	1.81
above - 100000	153	0.60	15,70,00,604	84.96
Total	**25,542**	**100**	**18,47,80,000**	**100**

Dematerialisation of Shares

The shares of the Company are compulsorily traded in dematerialised form. The code number allotted by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd to Tube Investments of India Ltd is ISIN INE 149A01025.

GDR Details

As at 31st March 2008, 1,67,52,080 GDRs were outstanding representing an equal number of underlying equity shares.

Means of Communication

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

The Company's website also displays official press releases, shareholding pattern and presentations made to the analysts and brokers.

Resolution Passed By Postal Ballot

In December 2007, a special resolution for amendment to the Object Clause was passed by postal ballot.

Mr. R Sridharan of Messrs. R Sridharan & Associates, Company Secretaries conducted the postal ballot as per the procedure laid down in Section 192A, read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

The details of the result for the above were as follows:

Number of votes in favour	11,07,00,863 votes
Number of votes against	13,571 votes

The shareholders approved the resolution with requisite majority through postal ballot.

General Body Meeting

The date, time and venue of the last three annual general meetings is given below:

Year	Date	Time	Venue
2004-05	29.7.2005	4.00 p.m.	T T K Auditorium, Music Academy T T K Road, Royapettah, Chennai 600 014.
2005-06	28.7.2006	4.00 p.m.	Same as above
2006-07	31.7.2007	4.00 p.m.	Same as above

List of promoters of Tube Investments of India Limited belonging to the Murugappa Group pursuant to Regulation 3 (e) (i) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulation, 1997.

1. EID Parry (India) Ltd and its subsidiaries
2. Silkroad Sugar Pvt Ltd
3. New Ambadi Estates Pvt Ltd and its subsidiaries
4. Ambadi Enterprises Ltd and its subsidiaries
5. Carborundum Universal Ltd and its subsidiaries
6. Laserwords Pvt Ltd and its subsidiaries
7. Cholamandalam DBS Finance Ltd and its subsidiaries
8. Coromandel Engineering Company Ltd
9. AMM Arunachalam & Sons Pvt Ltd
10. AMM Vellayan Sons Pvt Ltd
11. MM Muthiah Sons Pvt Ltd
12. Murugappa & Sons
13. Kadamane Estates Company
14. Yelnoorkhan Group Estates
15. AMM Foundation
16. AMM Medical Foundation
17. Murugappa Education & Medical Foundation
18. MM Muthiah Research Foundation
19. AR Lakshmi Achi Trust
20. Presmet Pvt Ltd
21. TII Shareholding Trust
22. M V Murugappan and family
23. M V Subbiah and family
24. M A Alagappan and family
25. A Vellayan and family
26. M M Murugappan and family
27. M M Venkatachalam and family
28. A Venkatachalam and family
29. S Vellayan and family
30. Arun Alagappan and family
31. M A M Arunachalam and family
32. Any company / entity promoted by any of the above.

Family for this purpose includes the spouse, dependent children and parents.

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
Phone : (044) - 25306711
Fax : (044) - 42110404

For all matters relating to investor services:
Karvy Computershare Pvt Ltd
Plot No. 17-24 Vithal Rao Nagar
Madhapur
Hyderabad 500 081
e-mail : mailmanager@karvy.com and vlakshmi@karvy.com
Tel : (040) – 23420818 and 23420828
Fax: (040) – 23420814
Contact Person – Mrs. Varalakshmi –Manager

Plant Locations

TI Cycles of India
Post Bag No.5, M.T.H. Road
Ambattur,
Chennai 600 053.
Tel: (044) - 4209 3434
Fax: (044) - 4209 3345

Tube Products of India
Avadi, Chennai 600 054
Tel: (044) - 4229 1999
Fax: (044) - 4229 1990

Tube Products of India
A-16 & 17, Industrial Focal Point
Phase VI, SAS Nagar
Mohali 160 051
Tel: (0172) - 4510209

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
Ganganouli,
Laskar 247 663.
Uttarakhand

TIDC India
Ganganouli,
Laskar 247 663.
Uttarakhand
Tel: (01332) - 271 295

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

Tube Products of India
M.T.H. Road, Ambattur
Chennai 600 053
Tel: (044) - 4209 3434
Telefax: (044) - 4229 2900

TI Metal Forming
Chennai – Tiruvallur High Road
Tiruninravur RS PO 602 024
Tel: (044) - 2639 0194, 2639 0437
Fax: (044) - 2639 0634

TI Metal Forming
Plot No.245
Sector 3, Growth Centre
Bawal, Rewari Dist, Haryana 123 501
Tel: (01284) - 260707, 260708
Fax: (01284) - 260426

TIDC India
Post Bag No. 11, Ambattur
Chennai 600 053
Tel: (040) - 4223 5555
Fax: (044) - 4223 5406

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

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

TI Metal Forming
80/81, SIDCO Industrial Estate
Kakkalur
Thiruvallur - 602 003
Tel: (044) - 2766 7104

TI Metal Forming
Gat No.312
Sablewadi Bahul Post
Chakan-Shikrapur Road
Khed Taluk, Pune 410 501

TIDC India
Kazipally Village, Plot No.1
Jinnaram Mandal
Medak Dist 502 319
Tel: (08458) - 277 240
Fax: (08458) - 277 241

Report on Corporate Governance

Your Company believes that the fundamental objective of corporate governance is enhancing 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 standard of accounting fidelity, product and service quality.

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

Board of Directors

The Board provides leadership, strategic guidance and objective judgement on the affairs of the Company. The Board comprises persons of eminence with excellent professional achievement in their respective fields. The independent Directors provide their independent judgement, external perspective and objectivity on the issues, which are placed before them. The Company's commitment to good governance practices allows the Board to effectively perform these functions.

The Board consists of 10 members with knowledge and experience in different fields viz., engineering, manufacturing, finance and business management. Apart from Mr. M M Murugappan, Chairman, Mr. L Ramkumar, Managing Director and Mr. N Srinivasan, Director, the remaining are independent Directors. The Chairman ensures that timely and relevant information is made available to all the Directors in order to enable them to contribute during meetings and discussions.

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

Your Company has a well-established practice with regard to deciding the dates of meetings and also the issues and matters to be placed before the Board in advance. The annual calendar for the meetings of the Board is finalised early on, in consultation with all the Directors, on their availability. There are a minimum of 5 Board meetings each year. Evolution of 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, strategic investment, divestment and business reorganisation. Matters such as capital expenditure, recruitment of senior level personnel, safety & environment, HR related developments, compliance with statutes, foreign exchange exposures are also reviewed by the Board from time to time.

There were 6 meetings of the Board during the financial year 2007 – 08. The dates of the Board meetings, details of attendance and the number of directorships / committee memberships held by the Directors as on 31st March 2008 are provided in Table 1 of the annexure to this report.

Audit Committee

The audit committee plays an important role in overseeing internal control and the financial reporting system.

The Company has an independent audit committee. All the five members of the Committee are independent Directors with Mr. Tapan Mitra, as Chairman. All the members of the committee have excellent financial and accounting knowledge. The Chairman, Managing Director and the Heads of Strategic Business Units (SBUs) are invitees to the meetings of the Audit Committee.

The role of the audit committee, in brief, is to review financial statements, internal controls, accounting policies and internal audit. The quarterly financial results are placed before the audit committee for its review, suggestions and recommendation(s), 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 in consultation with the Managing Director, Chief Financial Officer, Heads of business and the audit committee. The committee reviews the observations of the internal auditors periodically. The committee also provides guidance on compliance with 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 4 times during the year ended 31st March 2008. The composition of the audit committee and the attendance of each member at these meetings is given in Table 2 of the annexure to this report.

Remuneration to Directors

The success of the organisation in achieving good performance and good governing practice 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 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 1 per cent of the net profits of the Company for each year calculated as per the provisions of Companies Act, 1956, the actual commission paid to the Directors is restricted to a fixed sum. The sum is reviewed periodically taking into consideration various factors such as performance of the Company, time spent by the Directors for 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. The aggregate commission paid to all non-executive Directors is well within the limit of 1 per cent of the net profits as approved by the shareholders. The non-executive directors are also paid sitting fees as permitted by government regulations for all Board and committee meetings attended by them.

The role of the compensation & nomination committee is to recommend to the Board the appointment / reappointment of the executive / non-executive Directors. The Committee has also been vested with the authority to determine the periodic increments in salary and annual incentive of the executive Directors. The increments and commission of executive Directors are determined on the basis of a balanced score card with its four components viz., company financials, company scorecard, strategic business unit score card and personal objectives 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/ Scheme(s) and also to formulate the detailed terms and conditions of the ESOP Schemes.

The members elect one amongst themselves as Chairman for each meeting. The Committee met 4 times during the year ended 31st March 2008. 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 for the year ended 31st March 2008 to the Managing Director is given in Table 4 of the annexure to this report. The details of remuneration paid / provided to non-executive Directors are given in Table 5 of the annexure to this report.

Subsidiary Companies

The Company has two subsidiaries viz., Cholamandalam MS General Insurance Company Ltd (CMSGICL) and Tubular Precision Products (Suzhou) Co., Ltd (TPP).

CMSGICL is considered as a 'material non-listed Indian subsidiary'. Messrs. N Srinivasan and R Srinivasan, Directors are also on the Board of CMSGICL.

TPP is a ''Wholly Foreign-owned Enterprise" established under the Company Law of People's Republic of China. Mr. N Srikanth, President of Tubes and Strips business, is the Chairman of the Company. Mr. L Ramkumar, Managing Director of the Company holds the position of 'Supervisor' as required under the provisions of the Company Law of China. The role of the 'Supervisor' includes checking the financial affairs of the Company, supervising the duty related acts of the Directors & senior managers and putting forward proposals at the shareholders meeting.

The quarterly / annual performance of CMSGICL is placed before the Board for its review. The Board reviews, from time to time, the start-up project and customer acquisition process of TPP, China. The minutes of the Board meetings of CMSGICL and TPP are also placed at every Board Meeting.

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 in a better and 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 generally the business conditions. The quarterly and audited financial results are normally published in the Business Standard, The New Indian Express and Dinamani. Press releases are given to all the important dailies. The financial results, press releases, shareholding pattern and the presentations made to the Analysts & Brokers are posted on the Company's website i.e., www.tiindia.com. The Company's commitment to transparency is reflected in the information-rich annual report, investors' meets, periodic press releases and continuous updation of the website.

Investors' Service

Your Company promptly attends to investors' queries or 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 the 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 these norms are being reviewed periodically.

Mr. M M Murugappan, a non-executive Director is the Chairman of the shareholders / investors' grievance committee. The members of the committee are in regular and close communication with each other and attend to the investors' complaint(s) / grievance(s) periodically. The Committee met twice during the year ended 31st March 2008. The composition of the Committee and their attendance at the above meetings is given in the Table 6 of the annexure to this report.

The Company received 23 queries / grievances during the year ended 31st March 2008 and all of them were resolved to the satisfaction of the investors. There were no queries to be replied / sorted out as at 31st March 2008. There were no transfers pending as at 31st March 2008.

In order to expedite the redressal of the complaints, the investors are requested to register their complaints and also to take follow up action, as necessary, to the exclusive email ID i.e. investorservices@tii.murugappa.com.

Statutory Compliance

The Company attaches highest importance to the 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 the 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 business, size and geographical spread. These systems are regularly reviewed and improved. The Managing Director and Chief Financial Officer (CFO) 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 victimisation of employees who avail of the mechanism and also for appointment of an Ombudsperson who will deal with the complaints received. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the Chairperson of the Audit Committee. It is confirmed that during the year, no employee has been 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. A half-yearly newsletter from the Chairman highlighting the significant achievements was sent to all the shareholders of the Company enclosing the financial results for the half-year ended 30th September 2007.

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 such affirmation certified by the Managing Director is annexed to this report.

Other Disclosures

A management discussion and analysis report highlighting individual businesses has been included in the annual report.

A write up on the risks associated with the business and their mitigation plans are included in the Management Discussion and Analysis, annexed to the Directors' Report.

Related party transactions during the year have been disclosed as a part of the accounts as required under AS 18 issued by the Institute of Chartered Accountants of India.

There have been no instances of non-compliance by the Company or penalty or strictures imposed on the Company by the stock exchanges or SEBI or any statutory authority on any matter related to 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, AGM time and venue, share price movement, distribution of shareholding, location of factories, means of communication etc.

On behalf of the Board

Chennai
1st May 2008

M M Murugappan
Chairman

Declaration on Code of Conduct

To the Members of Tube Investments of India Limited

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management of the company. The code of conduct has also been posted on the website of the Company.

It is further confirmed that all Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March 2008, as envisaged in Clause 49 of the Listing Agreement with stock exchanges.

Chennai
1st May 2008

L Ramkumar
Managing Director

Annexure to the Corporate Governance Report

(A) Board Meeting Dates and Attendance

The Board of Directors met six times during the financial year 2007 – 08. The dates of the Board meetings were 27th April 2007, 15th June 2007, 31st July 2007, 31st October 2007, 31st January 2008 and 24th March 2008.

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 2008 are as follows:

TABLE 1

Sl.No.	Name of Director	Board meetings attended (no. of meetings held)	Number of Directorships [(a)] - [Excluding TII] (out of which as Chairman)	Number of committee memberships[(b)] – [Excluding TII] (out of which as Chairman)	Attendance at last AGM	No. of shares held as on 31st March 2008
1.	Mr. Amal Ganguli	5 (6)	9	9 (5)	Present	2,000
2.	Dr. D Jayavarthanavelu	1 (6)	9 (8)	1	Present	2,000
3.	Mr. M M Murugappan	6 (6)	10 (6)	4 (3)	Present	16,04,480
4.	Mr. Pradeep Mallick	5 (6)	6	9 (3)	Present	-
5.	Mr. Ram V Tyagarajan	1 (6)	4 (2)	3 (1)	Not present	-
6.	Mr. L Ramkumar [(c)]	1 (1)	-	-	Not applicable	1,000
7.	Mr. R Srinivasan	6 (6)	10	7 (3)	Present	-
8.	Mr. N Srinivasan	5 (6)	3	1	Present	-
9.	Mr. S Sandilya	5 (6)	7 (3)	3	Present	-
10.	Mr. Tapan Mitra	5 (6)	6 (1)	5 (4)	Present	-

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

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

(c) Mr. L Ramkumar was appointed as Managing Director w.e.f. 1st February 2008.

(B) Composition of Audit Committee and Attendance

The Committee met four times during the year ended 31st March 2008. 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. Amal Ganguli	4 (4)
Mr. Pradeep Mallick	3 (4)
Mr. R Srinivasan	4 (4)
Mr. S Sandilya [(a)]	3 (3)
Mr. Tapan Mitra	4 (4)

(a) Mr. S Sandilya was appointed as a member w.e.f. 27th April 2007.

(C) Composition of Compensation & Nomination Committee and Attendance

The Committee met four times during the year ended 31st March 2008. 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. Amal Ganguli	4 (4)
Mr. M M Murugappan	4 (4)
Mr. Tapan Mitra	4 (4)

(D) Remuneration of Executive Director

The details of remuneration paid to the Managing Director are as follows:

TABLE 4 **(Amount in Rs.)**

Name of the Director	Salary	Incentive [(a)]	Allowance	Perquisites & Contributions	One time joining bonus	Total
Mr. L Ramkumar [(b)]	5,06,290	4,30,000	10,56,327	1,64,391	10,00,000	31,57,008

(a) Incentive will be paid after adoption of accounts by the shareholders at the annual general meeting.

(b) Mr. L Ramkumar, Managing Director was appointed w.e.f. 1st February 2008.

(c) Mr. L Ramkumar has beeen granted 3,10,260 Options under the Company's Employees Stock Option Scheme.

(E) Remuneration of Non-Executive Directors

The details of commission / sitting fees provided / paid to non-executive directors for the year ended 31st March 2008 is as follows:

TABLE 5 **(Amount in Rs.)**

Name of the Director	Commission [(a)]	Sitting fees	Total
Mr. Amal Ganguli	3,00,000	1,55,000	4,55,000
Dr. D Jayavarthanavelu	3,00,000	15,000	3,15,000
Mr. M M Murugappan	3,00,000	1,50,000	4,50,000
Mr. Pradeep Mallick	3,00,000	1,05,000	4,05,000
Mr. Ram V Tyagarajan	3,00,000	15,000	3,15,000
Mr. S Sandilya	3,00,000	1,05,000	4,05,000
Mr. R Srinivasan	3,00,000	1,30,000	4,30,000
Mr. N Srinivasan	3,00,000	95,000	3,95,000
Mr. Tapan Mitra	3,00,000	1,55,000	4,55,000

(a) Provisional and subject to determination by the Board. Commission will be paid after the adoption of accounts by the shareholders at the annual general meeting.

(F) Composition of Investors' Grievance Committee and Attendance

The Committee met twice during the year ended 31st March 2008. The composition of the shareholders' / investors' grievance committee and their attendance at the above meetings are as follows:

TABLE 6

Name of the Member	Number of meetings attended (Number of meetings held)
Mr. L Ramkumar [(a)]	1 (1)
Mr. M M Murugappan	2 (2)
Mr. N Srinivasan	2 (2)

(a) Mr. L Ramkumar was appointed as a member w.e.f. 1st February 2008.

On behalf of the Board

Chennai
1st May 2008

M M Murugappan
Chairman

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

To the Members of Tube Investments of India Limited

1. We have examined the compliance of conditions of Corporate Governance by Tube Investments of India Limited (the Company) for the year ended 31 March 2008, as stipulated in Clause 49 of the Listing Agreement of the Company with the 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 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. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. 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

K. Sai Ram
Partner
Membership No. 022360

Place: Chennai
Date: 01 May 2008

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the performance of the Company for the year ended 31st March 2008.

Financial Highlights

Rs. in Crores

	2007-08	2006-07
Gross sales and processing charges	**1926.70**	**1761.84**
Less : Excise duty on sales	164.37	146.80
Net sales and processing charges	**1762.33**	**1615.04**
Operating Profit before depreciation and interest	**148.82**	**185.30**
Less: Interest	18.15	11.29
Depreciation	53.15	50.39
Operating Profit before tax	**77.52**	**123.62**
Add: Profit on sale of long term investments & non-operating assets	5.92	71.69
Less: Provision for taxation	26.94	39.53
Profit after taxes	**56.50**	**155.78**
Add: Surplus brought forward	256.21	143.66
Dividend on Own Shares held through Trust	1.52	4.77
Profit available for appropriation	314.23	304.21
Less: Transfer to general reserve	15.00	15.58
Dividend – Proposed 50% (previous year 75%)	18.48	27.71
Tax on dividend	3.14	4.71
Balance carried to Balance Sheet	**277.61**	**256.21**

Review of Performance

The Financial Year 2007-08 was a difficult year on account of unprecedented increase in the price of steel, the base raw material for all our products. Though the Company was able to achieve a reasonable growth in revenue, the profitability was significantly impacted. The total revenue grew by 9% from Rs. 1615.04 Crores to Rs. 1762.33 Crores, on account of higher sales in all product lines, barring precision steel tubes. The operating profit before tax was lower at Rs. 77.52 Crores compared with Rs. 123.62 Crores achieved last year.

The bicycles business consolidated its position this year and improved market share. Turnover increased to Rs. 577.07 Crores, registering a growth of 13%. The off-take of bicycles by the trade segment was 16% higher than the previous year leading to improved profitability. The volume of institutional sales remained almost at the same level as the previous year. Considering the business opportunity and the need of the commuting public, your Company is committed to making an entry into the E-bike segment (electrically powered bicycles, scooters etc).

The Engineering business grew to Rs. 815.51 Crores, registering a growth of 5%, due to higher sales of Cold Rolled Steel Strips. The efforts to enlarge the user industry base helped offset, to a certain extent, the decline in sales of cold drawn welded tubes. The exorbitant increase in steel price affected the operating profit of the division the most. Despite the best efforts, the increase in input cost could not be passed on to the customers in full. Integration and modernisation of manufacturing facilities, cost reduction initiatives and productivity improvement measures are being pursued actively to improve margins. The expansion of capacity at the International Business Plant has been completed. The sharp and sudden appreciation of the Indian Rupee impacted the realisation and profits, despite a fair portion of the exports having been hedged at better rates.

The metal formed products business grew to Rs. 369.75 Crores, registering a growth of 14%. Higher sales across all product lines viz., automotive & industrial chains, car doorframes, fine blanked products and roll formed railway wagon sections made this possible. Despite the slump in the two wheeler industry, the sale of automotive chains was higher by 8% due to increased off-take by OEMs for the replacement market. The off-take of car doorframes, fine blanked products and roll formed sections grew on account of strong demand. However, the profitability in this business also was under pressure due to steep increase in steel price. The export of chains was higher by 6% on account of improved quality and marketing efforts, despite the appreciation of the Rupee.

Dividend

Your Directors have recommended a dividend of Re.1 per equity share of Rs.2 each (50%).

Directors

Mr. L Ramkumar was appointed Managing Director for a period of 5 years with effect from 1st February 2008. The appointment and terms of remuneration of Mr. L Ramkumar is being placed before the shareholders for their approval at the ensuing annual general meeting.

Mr. Ram V Tyagarajan has resigned from the Board and his resignation would take effect from 2nd May 2008. The Board places on record its appreciation of his contribution as Director, over a decade.

Messrs. Amal Ganguli, Pradeep Mallick and S Sandilya retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Employees' Stock Option Scheme

In accordance with the approval accorded by the shareholders at the 58th Annual General Meeting held on 31st July 2007, the Compensation and Nomination Committee of the Company has granted of 33,60,840 options (each option, when exercised, would result in one equity share of Rs.2 each) - of which 33,53,940 options are in force as on 31st March 2008 - under Tube Investments of India Ltd Employees' Stock Option Scheme 2007. Details of the Employees Stock Option Scheme, as required under SEBI Guidelines, are annexed to this Report.

Management Discussion and Analysis

Management Discussion and Analysis, which forms part of this Directors' Report, sets out an analysis of the individual businesses including industry scenario, performance, outlook, risk, concerns etc.

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 corporate governance in the Company is part of this annual report.

Human Resources

Your Company gave special and specific emphasis on imparting contemporary technological & managerial skills to its management staff.

Your Company has been able to attract top talent from outside and also retain talent within. The Company continues with the practice of rewarding high performers and providing a well planned career path to them.

Employee relations continue to be cordial. The basic philosophy followed in employee relations is mutual trust, respect for individuals and growth with the Company. Long term wage settlement was signed at our Nashik Unit with emphasis on productivity increase and multi skilling.

Social Commitment

As in the previous years, your Company contributes a small portion out of its profits to AMM Foundation (Rs. 30 lakhs) and Shri AMM Murugappa Chettiar Research Centre (MCRC) (Rs.15 lakhs). AMM Foundation is a philanthropic organisation and manages nine institutions in the field of education and health care. The education wing consists of one polytechnic college and four schools. The health care wing comprises of four hospitals. All institutions are run on a non-profit basis. MCRC is a non-profit research organisation related to improvement in rural areas and also executes consultancy work and research projects in the areas of fisheries development, environmental education etc.

Subsidiaries

Cholamandalam MS General Insurance Company Ltd (CMSGICL) has achieved a Gross Written Premium of Rs. 522.34 Crores. (Previous year Rs.311.73 Crores) recording a growth of 67% over previous year. During the year, this subsidiary achieved a PAT of Rs.7.24 Crores (Previous year Rs.1.24 Crores).

The operations of Tubular Precision Products (Suzhou) Co. Ltd, a wholly owned subsidiary in China, resulted in a loss of RMB 8,655,892 (Rs.4.95 Crores) for the year ended 31st December 2007. This includes pre-operative expenses of the previous year amounting to RMB 2,176,525 (Rs.1.25 Crores). This company has started commercial production and samples have been submitted to leading auto and auto component manufacturers in China.

Auditors

Messrs. Deloitte Haskins & Sells, Chartered Accountants retire at the ensuing annual general meeting and being eligible offer themselves for reappointment.

Cost Auditors

Messrs. D Narayanan and V Kalyanaraman have been appointed as cost auditors for cycles and tubes respectively for the financial year ending 31st March 2009.

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

The Directors thank customers, vendors, financial institutions, banks 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 employees of the Company for the performance in the year under discussion.

On behalf of the Board

Chennai
1st May 2008

M M Murugappan
Chairman

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 Profit & Loss Account for the financial year ended 31st March 2008 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 recognized. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The Audit Committee meets at regular intervals to review the internal audit function.
- the financial statements have been prepared on a going concern basis.
- the financial statements have been audited by Messrs. Deloitte Haskins & Sells, statutory auditors and their report is appended thereto.

On behalf of the Board

Chennai
1st May 2008

M M Murugappan
Chairman

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 Directors' Report.

Power & Fuel consumption	2007-08	2006-07
1 Electricity		
(a) Purchased		
Units (Kwh)	2,83,86,954	2,57,81,963
Total Amount (Rs. Cr)	14.94	13.78
Rate/Unit (Rs.)	5.26	5.34
(b) Own Generation through Diesel Generator		
Unit (Kwh)	11,13,843	10,24,955
Units per Litre of Diesel Oil (Kwh)	2.70	2.89
Cost per Unit (Rs.)	11.35	10.94
(c) Own Generation through Furnace Oil Generator		
Units (Kwh)	2,13,66,567	2,21,06,382
Units per litre of Furnace oil (Kwh)	4.01	4.04
Cost Per unit (Rs.)	4.48	3.96
(d) Own generation through windmills (units)	-	5,272
2 Furnace Oil		
Quantity (kilo litres)	5,328	5,472
Total Amount (Rs. Cr.)	9.57	8.75
Average Rate / Kilo litre (Rs.)	17,957	15,999
Consumption per unit of production (Kwh per tonne)		
A. Strips & Tubes	229	235
B. Metal Formed Products	405	488

Conservation of Energy

With a view to conserving energy and save on cost, your Company is pursuing energy conservation measures vigorously across its businesses.

In the Engineering business, conventional cooling towers in furnaces were replaced with energy efficient towers. Further, cost efficient fuels are being used in strip and tube mills operations.

In Cycles business, power efficient blowers, automatic power factor controllers etc., were installed in critical operations.

In Metal Formed business, energy efficient motors, coolers and automatic power factor controllers were installed to save on power cost. This business has also put to use natural resources for lighting and ventilation.

Research and Development (R & D)

The Research & Development centre at Tube Products of India, Avadi continues its efforts to introduce emerging technologies to deliver enhanced customer value. The R&D Centre, as an on going measure, evaluates and implements technologies relevant to the Company's businesses with a focus on cost, quality, new products and services. These technologies include thermal processing technologies and new methods of manipulation of tubes and sheet metal to deliver enhanced customer value. During the year, the Engineering Design Centre has developed skills and capabilities to simulate and analyse critical operations of doorframes. An assessment on impact of manufacturing vagaries on the performance of roller chains has helped us to engineer better processes and thereby meet a few exacting applications.

Expenditure on R & D

(Rs. in Crores)

Capital Expenditure	0.85
Recurring	4.26
Total	5.11
Total R&D expenditure as a % of total turnover	0.29%

Technology Absorption, Adaptation and Innovation

The Company has kept abreast with the latest development in technologies relevant to its operations by continuing the strategic alliances with educational/ research institutes in India and overseas which includes projects relevant to the Company's business. The updated information on the latest technology enables the Company to deliver value superior solutions/products to its customers.

The Company has overseas technical know-how tie-ups for the manufacture of roll-formed car doorframes and hydro-formed auto components and these technologies have been successfully absorbed.

Foreign Exchange Earnings and Outgo

	Rs. in Crores
i) Foreign Exchange Earnings (CIF Value)	160.85
ii) Foreign Exchange Outgo	151.56

On behalf of the Board

Chennai
1st May 2008

M M Murugappan
Chairman

Annexure to the Directors' Report

Employees Stock Option Scheme

	Nature of Disclosure	Particulars	
(a)	Options granted	33,60,840 Options have been granted during the year (in three tranches i.e. on 31st October 2007, 31st January 2008 and 24th March 2008). Each Option would be exercisable for one equity share of a face value of Rs.2 each fully paid up on payment of the requisite exercise price to the Company.	
(b)	The 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 & Nomination Committee.	
(c)	Options vested	Nil	
(d)	Options exercised	Nil	
(e)	The total number of shares arising as a result of exercise of option	33,53,940 equity shares (assuming all Options in force are exercised).	
(f)	Options lapsed/surrendered	6,900	
(g)	Variation of terms of Option	No variation has been done	
(h)	Money realised by exercise of Options	Not applicable, since none of the Options has been exercised till 31st March 2008.	
(i)	Total number of Options in force	33,53,940	
(j)	i. Details of Options granted to Senior Management Personnel	**Name and Designation**	**No. of Options granted**
		L Ramkumar *Managing Director*	3,10,260
		N Srikanth *President - Tube Products of India*	96,820
		A Suryanarayan *Sr. Vice President - TI Metal Forming*	89,760
		A R Rao *Sr. Vice President - TIDC India*	71,800
		D Raghuram *Sr. Vice President - TI Cycles of India*	89,760
		K Balasubramanian *Chief Financial Officer*	71,800
		S Vaidyanathan *Sr. Vice President - HR*	71,800
		R Natarajan *Sr. Vice President - Corporate R & D*	89,760

	Nature of Disclosure	Particulars
	ii. Any other employee who received a grant in any one year of Option amounting to 5% or more of Options granted during the year.	Nil
	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.	Nil
(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard AS-20.	Rs.3.06
(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 recognized in the accounts if the fair value of Options had been used as the method of accounting.	The employee compensation cost would have been higher by Rs. 0.49 Crores 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 would have been lower by Rs. 0.49 Crores had the company used the fair value of Options as the method of accounting instead of the intrinsic value.
	iii. Impact of the difference mentioned in (i) above on the EPS of the company	The basic and diluted EPS would have been lower by Rs.0.03.
(m)	i. Weighted Average exercise price of Options	Rs.58.16
	ii. Weighted average fair value of Options	Rs.18.51
(n)	i. Method used to estimate the fair value of Options	Black-Scholes options pricing model
	ii. Significant assumptions used (weighted average information relating to all grants):-	
	(a) Risk-free interest rate	7.48%
	(b) Expected life of the Option	3.87 Years
	(c) Expected volatility	41.17%
	(d) Expected dividend yields	3.43%
	(e) Price of the underlying share in market at the time of option grant	Rs.58.16

On behalf of the Board

Chennai
1st May 2008

M M Murugappan
Chairman

Annexure to 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, 2008

Name	Designation	Gross Remuneration (Rs)	Qualification & Experience (years in brackets)	Date of Commencement of Employment	Age	Last Employer	Last Designation
Ashutosh Sharma	Vice President - Engg & Projects TI Metal Forming	24,31,823	B.Sc Mech (24)	24.03.2003	45	Jay Bharat Maruti Ltd	General Manager
Balasubramanian K	Chief Financial Officer	39,46,401	B.Sc., ACA (30)	02.09.1991	53	Price Waterhouse Liberia & Ghana	Senior Consultant
Chidambaram M	General Manager - Manufacturing, TI Metal Forming	24,90,901	B.E (24)	17.07.1984	48	Lakshmi Machine Works Ltd	Graduate Eng Trainee
Diwakar M R	Vice President (Taxation)	34,74,828	B.Com (Hons) (36)	03.08.1992	57	Puralator India Ltd	Sr. Manager (Finance)
Gopala Pillai T M	Vice President - TQM	27,12,132	DME, PG Dip in Met & Elec (37)	02.08.1971	55	-	-
Kaushik S V	Vice President - IT	27,70,745	B.Com, PGDBM ((30)	10.03.1986	52	E.I.D - Parry (India) Ltd	Finance Manager
Krishnamachari D	Vice President - Projects Tube Products of India	25,22,362	B.Sc., M.E - Mech. Engg (27)	01.09.1994	51	India Rubber Ltd	Works Manager
Nambiar K R	General Manager - Exports TI Cycles of India	24,19,470	B.Com (39)	24.12.1968	57	Western India Erectors	Sales Asst.
Narayanan R	Vice President - Commercial Tube Products of India	28,41,109	B.Sc, ACA (23)	08.02.1985	50	Carborundum Universal Ltd	Finance Manager
Natarajan R	Sr.Vice President (R&D)	37,43,556	B.Tech (27)	01.07.1981	49	-	-
Ramachandran P	Sr. Vice President (Tubes)	31,52,124	B.Tech, PGDM (25)	23.11.1989	49	Asian Paints Ltd	Branch Manager
Ravi Kannan	Sr.Vice President (Technology), TPI	32,81,768	B.Tech - Metallurgy, M.A - SC (28)	09.07.1993	50	Carborundum Universal Limited	DGM - Technical Refractories
Rajeswara Rao A	Sr.Vice President - TIDC India	36,08,160	B.Sc., M.A.(PM & IR) (35)	16.01.1985	56	Ashok Leyland Limited	Asst. Manager (Employment)
Raghuram D	Sr.Vice President - Bicycles and Fitness -TI Cycles of India	48,84,431	B.Tech, MS & PHD in Mech Engg (19)	12.02.2004	40	EMEA i2 Technologies	Director (Customer Support & Services)
Saibal Sarkar	Vice President- Fine Blanking and Tooling, TIDC	25,83,743	B.E (Mech), MBA (28)	03.02.2003	51	IFB Industries Ltd	GM (Production)

Name	Designation	Gross Remuneration (Rs)	Qualification & Experience (years in brackets)	Date of Commencement of Employment	Age	Last Employer	Last Designation
Sajiv K Menon	Sr.Vice President (IBP)	43,13,810	B.Tech, PGDM (26)	10.07.2006	48	Parry Enterprises India Ltd	Vice President
Singh B K	Vice President - Sales TI Cycles of India	37,86,002	B.Sc (Agri Eng&Tech), PG in Int.Mgt (26)	02.11.2005	46	Hindustan Lever Ltd	Branch Sales Manager
Srikanth N	President - Tube Products of India	47,36,842	B.Tech, PGDM (28)	13.07.1998	54	Uganda Boati Ltd	General Manager
Suryanarayan A	Sr.Vice President TI Metal Forming	44,51,847	B.Com, ACA, AICWA (32)	25.11.1976	55	-	-
Sukumar K R	Vice President - Projects & Engg Tube Products of India	24,17,677	B.E., MBA (23)	03.12.1974	56	-	-
S Vaidyanathan	Sr.Vice President - HR	43,69,993	B.Sc, PGDPM-IR(33)	15.12.2004	56	Orchid Chemicals & Pharmaceuticals Ltd	Vice President - HR
Vasant George Dewaji	Vice President - Product Development - TI Cyles of India	29,79,816	B.E.(Mech) PGD in Indl. Design (29)	09.12.2002	44	Whirlpool India Ltd	Manager Prod. Dev
Employed for Part of the year							
Anand Kumar M C	Senior Vice President (Sales & Mktg)	6,01,577	M.A (Economics), PGDM - IIMC	08.07.2007	44	Dorcas Market Makers Ltd	Sr. VP (Sales & Mktg)
Ramprasad G	President - TI Cycles of India	68,13,118	B.Com., PGDM. IIMC (23)	01.04.2005	46	E.I.D - Parry (India) Ltd	Wholetime Director
Shyam C Raman	Executive on Deputation	7,46,784	B.E., PGDM (IIM) (21)	01.02.2008	46	DBS Cholamandalam Finance Ltd	Vice President - HR
Arjun Bharathan	Executive on Deputation	23,02,859	B.A (Eco), PG in International Mgt - IMI (18)	20.09.2004	38	Click for Steel Services Ltd (Essar Group)	Director & CEO

Notes

1. Remuneration includes Salary, Allowances and Taxable Value of Perquisites and Company's Provident, Gratuity & Super Annuation Funds. Payments made under Voluntary Retirement have not been considered being a one time payment.
2. Nature of employment : The above employees were wholetime employees of the Company during the year ended 31st March 2008 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)

On behalf of the Board

M M Murugappan
Chairman

Chennai
1st May 2008

Auditors' Report

To the Members of **Tube Investments of India Limited**

1. We have audited the attached Balance Sheet of **Tube Investments of India Limited** (the Company) as at 31 March 2008, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 Profit and Loss Account 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

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

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2008;

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

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

5. On the basis of the written representations/declarations received from the Directors and taken on record by the Board, and according to the information and explanations given to us, we report that none of the Directors of the Company is disqualified, as at 31 March 2008, from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956 on the said date.

For **Deloitte Haskins & Sells**
Chartered Accountants

K Sai Ram
Partner
Membership No. 022360

Place: Chennai
Date: 1 May 2008

Annexure to the Auditors' Report

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

(i) The nature of the Company's business/activities during the year has been such that Clauses 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xviii) and 4(xix) 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 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 having regard to the size of the Company and the nature of its assets. 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 inventories:

(a) As explained to us, the stocks of raw materials, work in progress and finished goods in the Company's manufacturing units have been physically verified during the year by the Management. Stores and spares and stocks at warehouses were physically verified during the year by the Management in accordance with a programme of verification. In our opinion, having regard to the nature and location of stocks, the frequency of verification is reasonable. In case of stocks lying with third parties, certificates confirming stocks have been received in respect of a substantial portion of the stocks held at the year end.

(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 are 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 not granted or taken any loans, secured or unsecured, to /from companies, firms or other parties covered 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, there is a generally adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and we have not observed any significant continuing failure to correct major weaknesses in such internal controls during the course of our audit.

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

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

(b) The transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. 5,00,000 in respect of any party during the year, have been made at prices which are, *prima facie,* reasonable having regard to the prevailing market prices at the relevant time.

(vii) The Company has not accepted any deposits from the public during the year.

(viii) In our opinion, the internal audit functions carried out during the year by the Internal Audit Department of the Company / an external agency appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(ix) We have broadly reviewed the cost records maintained by the Company for bicycle and tubes, pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act,1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information given to us, the Central Government has not prescribed the maintenance of cost records for any other products of the Company.

(x) In respect of Statutory dues:

(a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, VAT, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities except for an instance of significant delay in the remittance of Service Tax.

(b) According to the information and explanations given to us no undisputed amounts in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, VAT, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company was in arrears as of 31 March 2008 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, details of disputed Income Tax, Sales Tax, Service Tax and Excise Duty which have not been deposited as on 31 March 2008 on account of any dispute are given below:

Name of Statute	Nature of the Dues	Amount (Rs. In Crores)	Period to which the Amount Relates	Forum where Dispute is Pending
Income Tax Act, 1961	Income Tax & Interest	1.23	1999-2000	Commissioner of Income Tax (Appeals)
	Income Tax & Interest	3.72	2001-02	Commissioner of Income Tax (Appeals)
Local Sales Tax Laws – Various States	Sales Tax	0.06	1996-97, 1997-98	Sales Tax Appellate Tribunal
	Sales Tax	0.08	1996-1997	Sales Tax Appellate Tribunal
	Sales Tax	0.02	1999-00	High Court of Punjab
	Sales Tax	0.07	2003-04, 2004-05	Joint Commissioner
Central Sales Tax Act, 1956	Sales Tax	0.08	2003-04, 2004-05	Joint Commissioner
	Sales Tax	0.03	1990-91, 1991-92, 2000-01 to 2002-03	Sales Tax Appellate Tribunal
	Sales Tax	0.28	2003-04, 1999-00, 2004-05	Deputy Commissioner
	Penalty	0.29	2001-02	High Court of Madras
Finance Act,1994	Service Tax	0.05	1998-99 to 2003-04	Commissioner of Central Excise (Appeals)
	Service Tax	0.13	2000-01 to 2004-05	Customs Excise and Service Tax Appellate Tribunal
	Service Tax	0.16	1999-00 to 2004-05	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	1.22	2000-01 to 2005-06	Central Excise and Service Tax Appellate Tribunal
	Penalty	1.22	2000-01 to 2005-06	Central Excise and Service Tax Appellate Tribunal

(xi) The Company does not have any accumulated losses as at 31 March 2008. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xii) 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. The Company has not taken any loans from financial institutions or issued any debentures during the year.

(xiii) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

(xiv) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.

(xv) The Company has not raised any money by public issues during the year.

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

For **Deloitte Haskins & Sells**
Chartered Accountants

K. Sai Ram
Partner
Membership No. 022360

Place: Chennai
Date: 1 May 2008

Balance Sheet

As at 31st March,	Schedule	2008		2007	
					Rs. in Crores
SOURCES OF FUNDS					
Shareholders' Funds					
(a) Share Capital	1	36.95		36.95	
(b) Reserves and Surplus	2	681.02		618.90	
			717.97		655.85
Loan Funds					
(a) Secured Loans	3	229.82		138.81	
(b) Unsecured Loans	4	97.68		67.64	
			327.50		206.45
Deferred Tax Liability (Net)			42.64		41.83
(Refer Note 9 of Schedule 18)					
			1088.11		**904.13**
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	861.91		734.06	
Less : Depreciation		400.43		369.82	
Net Block			461.48		364.24
Capital Work-in-Progress at Cost (including Capital Advances) (Refer Note 4 of Schedule 18)			57.31		105.54
			518.79		469.78
Investments	6		316.95		190.55
Current Assets, Loans and Advances					
(a) Inventories	7	227.04		205.80	
(b) Sundry Debtors	8	287.94		277.23	
(c) Cash and Bank Balances	9	18.02		17.25	
(d) Loans and Advances	10	105.03		83.20	
			638.03		583.48
Less : Current Liabilities and Provisions	11				
(a) Current Liabilities		354.79		296.82	
(b) Provisions		30.87		42.86	
			385.66		339.68
Net Current Assets			252.37		243.80
			1088.11		**904.13**
Significant Accounting Policies	17				
Notes on Accounts	18				

The Schedules referred to above form an integral part of the Accounts.

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants

On behalf of the Board

K Sai Ram
Partner
M. No. 022360

M M Murugappan
Chairman

Chennai
1st May 2008

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Profit and Loss Account

For the year ended 31st March,	Schedule	2008	2007
			Rs. in Crores
Income			
Sales and Processing Charges		1926.70	1761.84
Less : Excise Duty on Sales		164.37	146.80
Net Sales and Processing Charges		1762.33	1615.04
Other Income	12	25.96	92.74
		1788.29	**1707.78**
Expenditure			
Raw Materials Consumed (Net)	13	1105.74	976.72
Accretion to Stock	14	(11.38)	(13.82)
Employee Cost	15	134.68	115.14
Operating and Other Costs	16	404.51	372.75
Depreciation		53.15	50.39
Interest - Debentures and Fixed Loans		8.45	7.13
- Others		9.70	4.16
		18.15	11.29
		1704.85	**1512.47**
Profit Before Taxes		**83.44**	**195.31**
Provision for Taxation			
Income Tax			
- Current Year		23.50	35.00
- Prior Years		1.13	-
Deferred Tax (Net) (Refer Note 9 of Schedule 18)		0.81	2.59
Fringe Benefit Tax		1.50	1.94
		26.94	39.53
Profit After Taxes		**56.50**	**155.78**
Add : Balance Brought Forward from Previous Year		256.21	143.66
Add : Dividend on Own Shares held through Trust		1.52	4.77
(Refer Note 5 of Schedule 18)			
Profit Available for Appropriation		**314.23**	**304.21**
Appropriations:			
Transfer to General Reserve		15.00	15.58
Dividend - Proposed @ 50% (Previous Year 75%)		18.48	27.71
Tax on Dividend		3.14	4.71
		36.62	48.00
Balance Carried Over to Balance Sheet		**277.61**	**256.21**
Earnings per Share of Rs. 2/- each - Basic - (in Rs.)		**3.06**	**8.43**
- Diluted - (in Rs.)		**3.06**	**8.43**
(Refer Note 20 of Schedule 18)			
Significant Accounting Policies	17		
Notes on Accounts	18		

The Schedules referred to above form an integral part of the Accounts.

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants

K Sai Ram
Partner
M. No. 022360

On behalf of the Board

M M Murugappan
Chairman

Chennai
1st May 2008

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Cash Flow Statement

Rs. in Crores

For the year ended 31st March,	2008	2007
A. Cash Flow from Operating Activities:		
Net Profit Before Tax	**83.44**	**195.31**
Adjustments for :		
Depreciation	53.15	50.39
Interest	18.15	11.29
Profit on Sale of Assets (Net)	(5.21)	(0.55)
Profit on Sale of Investments (Net)	(1.25)	(71.41)
Provision For Doubtful Debts And Advances (Net)	2.15	0.73
Provision For Contingencies	0.70	-
Interest Income	(1.30)	(0.48)
Dividend Income	(6.50)	(10.28)
Operating Profit before Working Capital Changes	**143.33**	**175.00**
Adjustments for :		
Increase in Inventories	(21.24)	(40.08)
Increase in Sundry Debtors	(12.86)	(74.20)
Increase in Loans and Advances	(9.18)	(8.28)
Increase in Current Liabilities and Provisions (Including Capital Creditors)	52.29	86.77
Cash Generated From Operations	**152.34**	**139.21**
Direct Taxes Paid (Net)	(5.85)	(59.91)
Net Cash Flow from Operating Activities	**146.49**	**79.30**
B. Cash Flow from Investing Activities:		
Capital Expenditure (Including Capital Work In Progress)	(108.83)	(139.68)
Sale of Fixed Assets	11.88	2.12
Investments in Subsidiary	(18.99)	(12.54)
Investments in Joint Ventures	(61.63)	-
Purchase of Other Investments	(50.01)	-
Sale of Investments	1.30	129.26
Interest Received	1.30	0.48
Dividend on Own Shares held through Trust	1.52	4.77
Dividend Received	6.50	10.28
Net Cash Used in Investing Activities	**(216.96)**	**(5.31)**
C. Cash Flow from Financing Activities:		
Borrowings	159.21	27.91
Repayment of Borrowings	(38.16)	(65.76)
Interest Paid	(17.46)	(12.24)
Dividends Paid (Including Dividend Tax)	(32.35)	(98.56)
Net Cash From / (Used In) Financing Activities	**71.24**	**(148.65)**
Net Increase / (Decrease) in Cash and Cash Equivalents [A+B+C]	**0.77**	**(74.66)**
Cash and Cash Equivalents at the Beginning of the Year	**17.25**	**91.91**
Cash and Cash Equivalents as at End of the Year	**18.02**	**17.25**

Note: Capital Expenditure includes and Interest Paid excludes Rs. 0.37 Cr. (Previous Year - Rs. 0.86 Cr) of Interest Capitalised.

The accompanying Schedules 1 to 18 are an integral part of the Accounts.

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants

On behalf of the Board

K Sai Ram
Partner
M. No. 022360

M M Murugappan
Chairman

Chennai
1st May 2008

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Schedules Forming Part of the Balance Sheet

01 SHARE CAPITAL

As at 31st March,	2008	2007
		Rs. in Crores
Authorised		
21,50,00,000 Equity Shares of Rs.2 each	43.00	43.00
Issued, Subscribed and Paid-up		
18,47,80,000 Equity Shares of Rs. 2 each fully paid up	36.95	36.95
(1) Of the above:		
(a) 10,78,910 shares of Rs. 10 each (Before Sub division of Shares) were issued for consideration other than cash.		
(b) 2,73,11,792 shares of Rs. 10 each (Before Sub division of Shares) were issued as bonus shares by capitalisation of Reserves.		
(c) 10,620 shares of Rs. 10 each (Before Sub division of Shares) were issued to the erstwhile share holders of TIDC India Limited on account of Amalgamation (Refer Note 5 of Schedule 18).		
(2) The above is after adjustment for the cancellation of 61,50,386 shares of Rs. 10 each (Before Sub division of Shares) which were bought back at a price of Rs. 100 per share from the share holders pursuant to the offer for buy-back of shares.		
(3) Also Refer Note 3 of Schedule 18.		
	36.95	**36.95**

02 RESERVES AND SURPLUS

	As at 31.03.2007	Additions	Deductions	As at 31.03.2008
Capital Reserve	0.27	-	-	0.27
Securities Premium *	94.11	28.75	-	122.86
Capital Redemption Reserve #	6.15	-	-	6.15
Hedge Reserve Account (Refer Note 23 of Schedule 18)	-	-	3.03	(3.03)
General Reserve	262.16	15.00	-	277.16
	362.69	**43.75**	**3.03**	**403.41**
Balance in Profit and Loss Account	256.21			277.61
Total Reserves	**618.90**			**681.02**

* Additions to Securities Premium Account represents Net Surplus on Sale of Company Shares held by TII Shareholding Trust (Refer Note 5 of Schedule 18).

Represents the amount transferred for a sum equal to the nominal value of the Shares at the time of buy back. (Also Refer Note 2 of Schedule 1 above)

Schedules Forming Part of the Balance Sheet

03 SECURED LOANS

Rs. in Crores

As at 31st March,	2008	2007
Loans and Advances from Banks		
- Foreign Currency Term Loans	65.63	-
- Rupee Term Loans	80.00	55.00
- Cash Credit and Other Borrowings	84.19	83.81
	229.82	**138.81**
Repayable within one year	84.19	108.81

(1) Term Loans from Banks are secured by a pari-passu first charge on the immovable properties and movable properties (excluding current assets) of the Company.

(2) Cash Credit and Other Borrowings from Banks, which includes foreign currency borrowings of Rs. 46.83 Cr. (Previous Year Rs.Nil), are secured by a first charge on inventories and book debts and pari-passu second charge on immovable properties.

04 UNSECURED LOANS

As at 31st March,	2008	2007
Short Term Loans & Advances from Banks		
- Foreign Currency Loans	68.20	-
- Cash Credit and Other Borrowings	2.53	40.60
Other Loans & Advances		
- Sales Tax Deferral	26.95	27.04
	97.68	**67.64**
Repayable within one year	72.42	41.23

05 FIXED ASSETS

	Gross Block at Cost				Depreciation / Amortisation				Net Block	
	As at 31.03.2007	Additions (Note 1)	Deletions	As at 31.03.2008	As at 31.03.2007	Additions (Note 2)	Deletions	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007
Land (Freehold)	10.10	15.11	4.49	20.72	-	-	-	-	20.72	10.10
Land (Leasehold) (Note 3)	0.73	-	-	0.73	0.04	0.01	-	0.05	0.68	0.69
Buildings (Note 4)	102.93	19.23	1.55	120.61	28.69	3.41	1.37	30.73	89.88	74.24
Plant & Machinery	605.04	119.45	21.10	703.39	330.35	48.01	19.90	358.46	344.93	274.69
Railway Siding	0.21	-	-	0.21	0.12	0.02	-	0.14	0.07	0.09
Furniture & Fixtures	9.27	0.88	0.16	9.99	7.89	0.57	0.15	8.31	1.68	1.38
Vehicles	5.78	2.39	1.91	6.26	2.73	1.13	1.12	2.74	3.52	3.05
TOTAL	**734.06**	**157.06**	**29.21**	**861.91**	**369.82**	**53.15**	**22.54**	**400.43**	**461.48**	**364.24**
PREVIOUS YEAR	**626.01**	**114.63**	**6.58**	**734.06**	**324.44**	**50.39**	**5.01**	**369.82**	**364.24**	**301.57**

Notes:

1. Additions to Gross Block includes Interest Capitalised amounting to Rs. 0.37 Cr. (Previous Year - Rs. 0.86 Cr).
2. Additions to Depreciation includes depreciation amounting to Rs. 2.67 Cr. (Previous Year Rs. 6.59 Cr.) charged additionally on certain assets.
3. Amortisation of Leasehold Land for the year is Rs.72,851 only (Previous Year Rs.72,851 only).
4. Net Block of Buildings includes Improvement to Buildings Rs. 3.65 Cr. (Previous Year Rs. 3.88 Cr.) constructed on Leasehold Land.

Schedules Forming Part of the Balance Sheet

06 INVESTMENTS

Rs. in Crores

	Nominal Value (Rs.) / Unit	Number				Amount			
		As at 31.03.2007	Acquired	Sold	As at 31.03.2008	As at 31.03.2007	Acquired	Sold	As at 31.03.2008
Investments - Long Term (At Cost)									
Subsidiary Companies:									
Equity Shares (Fully paid) - Unquoted									
Cholamandalam MS General Insurance Company Ltd.	10	10,50,49,900			10,50,49,900	105.05			105.05
Tubular Precision Products (Suzhou) Co. Ltd (Note 1)						12.54	18.99		31.53
Trade Investments:									
Equity Shares (Fully paid) - Quoted									
Cholamandalam DBS Finance Ltd.	10	1,17,38,498	44,01,975		1,61,40,473	55.77	61.63		117.40
Cholamandalam DBS Finance Ltd. - Tradeable Warrants (Note 2)	10		44,01,975		44,01,975				
LG Balakrishnan & Bros. Ltd. (Cost - Rs. 40,238 only)	1	25,960			25,960				
Equity Shares (Fully paid) - Unquoted									
Borg Warner Morse TEC Murugappa Pvt. Ltd.	10	55,85,808			55,85,808	5.59			5.59
Cholamandalam MS Risk Services Ltd.	10	9,89,979			9,89,979	0.99			0.99
Non-Trade Investments:									
Equity Shares (Fully paid) - Quoted									
Carborundum Universal Ltd (Cost - Rs. 23,574 only)	2	3,000			3,000				
ICICI Bank Ltd.	10	11,250		11,250	-	0.03		0.03	-
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
Mahindra and Mahindra Ltd.	10	6,00,000			6,00,000	2.08			2.08
GIC Housing Finance Ltd.	10	48,700			48,700	0.24			0.24
Equity Shares (Fully paid) - Unquoted									
Indo Oceanic Shipping Co. Ltd. (Cost Re. 1 only)	10	50,000			50,000				
Bombay Mercantile Co-op. Ltd. (Cost Rs. 5,000 only)	10	500			500				
Cholamandalam Factoring Ltd.	10	6,500			6,500	0.01			0.01
Southern Energy Development Corporation Ltd.	10	70,000			70,000	0.07			0.07
Murugappa Management Services Ltd.	100	32,677			32,677	0.32			0.32
TI Cycles of India Co-operative Canteen Ltd. (Cost - Rs. 250 only)	5	50			50				
TI Diamond-Miller Co-operative Canteen Ltd. (Cost - Rs. 100 only)	5	20			20				
Andheri Sarabjit Co-operative Housing Society Ltd. (Cost - Rs. 250 only)	50	5			5				
Chennai Willingdon Corporate Foundation (Cost - Rs. 100 only)	10	10			10				
Others - Unquoted									
UTI Equity Fund (Formerly UTI Master Gain)	10	2,300			2,300	0.01			0.01
6.75 % Bonds with UTI	100	12,746			12,746	0.13			0.13
Government of India Securities						0.27		0.02	0.25
Total - Long Term						**183.18**	**80.62**	**0.05**	**263.75**

06 INVESTMENTS (Contd.)

Rs. in Crores

	Nominal Value (Rs.) / Unit	Number				Amount			
		As at 31.03.2007	Acquired	Sold	As at 31.03.2008	As at 31.03.2007	Acquired	Sold	As at 31.03.2008
Investments - Short Term (At Cost)									
Equity Shares (Fully paid) - Quoted									
Tube Investments of India Ltd. -Own Shares held through Trust (Note 3)	2	1,01,51,870		57,50,000	44,01,870	7.37		4.18	3.19
Others - Unquoted (Note 4)									
DBS Chola - Short Term Floating Rate Fund - Daily Dividend Reinvestment Plan-Dividend Option	10		79,58,841		79,58,841		7.97		7.97
DBS Chola - Freedom Income STP Institutional - Daily Dividend Reinvestment Plan-Dividend Option	10		2,20,27,174		2,20,27,174		22.04		22.04
UTI Fixed Income Interval Fund - Monthly Interval Plan Series - I - Institutional Dividend Plan - Reinvestment	10		1,00,00,000		1,00,00,000		10.00		10.00
Reliance Monthly Interval Fund -Series I- Institutional Dividend Plan	10		99,91,607		99,91,607		10.00		10.00
Total - Short Term						**7.37**	**50.01**	**4.18**	**53.20**
Total Investments						**190.55**	**130.63**	**4.23**	**316.95**

	As at 31.03.2007	As at 31.03.2008
Quoted		
- Cost	65.57	122.99
- Market Value	231.30	360.14
Unquoted		
- Cost	124.98	193.96

Notes:

1. Includes Rs. 11.95 Cr. (Previous Year Rs. Nil) of Shares received in lieu of Plant & Machinery Supplied (Refer Note 4 of Schedule 18).
2. Each Warrant is eligible for conversion into one equity share between April 2008 and April 2009 at a price, not exceeding Rs. 275 per share, to be announced by Cholamandalam DBS Finance Ltd.
3. Own Shares held through Trust - By its Order dated 18th December 2006, the High Court of Madras has held that the said shares should be sold / disposed off on or before 14th December 2008. Out of this 57,50,000 shares were sold during the year (Refer Note 5 of Schedule 18).
4. During the year, the Company has invested Rs. 555.63 Cr. (Previous Year Rs. 566.52 Cr.) and sold Rs. 505.62 Cr. (Previous Year Rs. 566.52 Cr.) of units of various cash management schemes of mutual funds, invested for the purpose of deployment of temporary cash surpluses.

Schedules Forming Part of the Balance Sheet

07 INVENTORIES (Lower of Cost (Net of Allowances) and estimated Net Realisable Value)

Rs. in Crores

As at 31st March,	2008	2007
Raw Materials	116.31	107.27
Work - in - Process	34.80	36.31
Finished Goods	68.75	55.86
Stores and Spare Parts	3.98	4.64
Materials - in - Transit	3.20	1.72
	227.04	**205.80**

08 SUNDRY DEBTORS (Unsecured)

As at 31st March,	2008	2007
Outstanding for Over Six Months		
Considered Good	8.67	5.18
Considered Doubtful	15.21	13.06
	23.88	18.24
Others		
Considered Good	279.27	272.05
	303.15	290.29
Less : Provision for Doubtful Debts	15.21	13.06
	287.94	**277.23**

09 CASH AND BANK BALANCES

As at 31st March,	2008	2007
Cash and Cheques on Hand	0.08	0.11
Balance with Scheduled Banks		
- Current Accounts	16.72	15.95
- Unpaid Dividend Account	1.20	1.13
Balance with Unscheduled Bank*		
- HSBC Bank, USA, N.A.	0.02	0.06
	18.02	**17.25**
* Maximum Amount Outstanding at any point in time during the Year	0.30	0.07

10 LOANS AND ADVANCES (Unsecured, Considered Good unless otherwise stated)

As at 31st March,	2008	2007
Advances Recoverable in Cash or in Kind or for Value to be Received		
(a) Considered Good	58.87	16.75
(b) Considered Doubtful	0.22	0.22
	59.09	16.97
Less : Provision for Doubtful Advances	0.22	0.22
	58.87	16.75
Sundry Deposits		
(a) With Subsidiary - Cholamandalam MS General Insurance Co. Ltd.*	0.26	0.26
(b) With Others	7.94	7.46
Balance with Customs, Excise and Sales Tax Authorities	15.04	15.53
Advance Taxes Paid	142.74	179.62
Less : Provision for Taxation	119.82	136.42
	22.92	43.20
	105.03	**83.20**
* Maximum Amount Outstanding at any point in time during the Year	0.26	0.26

Schedules Forming Part of the Balance Sheet

11 CURRENT LIABILITIES AND PROVISIONS

Rs. in Crores

As at 31st March,	2008	2007
Current Liabilities		
Acceptances	44.55	39.41
Sundry Creditors		
- Dues to Micro, Small and Medium Enterprises	0.80	-
(Refer Note 6 of Schedule 18)		
- Others	296.02	244.84
	296.82	244.84
Advances and Deposits		
- From Subsidiary - Cholamandalam MS General Insurance Co. Ltd.*	-	0.24
- From Customers / Others	3.22	3.11
Dues to Directors	0.31	0.18
Unpaid Dividends	1.20	1.13
Unpaid Matured Debentures	0.01	0.02
Other Liabilities	7.36	7.26
Interest Accrued but Not Due	1.32	0.63
	354.79	296.82
Provisions		
Provision for Compensated Absences	8.55	10.44
Provision for Contingencies (Refer Note 7 of Schedule 18)	0.70	-
Dividend - Proposed	18.48	27.71
Dividend Tax	3.14	4.71
	30.87	42.86
	385.66	**339.68**
* Maximum Amount Outstanding at any point in time during the Year	0.24	0.24
Amounts to be Credited to Investor Education and Protection Fund towards:		
Unpaid Dividends and Unpaid Matured Debentures	Nil	Nil

Schedules Forming Part of the Profit and Loss Account

12 OTHER INCOME

For the year ended 31st March,	2008	2007
Dividend @		
Trade	4.70	5.87
Non Trade	1.80	4.41
	6.50	10.28
Interest Income (Short Term)*	1.30	0.48
Royalty Income	0.52	0.51
Profit on Sale of Assets (Net) #	5.21	0.55
Profit on Sale of Investments (Net) - Non Trade $	1.25	71.41
Gain on Exchange Fluctuation (Net)	2.47	2.40
Provision for Doubtful Advances no longer required	-	3.00
Miscellaneous Income	8.71	4.11
	25.96	**92.74**
* Includes Tax Deducted at Source	0.02	0.03

@ Comprises Rs. 5.18 Cr. (Previous Year Rs. 7.25 Cr.) dividend from Long Term Investments and Rs. 1.32 Cr. (Previous Year Rs. 3.03 Cr.) from Short Term Investments

Profit on Sale of Assets includes Profit from Sale of Land and Building of Rs. 4.67 Cr. (Previous Year Rs. 0.39 Cr.)

$ Profit on Sale of Investments includes Profit from Sale of Long Term Investment of Rs. 1.25 Cr. (Previous Year Rs. 71.30 Cr.)

Schedules Forming Part of the Profit and Loss Account

13 RAW MATERIALS CONSUMED (NET)

Rs. in Crores

For the year ended 31st March,	2008	2007
Raw Materials Consumed	1200.43	1064.92
Less : Scrap Sales	94.69	88.20
Raw Materials Consumed (Net)	**1105.74**	**976.72**

14 ACCRETION TO STOCK

For the year ended 31st March,	2008	2007
Opening Stock		
Work-in-Process	36.31	33.08
Finished Stock	55.86	45.27
	92.17	78.35
Closing Stock		
Work-in-Process	34.80	36.31
Finished Stock	68.75	55.86
	103.55	92.17
Accretion to Stock	**(11.38)**	**(13.82)**

15 EMPLOYEE COST*

For the year ended 31st March,	2008	2007
Salaries, Wages and Bonus	111.09	93.11
Contribution to Provident and Other Funds	9.85	8.95
Welfare Expenses	13.74	13.08
	134.68	**115.14**
* Net of recoveries from other companies	-	0.05

16 OPERATING AND OTHER COSTS

For the year ended 31st March,	2008	2007
Consumption of Stores and Spares	85.06	79.75
Freight and Carriage Inwards	18.01	15.83
Sub Contract Charges	21.33	19.06
Power and Fuel	64.67	60.64
Rent	4.25	3.69
Repairs to Buildings	0.53	1.02
Repairs to Machinery	33.46	26.47
Insurance	2.35	3.56
Rates and Taxes	8.51	5.61
Travelling and Conveyance	10.27	10.67
Printing, Stationery and Communication	4.77	4.28
Freight, Delivery and Shipping Charges	54.08	49.38
Discounts / Incentives on Sales	32.80	32.41
Advertisement and Publicity	19.78	17.57
Bad Debts Written Off	1.11	0.21
Provision for Doubtful Debts	2.15	3.32
Advances Written Off	-	2.59
Less : Provision Released	-	2.59
	-	-
Auditors' Remuneration (Refer Note 10 of Schedule 18)	0.25	0.25
Directors' Remuneration (including Managing Director's Remuneration)	0.68	0.71
Provision for Contingencies (Refer Note 7 of Schedule 18)	0.70	-
Other Expenses (Refer Note 8 of Schedule 18)	39.75	38.32
	404.51	**372.75**
Power and Fuel includes Stores Consumed	38.54	44.56
Directors' Remuneration includes Sitting Fees	0.09	0.10

Schedules Forming Part of the Accounts

17 SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India including Accounting Standards notified by the Government of India / issued by the Institute of Chartered Accountants of India (ICAI), as applicable, and relevant provisions of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements 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 debts/advances, allowance for slow/non-moving inventories, useful lives of fixed assets, provision for retrospective price increases on purchases, provision for taxation, etc., during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

3. Fixed Assets and Depreciation

a. All assets are stated at cost (net of CENVAT/ VAT as applicable).

b. Borrowing costs are capitalised as part of qualifying fixed assets. Other borrowing costs are expensed.

c. Depreciation on assets other than special tools and special purpose machines used in door frame projects, furniture and fixtures, motor cars and data processing equipments is provided under the Straight Line Method at the rates specified under Schedule XIV of the Companies Act, 1956. Special tools and special purpose machines used in door frame projects are depreciated over four years, furniture and fixtures are depreciated over five years, motor cars are depreciated over four years and data processing equipment over three years on the basis of Management's evaluation of the useful life of the assets, which results in depreciation being charged at rates higher than those specified under the Companies Act, 1956. Certain assets are treated as Continuous Process Plants based on technical evaluation done by the Management and are depreciated at the applicable rates. The Company also has a system of providing additional depreciation, where, in the opinion of the Management, the recovery of the asset is likely to be affected by the variation in demand and/or its condition/usability. Depreciation is provided pro-rata from the month of Capitalisation.

d. Individual assets whose actual cost does not exceed Rs. 5,000/- are fully depreciated in the year of acquisition.

e. Lease hold land is amortised over the remaining period of the lease.

4. Investments

a. Long term investments are carried at cost. Diminution in the value of investments, other than temporary, is provided for.

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

5. Inventories

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

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

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

6. Revenue Recognition

a. Sales are recognised on shipment or on unconditional appropriation of goods in accordance with the terms of the sale and comprise amounts invoiced for the goods, including excise duty, but net of sales tax / VAT.

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

c. Dividend income on investments is accounted for when the right to receive the payment is established.

7. Employee Benefits

(Also refer Note 2(b) of Schedule 18)

I. Defined Contribution Plan

a. Superannuation

The Company contributes a sum equivalent to 15% of 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

17 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

recognizes such contributions as an expense in the year incurred.

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 by LIC using the Projected Unit Credit method.

b. Provident Fund

Contributions are made to the Company's Employees Provident Fund Trust in accordance with the fund rules. The interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognizes such obligation as an expense

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, as at the Balance Sheet date, carried out by LIC.

Also Refer Note 22(c) of Schedule 18

IV. Short Term Employee Benefits

Short term employee benefits includes short term compensated absences which is recognized 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 provided / expensed in the period in which the liability arises.

8. Deferred Compensation Cost

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the Company determines the compensated cost based on the intrinsic value method and the compensation cost is amortised on a straight line basis over the vesting period.

9. Foreign Currency Transactions

Foreign Currency Transactions are accounted at the exchange rates ruling on the date of the transactions. Foreign currency monetary items as at the Balance Sheet date are restated at the closing exchange rates. Exchange differences arising on actual payments/realisations and year-end restatements are dealt with in the profit and loss account.

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.

Also Refer Note 2(a) of Schedule 18.

10. Derivative Instruments and Hedge Accounting

The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these as cash flow hedges.

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

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

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the profit and loss account 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. At that time, for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised under shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised under shareholders' funds is transferred to the profit and loss account for the year.

Also Refer Note 23 of Schedule 18.

17 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

11. 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 Item 3 above.

12. Taxes on Income

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

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

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

13. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only 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.

14. 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 such transfers 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. 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.

15. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed 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.

Schedules Forming Part of the Accounts

18 NOTES ON ACCOUNTS

1. Contingent Liabilities **Rs. in Crores**

Particulars	As at 31.03.2008	As at 31.03.2007
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (including capital commitment)	39.72	58.16
b) Disputed Income-Tax demands from A.Y. 1993-94 to 2004-05 under appeal / remand pending before various appellate/ assessing authorities against which Rs. 27.33 Cr. (Previous Year Rs.25.18 Cr.) has been deposited. The Management is of the opinion that the above demands are not sustainable.	32.23	26.48
c) Disputed Excise demand amounting to Rs. 1.22 Cr. plus penalty of Rs. 1.22 Cr. pertaining to financial years 2000-01 to 2005-06 under appeal pending before the Appellate Tribunal. The same has not been deposited. The Management is of the opinion that the demand is arbitrary and the same is not sustainable.	2.44	2.44
d) Cases decided in favour of the Company against which the department has gone on appeal		
1.Income Tax	33.60	0.76
2.Excise	0.44	0.06
e) Bills Drawn on Customers and Discounted with Banks	2.74	23.30
f) Outstanding Export obligation under EPCG / Advance License Scheme. The Company is confident of meeting its obligations under the Schemes.	87.05	7.90

Note:

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

Also Refer Note 7 below.

2. Change in Accounting Policies

a. Accounting Standard 11 – The Effects of Changes in Foreign Exchange Rates

Upto 31st March 2007, the Company had capitalised the exchange differences arising from foreign currency liabilities relating to fixed assets acquired from outside India. Effective 1st April 2007, consequent to the applicability of Accounting Standard 11, notified by the Government of India, the Company has accounted such exchange differences in the Profit and Loss Account. Had the Company followed the same policy, the Profit Before Tax for the year would have been higher by Rs. 1.32 Cr.

b. Accounting Standard 15 – Employee Benefits

Effective 1st April 2006, the Company adopted the revised Accounting Standard 15 (AS 15) on Employee Benefits, issued by the ICAI. Consequent upon the change, Profit before Tax for the year ended 31st March 2007 was lower by Rs.0.29 Cr., as estimated by the Management. In accordance with the transitional provision contained in the said Standard, the difference of Rs.4.38 Cr. (net of Deferred Tax of Rs.2.26 Cr.) between the liability in respect of certain employee benefits existing on the date of adoption of the Standard and the liability that would have been recognised at the same date under the previous accounting policy was adjusted against the opening balance in the General Reserve as at 1st April 2006.

3. Share Capital

a. Status on GDRs

The aggregate number of Global Depository Receipts (GDRs) outstanding as at 31st March 2008 is 1,67,52,080 (Previous Year 1,67,52,080) each representing one Equity Share of Rs.2 face value. The GDRs are quoted on the Luxembourg Stock Exchange.

b. Stock Options

During the year, the Company granted Stock Options to certain employees in line with the Employees Stock Option Scheme. The total number of such options outstanding as at 31st March 2008 is 33,53,940 and each option is exercisable into one share.

Schedules Forming Part of the Accounts

18 NOTES ON ACCOUNTS (Contd.)

Particulars	Grant 1	Grant 2	Grant 3
Date of Grant	31st October 2007	31st January 2008	24th March 2008
Exercise Price (Rs)	62.85	66.10	56.80
Options Granted	6,00,120	1,05,460	26,55,260
Options Lapsed as at 31st March 2008	(6,900)	-	-
Options Outstanding at the end of the year (Yet to vest)	5,93,220	1,05,460	26,55,260
Vesting (subject to continuous association with Company and performance rating parameters)	End of year 1 – 100%	End of year 1 – 100%	31.10.2009 – 25.0% 31.10.2010 – 37.5% 31.10.2011 – 37.5%

Fair Value Methodology

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.

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

Particulars	Grant 1	Grant 2	Grant 3		
			Vesting on 31.10.2009	Vesting on 31.10.2010	Vesting on 31.10.2011
Risk-free Interest Rate (p.a)	7.71	7.44	7.26	7.41	7.58
Expected Life (Years)	2.50	2.50	3.11	4.11	5.11
Expected Volatility of Share Price (%)	39.11	42.02	40.66	41.77	42.06
Dividend Yield (%)	3.43	3.43	3.43	3.43	3.43
Price of the underlying share in market at the time of option grant (Rs.)	62.85	66.10	56.80	56.80	56.80
Fair Value of the Option (Rs.)	16.43	18.11	16.54	18.94	20.68

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

	Rs. In Crores
Particulars	**2007-2008**
Net Profit (As reported)	56.50
Add: Stock based employee compensation expense included in net profit	-
Less: Stock based compensation expense determined under fair value based method (Proforma)	0.49
Net Profit (Proforma)	**56.01**

Impact on Earnings Per Share

Particulars	**2007-2008**
Basic Earnings per Share of Rs. 2 Each (As reported)	3.06
Basic Earnings per Share of Rs. 2 Each (Pro forma)	3.03
Diluted Earnings per Share of Rs. 2 Each (As reported)	3.06
Diluted Earnings per Share of Rs. 2 Each (Pro forma)	3.03

4. Capital Work-in-Progress (including Capital Advances)

The balance in the Capital Work-in-Progress (including Capital Advances) account as at 31st March 2008 includes the cost of Plant & Machinery amounting to Rs.0.56 Cr (Previous Year Rs. 8.84 Cr) being manufactured on behalf of the Company's subsidiary in China, namely, Tubular Precision Products (Suzhou) Company Ltd. During the year, Plant & Machinery worth Rs.11.95 Cr was converted to Share Capital in the subsidiary and treated as an Investment in the books of the Company. The balance cost of such Plant & Machinery will also be converted into Share Capital in the Subsidiary on completion of the necessary formalities.

5. Amalgamation of erstwhile TIDC India Ltd with the Company

In accordance with the Scheme of Arrangement, approved by the High Court of Madras vide its Order dated 30th November 2004, all the assets, liabilities and business of TIDC India Ltd., (TIDC), (formerly a subsidiary of the Company) were transferred to and vested in the Company, as a going concern, effective from 1st April 2004. Accordingly, 20,30,374 Equity Shares of Rs.10 each (Post-Split 1,01,51,870 Equity Shares of Rs.2 each) held in the Company by TIDC was transferred to a Trust, namely, TII Shareholding Trust, created for the purpose. By its Order dated 18th December 2006, the High Court of Madras has held that the said shares should be sold/ disposed off on or before 14th December 2008. Since the beneficiary of the Trust is the Company itself, the dividend distributed to the Trust relating to the Company's shares held by the Trust are credited back to the Profit and Loss Account on receipt of the same from the Trust. During the year, the Trust has sold 57,50,000 Equity Shares of Rs. 2 each and the Net Surplus on Sale of Shares has been credited to the Securities Premium Account.

6. Dues to Micro, Small and Medium Enterprises

Based on and to the extent of information received from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at 31st March 2008 are furnished below:

Particulars	Rs. in Crores
Principal amount due to suppliers under MSMED Act, as at 31st March 2008	0.77
Interest accrued and due to suppliers under MSMED Act, on the above amount as at 31st March 2008	0.03
Payment made to suppliers (other than interest) beyond the appointed day, during the year	4.69
Interest paid to suppliers under MSMED Act (other than Section 16)	0.00
Interest paid to suppliers under MSMED Act (Section 16)	0.03
Interest due and payable to suppliers under MSMED Act, for payments already made	0.02
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.01

As at 31st March 2007, based on and to the extent of the information received from the suppliers regarding their status under the MSMED Act, there were no amounts remaining unpaid/payable as at that date towards principal or interest beyond permissible credit period.

7. Provision for Contingencies

The Company carries a general provision for contingencies towards various claims against the Company not acknowledged as debts (Refer Note 1 above).

Opening Balance	NIL
Add: Provision created during the year	0.70
Less: Utilised during the year	NIL
Closing Balance	**0.70**

Due to the very nature of the claims mentioned in Note 1 above, it is not possible to estimate the timing/uncertainties relating to the utilisation / reversals of such estimates.

Schedules Forming Part of the Accounts

18 NOTES ON ACCOUNTS (Contd.)

8. Other Expenses

Other Expenses under Operating and Other Costs (Schedule 16) include

i. Contribution to A M M Murugappa Chettiar Research Centre Rs.0.15 Cr. (Previous Year Rs. 0.28 Cr.)

ii. Contribution to A M M Foundation Rs.0.30 Cr. (Previous Year Rs. 0.40 Cr.)

iii. Other Donations Rs.0.04 Cr. (Previous Year Rs. Nil)

iv. Excise Duty Differential on Accretion to Stock Rs. 2.09 Cr. (Previous Year Rs. 0.50 Cr.)

9. Deferred Tax Movement

The net deferred tax liability of Rs.42.64 Cr. as at 31st March 2008 (Previous Year - Rs. 41.83 Cr.) has arisen on account of the following:

Rs. in Crores

Nature - (Asset) / Liability	As at 01.04.2007	Charged/ (Credited) to P&L	As at 31.03.2008
Deferred Tax Liabilities			
Difference between the written down value of assets as per Books of Account and the Income Tax Act, 1961	49.79	3.64	53.43
Total (A)	**49.79**	**3.64**	**53.43**
Deferred Tax Assets			
Deferred Revenue Expenses	(0.23)	(0.09)	(0.32)
Provision for Doubtful Debts / Advances	(4.51)	(0.73)	(5.24)
Others	(3.22)	(2.01)	(5.23)
Total (B)	**(7.96)**	**(2.83)**	**(10.79)**
Net Deferred Tax Liability (A-B)	**41.83**	**0.81**	**42.64**

10. Auditors' Remuneration

Particulars	2007-08	2006-07
Statutory Audit	0.18	0.18
Tax Audit & Other Services	0.07	0.07
Service Tax	-	-
Reimbursement of Expenses	-	-
Total	**0.25**	**0.25**

11. Imported and Indigenous Material Consumed

(a) Consumption of Raw Materials (Refer Schedule 13)

Particulars	%	2007-08	%	2006-07
Imported	8.60	103.25	7.14	75.99
Indigenous	91.40	1097.18	92.86	988.93
Total	**100.00**	**1200.43**	**100.00**	**1064.92**

(b) Consumption of Stores and Spares

Particulars	%	2007-08	%	2006-07
Imported	3.97	4.90	2.06	2.56
Indigenous	96.03	118.70	97.94	121.75
Total	**100.00**	**123.60**	**100.00**	**124.31**

Note: The above includes Rs. 38.54 Cr. (Previous Year Rs. 44.56 Cr.) of Stores and Spares charged to the Power and Fuel Account (Refer Schedule 16).

Schedules Forming Part of the Accounts

18 NOTES ON ACCOUNTS (Contd.)

12. Value of Imports on CIF Basis

Rs. in Crores

Particulars	**2007-08**	**2006-07**
Raw Materials	71.37	59.94
Stores and Spare Parts	3.90	8.60
Finished Goods	19.17	35.36
Capital Goods	46.64	17.86
Total	**141.08**	**121.76**

13. Earnings in Foreign Exchange

Particulars	**2007-08**	**2006-07**
FOB Value of Exports	154.82	146.57

14. Amount Remitted in Foreign Currency on account of Dividend Payment to Non Resident Shareholder

Particulars	**2007-08**	**2006-07**
Dividend* –Rs. in Crores	0.009	0.027
Number of Non-resident Shareholders	1	1
Number of Equity Shares Held	56,700 of Rs.2 each	56,700 of Rs.2 each
Year for which Dividend Remitted	2006-07	2005-06

*The above excludes remittances amounting to Rs. 2.51 Cr. (Previous Year Rs. 7.87 Cr.) to Global Depository Receipt (GDR) holders through the custodian of GDR holders.

15. Expenditure in Foreign Currency

Particulars	**2007-08**	**2006-07**
Travel	1.18	0.94
Interest on Foreign Currency Loans	1.65	0.84
Royalty	0.23	0.11
Others	7.42	2.33
Total	**10.48**	**4.22**

Schedules Forming Part of the Accounts

18 NOTES ON ACCOUNTS (Contd.)

16. Directors' Remuneration

Rs. in Crores

Particulars	**2007-08**	**2006-07**
a) Managing Director's Remuneration		
Salaries & Allowances	0.26	0.34
PF, Gratuity & Superannuation	0.02	0.05
Perquisites	0.00	0.04
	0.28	**0.43**
Incentive	0.04	-
	0.32	**0.43**
b) Commission to Non-Whole Time Directors	0.27	0.18
c) Directors' Sitting Fees	0.09	0.10
Directors' Remuneration	**0.68**	**0.71**
Profit after Tax as per Profit and Loss Account	56.50	155.78
Add: Provision for Taxation	26.94	39.53
Directors' Remuneration	0.69	0.71
Less: Profit on Sale of Investments	1.25	71.41
Profit on Sale of Assets as per Books	5.21	0.55
Profit as per Section 349 of the Companies Act, 1956	**77.67**	**124.06**
1% thereof	**0.78**	**1.24**
Commission to Non-Whole Time Directors restricted to	0.27	0.18
Total Commission	**0.27**	**0.18**

Notes:

a. Mr. L Ramkumar was appointed Managing Director with effect from 1st February 2008. The remuneration payable to Mr. L Ramkumar is subject to approval of the shareholders.

b. Mr. L Ramkumar has been granted 3,10,260 Options under the Company's Employee Stock Option Scheme. Refer Note 3(b) above.

c. Mr. Sumit Banerjee was the Managing Director from 17th April 2006 to 22nd December 2006.

18 NOTES ON ACCOUNTS (Contd.)

17. Quantitative Particulars

I. Capacities, Production, Turnover and Stocks

Rs. in Crores

Class of Goods	Unit	Installed Capacity	Production	Opening Stock		Closing Stock		Turnover	
		Qty	Qty	Qty	Value	Qty	Value	Qty	Value (Net of Excise)
Cycles/Components	Nos.				29.13		26.41	2868322	577.07
					(23.24)		(29.13)	(2597558)	(511.13)
ERW/CDW Tubes	Tons	211815	102489	3153	17.71	5178	27.73	100464	544.46
		(162850)	(97868)	(3050)	(14.47)	(3153)	(17.71)	(97765)	(538.57)
Cold Rolled Steel Strips	Tons	100120	68226	55	0.23	988	4.23	67293	269.06
		(100120)	(64010)	(92)	(0.36)	(55)	(0.23)	(64047)	(239.45)
Metal Formed Products					8.79		10.38		369.72
					(7.20)		(8.79)		(324.73)
Conversion Charges									2.02
									(1.16)
Total					**55.86**		**68.75**		**1762.33**
					(45.27)		**(55.86)**		**(1615.04)**

Notes:

a) Figures in brackets are for the previous year.
b) Licensed Capacity is not applicable. Installed Capacity is as certified by the Management
c) Turnover and Production is exclusive of captive consumption and inter-unit transfers
d) Quantitative particulars for Cycles / Components (Production, Opening Stock and Closing Stock) and Metal Formed Products (Production, Opening Stock, Closing Stock and Turnover) have not been furnished, as these are not homogenous in nature and are numerous in variety.
e) Quantitative particulars are after adjusting the excesses and shortages ascertained on physical counts.

II. Consumption of Raw Materials (Refer Schedule 13)

Particulars	Unit	Quantity		Value	
		2007 - 08	2006 - 07	2007 - 08	2006 - 07
Steel	Lakh Tons	2.64	2.49	793.80	699.03
Rims	Lakh Nos.	57.92	53.48	44.58	38.14
Tyres	Lakh Nos.	52.63	48.18	31.17	28.27
Cycle Tubes	Lakh Nos.	51.51	47.36	12.01	11.02
Leather Top	lakh Nos.	26.88	24.80	16.78	14.09
Chains	Lakh Nos.	39.27	32.39	8.94	8.03
Frames	lakh Nos.	24.73	24.88	58.90	57.87
Forks	Lakh Nos.	27.18	25.58	21.90	20.24
Mudguards	Lakh Sets	25.95	27.14	11.19	11.65
Bicycle Components and others				201.16	176.58
Total				**1200.43**	**1064.92**

Notes:

a) The quantitative details of Bicycle Components and Others, being too numerous, are not listed above.
b) The consumption figures shown above are after adjusting excesses and shortages ascertained on physical counts.

18. Segment Information

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

Schedules Forming Part of the Accounts

18 NOTES ON ACCOUNTS (Contd.)

(A) PRIMARY SEGMENT

Rs. in Crores

	CYCLES/ COMPONENTS		ENGINEERING		METAL FORMED PRODUCTS		ELIMINATIONS		CONSOLIDATED TOTAL	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
REVENUE										
External Sales	577.07	511.13	815.51	779.18	369.75	324.73	-	-	1762.33	1615.04
Inter - Segment Sales	-	-	69.38	50.59	0.11	0.14	(69.49)	(50.73)	-	-
Total Revenue	**577.07**	**511.13**	**884.89**	**829.77**	**369.86**	**324.87**	**(69.49)**	**(50.73)**	**1762.33**	**1615.04**
Unallocated Corporate Expenses	-	-	-	-	-	-	-	-	(24.57)	(32.01)
RESULTS										
Operating Profit	21.83	19.49	41.03	81.73	55.38	55.07	-	-	93.67	124.28
Profit / (Loss) on Sale of Assets	(0.03)	(0.14)	-	0.56	0.20	0.21	-	-	0.17	0.63
Net Operating Profit	**21.80**	**19.35**	**41.03**	**82.29**	**55.58**	**55.28**	**-**	**-**	**93.84**	**124.91**
Dividend Income	-	-	-	-	-	-	-	-	6.50	10.28
Interest Expense	-	-	-	-	-	-	-	-	(18.15)	(11.29)
Income Taxes	-	-	-	-	-	-	-	-	(26.94)	(39.53)
Profit on sale of investments	-	-	-	-	-	-	-	-	1.25	71.41
Net Profit	**21.80**	**19.35**	**41.03**	**82.29**	**55.58**	**55.28**	**-**	**-**	**56.50**	**155.78**
	As at 31.03.08	**As at 31.03.07**	**As at 31.03.08**	**As at 31.03.07**	**As at 31.03.08**	**As at 31.03.07**	**As at 31.03.08**	**As at 31.03.07**	**As at 31.03.08**	**As at 31.03.07**
ASSETS										
Segment Assets	188.78	187.37	549.00	509.94	346.84	264.93	(18.72)	(11.25)	1065.90	950.99
Unallocated Corporate Assets	-	-	-	-	-	-	-	-	407.87	292.82
Total Assets	**188.78**	**187.37**	**549.00**	**509.94**	**346.84**	**264.93**	**(18.72)**	**(11.25)**	**1473.77**	**1243.81**
LIABILITIES										
Segment Liabilities	104.80	89.94	186.95	159.99	77.21	60.52	(18.72)	(11.25)	350.24	299.20
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	35.42	40.48
Total Liabilities	**104.80**	**89.94**	**186.95**	**159.99**	**77.21**	**60.52**	**(18.72)**	**(11.25)**	**385.66**	**339.68**
OTHER INFORMATION	**2007-08**	**2006-07**	**2007-08**	**2006-07**	**2007-08**	**2006-07**	**2007-08**	**2006-07**	**2007-08**	**2006-07**
Capital Expenditure	2.94	5.04	41.75	48.85	77.45	48.14	-	-	122.14	102.03
Unallocated Corporate Capital Expenditure	-	-	-	-	-	-	-	-	(13.31)	37.65
Depreciation	5.42	5.41	25.42	24.45	19.41	15.35	-	-	50.25	45.21
Unallocated Corporate Depreciation	-	-	-	-	-	-	-	-	2.90	5.18

Schedules Forming Part of the Accounts

18 NOTES ON ACCOUNTS (Contd.)

(B) SECONDARY SEGMENT

Rs. in Crores

1) Revenue by Geographic Market	**2007-08**	**2006-07**
India	1601.48	1464.03
Rest of the world	160.85	151.01
TOTAL	**1762.33**	**1615.04**
2) Segment Assets by Geographic Market		
India	1439.83	1206.82
Rest of the world	33.94	36.99
TOTAL	**1473.77**	**1243.81**
3) Capital Expenditure by Geographic Market		
India	108.67	139.68
Rest of the world	0.16	-
TOTAL	**108.83**	**139.68**

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

a) List of Related Parties

I. Subsidiary

Cholamandalam MS General Insurance Company Limited
Tubular Precision Products (Suzhou) Company Limited

II. Joint Venture

Borg Warner Morse TEC Murugappa Private Limited
Cholamandalam DBS Finance Limited
Cholamandalam MS Risk Services Limited

III. Key Management Personnel (KMP)

Mr. L Ramkumar – Managing Director (from 1st February 2008)
Mr. Sumit Banerjee - Managing Director (17th April 2006 to 22nd December 2006)

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

Schedules Forming Part of the Accounts

18 NOTES ON ACCOUNTS (Contd.)

b) During the year the following transactions were carried out with the aforesaid related parties in the ordinary course of business: (Details of remuneration to Key Management Personnel are given in Note 16 above)

Rs. in Crores

Transaction	**Related Party**	**2007-08**	**2006-07**
Dividend Receipt	Cholamandalam DBS Finance Limited	4.70	5.87
Claims Receipt	Cholamandalam MS General Insurance Company Limited	0.89	0.59
Premium Paid	Cholamandalam MS General Insurance Company Limited	3.86	3.42
Rentals Paid	Cholamandalam DBS Finance Limited	-	0.29
	Cholamandalam MS General Insurance Company Limited	0.03	0.05
Rental Income	Cholamandalam DBS Finance Limited	0.01	-
	Borg Warner Morse TEC Murugappa Private Limited	0.04	0.05
	Cholamandalam MS General Insurance Company Limited	0.05	0.05
Sale of Fixed Assets	Cholamandalam MS General Insurance Company Limited	0.02	0.03
Subscription to Equity Shares	Cholamandalam DBS Finance Limited	61.63	-
	Tubular Precision Products (Suzhou) Company Limited	18.99	12.54
Purchase of Fixed Assets	Cholamandalam DBS Finance Limited	-	0.95
Capital Advance	Tubular Precision Products (Suzhou) Company Limited	4.95	7.00
Purchase of Goods and Services	Borg Warner Morse TEC Murugappa Private Limited	0.33	0.53
	Cholamandalam MS Risk Services Limited	0.01	0.06
	Tubular Precision Products (Suzhou) Company Limited	0.09	-
Sales and Services	Borg Warner Morse TEC Murugappa Private Limited	1.28	1.46
Reimbursement of Expenses	Cholamandalam DBS Finance Limited	-	0.03
	Cholamandalam MS General Insurance Company Limited	-	0.03
Recovery of Expenses	Cholamandalam DBS Finance Limited	0.05	-
	Cholamandalam MS General Insurance Company Limited	0.10	-
Advances paid	Cholamandalam MS General Insurance Company Limited	-	0.90
Repayment of Rental Deposit	Cholamandalam MS General Insurance Company Limited	0.24	-
	Borg Warner Morse TEC Murugappa Private Limited	0.02	-
Balance at Year End			
Payable	Cholamandalam MS General Insurance Company Limited	-	0.24
	Borg Warner Morse TEC Murugappa Private Limited	-	0.08
Receivable	Cholamandalam MS General Insurance Company Limited	0.26	0.26
	Borg Warner Morse TEC Murugappa Private Limited	0.27	0.39

Schedules Forming Part of the Accounts

18 NOTES ON ACCOUNTS (Contd.)

20. Earnings Per Share

Particulars	2007-2008	2006-2007
Profit after Taxation – Rs. in Crores	56.50	155.78
Weighted Average Number of Shares - Basic	18,47,80,000	18,47,80,000
- Diluted	18,48,05,100	18,47,80,000
Earning Per Share of Rs.2/- each - Basic (in Rs.)	3.06	8.43
- Diluted (in Rs.)	3.06	8.43

Note:

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

21. Information on Joint Venture Entities

The particulars of the Company's Joint Ventures as at 31st March 2008, its percentage holding and its proportionate share of assets, liabilities, income and expenditure of the Joint Venture Entities are given below:

Rs. in Crores

Particulars	As at 31st March 2008					2007-08	
Name of the Joint Venture	**% Holding**	**Assets**	**Liabilities**	**Contingent Liabilities**	**Capital Commitments**	**Income**	**Expenses**
Borg Warner Morse TEC Murugappa Private Limited (Note b)	26.00%	8.13	2.71	-	0.35	6.96	6.35
	(26.00%)	(6.53)	(1.70)	(-)	(0.24)	(6.09)	(5.55)
Cholamandalam DBS Finance Limited	30.93%	1981.89	1819.00	1.82	1.26	292.67	268.49
	(30.93%)	(1158.58)	(1063.84)	(2.82)	(0.15)	(135.38)	(121.29)
Cholamandalam MS Risk Services Limited	49.50%	2.03	0.42	-	-	2.04	1.61
	(49.50%)	(1.60)	(0.30)	(-)	(-)	(1.41)	(1.09)

Notes:

a) Figures in brackets are for the previous year.

b) As the Accounting Year of this company ends on 31st December 2007, the figures as of that date have been considered.

c) All the above Joint Venture Entities are located in India.

18 **NOTES ON ACCOUNTS** (Contd.)

22. Employee Benefits under Defined Benefit Plans

a) Gratuity

Actuarial data on Defined Benefit Plans:

Rs. in Crores

Details of Actuarial Valuation	**2007 - 08**	**2006 - 07**
Change in Benefit Obligation		
Projected Benefit Obligation as at Year Beginning	13.14	10.94
Service Cost	0.85	0.64
Interest Cost	0.95	0.82
Actuarial Losses	2.08	1.46
Benefits Paid	(0.94)	(0.72)
Projected Benefit Obligation as at Year End	**16.08**	**13.14**
Change in Plan Assets		
Fair Value of Plan Assets as at Year Beginning	14.19	11.76
Expected Return on Plan Assets	1.09	0.88
Employer's Contribution	1.58	2.10
Benefits Paid	(0.94)	(0.72)
Actuarial Gains	0.22	0.17
Fair Value of Plan Assets as at Year End	**16.14**	**14.19**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	0.85	0.64
Interest on Obligation	0.95	0.82
Expected Return on Plan Assets	(1.09)	(0.88)
Net Actuarial Losses Recognised in the Year	1.87	1.29
Net Cost Recognised in the Profit and Loss Account	**2.58**	**1.87**
Assumptions		
Discount Rate	8.00%	7.50%
Future Salary Increase	6.00%	5.00%
Expected Rate of Return on Plan Assets	8.00%	7.50%

Note:

The expected return on plan assets is as furnished by the Life Insurance Corporation of India.

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 stipulates that the employer shall make good the deficiency, if any, in the interest rate declared by the Trust over the statutory limit. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future, in excess of the amount already provided for as per the Management estimates.

c) Long Term Compensated Absences

During the year, the Company has made provision for long term accumulated compensated absences on actuarial basis which in the previous year was provided on actual basis. Had the Company followed the same policy, the employee cost for the year would have been higher by Rs. 2.28 Cr., as estimated by the Management, and the Profit before Tax would have been lower by Rs. 2.28 Cr. The assumptions used for the actuarial valuation are the same as those disclosed in the table above for Gratuity.

23. Accounting for Derivatives

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 31st March 2008.

Schedules Forming Part of the Accounts

18 NOTES ON ACCOUNTS (Contd.)

Consequently, as of 31st March 2008, the Company has recognised mark-to-market (MTM) Losses of Rs. 3.03 Cr. relating to forward contracts and other derivatives entered into to hedge the foreign currency risk of highly probable forecast transactions that are designated as effective cash flow hedges, in the Hedge Reserve Account as part of the Shareholders funds.

The MTM net loss on undesignated / ineffective forward contracts amounting to Rs. 0.65 Cr. has been recognised in the Profit & Loss Account.

Details of Derivative Exposures as at 31st March 2008 are as under:

Type of Derivative	Number of Contracts	Value
Forward Contracts entered into to hedge the foreign currency risk of highly probable forecast transactions	10	USD 10.00 M
	19	EUR 12.50 M
Other Derivatives (including currency swaps)	6	USD 44.01 M
	4	JPY 406.47 M

24. Previous Year's Figures

Figures for the previous year have been re-grouped wherever necessary.

Signatures to Schedules 1 to 18

On behalf of the Board

M M Murugappan
Chairman

Chennai
1st May 2008

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Balance Sheet Abstract

Balance Sheet Abstract and Company's General Business Profile

Additional Information as required Under Part IV of Schedule VI of the Companies Act, 1956

I. Registration Details

Registration No.	02905	State Code	18
Balance Sheet as on	31-03-2008		

II. Capital Raised During the Year (Amount in Rs. thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities	10881085	Total Assets	10881085
Sources of Funds			
Paid up Capital	369560	Reserves & Surplus	6810177
Secured Loans	2298151	Unsecured Loans	976798
Deferred Tax Liability (Net)	426399		
Application of Funds			
Net Fixed Assets	5187871	Investments	3169468
Net Current Assets	2523746	Misc. Expenditure	NIL

IV. Performance of the Company (Amount in Rs. thousands)

Turnover (including Other income)	17882859	Total Expenditure	17048508
Profit/(Loss) before Tax	834351	Profit/(Loss) after Tax	565044
Earning per share in Rs.	3.06	Dividend Rate(%)	50%

V. Generic Names of Three Principal Products / services of the Company (As per Monetary Terms)

Item Code No. (ITC Code)	Product Description
72112950	Cold Rolled Steel Strips
73069090	CDW Tubes
87120010	Bicycles

On behalf of the Board

M M Murugappan
Chairman

Chennai 1st May 2008	**S Suresh** Company Secretary	**K Balasubramanian** Chief Financial Officer	**L Ramkumar** Managing Director

Auditors’ Report on Consolidated Financial Statements

To the Board of Directors of **Tube Investments of India Limited**

1. We have audited the attached Consolidated Balance Sheet of **Tube Investments of India Limited** (the Company), its subsidiaries and joint ventures as at 31 March 2008, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company’s Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries and one of the joint ventures, whose financial statements reflect total assets (net) of Rs. 175.82 Crores as at 31 March 2008/31 December 2007, as applicable, total revenue (net) of Rs. 279.63 Crores and net cash outflows of Rs. 25.40 Crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the aforesaid subsidiaries and joint venture, is based solely on the reports of the other auditors.
4. In the case of Cholamandalam MS General Insurance Company Limited, the other auditors have reported in their report that:
   (a) The actuarial valuation in respect of Incurred But not Reported (IBNR) Claims and Incurred But not Enough Reported (IBNER) Claims, included under Sundry Creditors in the financial statements as at 31 March 2008, is the responsibility of the Subsidiary’s appointed actuary. The actuarial valuation of liabilities as at 31 March 2008 has been duly certified by the Subsidiary’s appointed actuary. The appointed actuary has also certified that the assumptions considered by him for such valuation are appropriate and are in accordance with the requirements of Insurance Regulatory and Development Authority (IRDA) and Actuarial Society of India in concurrence with IRDA. The auditors have relied upon the actuary’s certificate in this regard.
   (b) Accounting for the Subsidiary’s share of revenue and expenses in Indian Motor Third Party Insurance Pool (IMTPIP) managed by the General Insurance Corporation of India relates only for a period of eleven months ended 29 February 2008 (Refer Note 7(b) of Schedule 18)
5. We report that the Consolidated Financial Statements have been prepared by the Company’s Management in accordance with the requirements of Accounting Standard 21 Consolidated Financial Statements and Accounting Standard 27 Financial Reporting of Interests in Joint Ventures and on the basis of the separate audited financial statements of the Company, its subsidiaries and joint ventures included in the Consolidated Financial Statements.
6. Based on our audit and on consideration of the reports of the other auditors on the separate financial statements and on the other financial information of the subsidiaries and joint venture referred to in paragraph 3 above and read with our comments in paragraph 4 above, and to the best of our information and according to the explanations given to us, we are of the opinion that the aforesaid Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2008;
   (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants

K. Sai Ram
Partner
Membership No. 022360

Place: Chennai
Date: 1 May 2008

Consolidated Balance Sheet

As at 31st March,	Schedule	2008		2007	
					Rs. in Crores
SOURCES OF FUNDS					
Shareholders' Funds					
(a) Share Capital	1	36.95		36.95	
(b) Reserves and Surplus	2	722.67		654.13	
			759.62		**691.08**
Minority Interest			**37.95**		**36.06**
Loan Funds					
(a) Secured Loans	3	1159.04		732.24	
(b) Unsecured Loans	4	838.66		469.25	
			1997.70		**1201.49**
Deferred Tax Liability					
(Refer Note 6 of Schedule 18)					
- Company (Net)		42.64		41.83	
- Share in Joint Ventures		2.75		1.68	
			45.39		**43.51**
			2840.66		**1972.14**
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	923.21		757.70	
Less : Depreciation		418.79		382.23	
Net Block		504.42		375.47	
Share in Joint Ventures		23.42		15.22	
		527.84		390.69	
Capital Work-in-Progress at Cost (including Capital Advances) (Refer Note 3 of Schedule 18)		62.75		107.75	
			590.59		**498.44**
Investments	6		**425.35**		**280.61**
Deferred Tax Asset					
(Refer Note 6 of Schedule 18)					
- Subsidiary			**1.08**		**-**
- Share in Joint Ventures			**9.48**		**2.49**
Current Assets, Loans and Advances					
(a) Inventories	7	228.52		206.94	
(b) Sundry Debtors	8	300.28		281.05	
(c) Cash and Bank Balances	9	207.43		145.95	
(d) Loans and Advances	10	252.78		150.54	
(e) Receivables under Financing Activity (Share in Joint Ventures)		1687.51		1011.33	
		2676.52		1795.81	
Less : Current Liabilities and Provisions	11				
(a) Current Liabilities		636.54		456.91	
(b) Provisions		228.20		149.51	
		864.74		606.42	
Net Current Assets			**1811.78**		**1189.39**
Miscellaneous Expenditure (to the extent not written off) (Share in Joint Ventures)			**2.38**		**1.21**
			2840.66		**1972.14**
Significant Accounting Policies	17				
Notes on Accounts	18				

The Schedules referred to above form an integral part of the Accounts.

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants

On behalf of the Board

K Sai Ram
Partner
M. No. 022360

M M Murugappan
Chairman

Chennai
1st May 2008

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Consolidated Profit And Loss Account

Rs. in Crores

For the year ended 31st March,	Schedule	2008	2007
Income			
Sales and Processing Charges		1925.09	1759.45
Income and Sales - Share in Joint Ventures		301.54	142.93
Less : Excise Duty on Sales		164.37	146.80
Excise Duty on Sales - Share in Joint Ventures		1.15	0.95
Net Sales, Income and Processing Charges		2061.11	1754.63
Premium Earned (Net)		245.00	123.86
Other Income	12	48.07	103.78
		2354.18	**1982.27**
Expenditure			
Raw Materials Consumed (Net)	13	1107.62	977.86
Accretion to Stock	14	(11.51)	(13.84)
Claims Incurred		155.41	71.01
Employee Cost	15	213.87	161.62
Operating and Other Costs	16	536.55	422.29
Depreciation		59.26	53.77
Depreciation - Share in Joint Ventures		6.24	2.65
Interest - Debentures and Fixed Loans		8.45	7.13
- Others		9.70	4.16
- Share in Joint Ventures		117.19	58.45
		135.34	69.74
Business Origination Outsourcing - Share in Joint Ventures		41.85	19.00
		2244.63	**1764.10**
Profit Before Taxes		**109.55**	**218.17**
Provision for Taxation			
Income Tax			
- Current Year		27.18	35.90
- Prior Years		1.13	-
Deferred Tax (Net)		(0.27)	2.59
Fringe Benefit Tax		2.21	2.34
Provision for Taxation - Share in Joint Ventures		9.79	5.75
MAT Credit Entitlement - Share in Joint Ventures		(0.07)	-
		39.97	46.58
Profit After Taxes		**69.58**	**171.59**
Minority Interest in Net Income		(1.89)	(3.24)
Net Profit after Tax		**67.69**	**168.35**
Add : Balance Brought Forward from Previous Year		294.25	169.13
Add : Dividend on Own Shares held through Trust (Refer Note 4 of Schedule 18)		1.52	4.77
Profit Available for Appropriation		**363.46**	**342.25**
Appropriations:			
Transfer to General Reserve		15.00	15.58
Dividend - Proposed @ 50% (Previous Year 75%)		18.48	27.71
Tax on Dividend		3.14	4.71
		36.62	48.00
Balance Carried Over to Balance Sheet		**326.84**	**294.25**
Earnings per Share of Rs. 2/- each - Basic - (in Rs.)		**3.66**	**9.11**
- Diluted - (in Rs.)		**3.66**	**9.11**
(Refer Note 13 of Schedule 18)			
Significant Accounting Policies	17		
Notes on Accounts	18		

The Schedules referred to above form an integral part of the Accounts.

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants

On behalf of the Board

K Sai Ram
Partner
M. No. 022360

M M Murugappan
Chairman

Chennai
1st May 2008

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Consolidated Cash Flow Statement

Rs. in Crores

For the year ended 31st March,	2008	2007
A. Cash Flow from Operating Activities:		
Net Profit Before Tax	**109.55**	**218.17**
Adjustments for :		
Depreciation	65.50	56.42
Interest	135.34	69.74
Loss/(Profit) on Sale of Assets (Net)	2.12	(1.08)
Profit on Sale of Investments (Net)	(4.96)	(72.18)
Provision For Doubtful Debts And Advances (Net)	16.44	6.08
Provision For Contingencies	0.70	-
Reserve for Un Expired Risk (Incl. Terrorism Pool UPR)	72.27	31.98
Interest and Dividend Income	(36.20)	(23.29)
Operating Profit before Working Capital Changes	**360.76**	**285.84**
Adjustments for :		
Increase in Inventories	(21.58)	(40.49)
Increase in Sundry Debtors / Receivables under Financing Activity	(787.08)	(570.11)
(Increase) / Decrease in Loans and Advances	(36.29)	26.44
Increase in Current Liabilities and Provisions (Including Capital Creditors)	171.84	139.42
Cash Used in Operating Activities	**(312.35)**	**(158.90)**
Direct Taxes Paid (Net)	(16.58)	(65.54)
Net Cash Used in Operating Activities	**(328.93)**	**(224.44)**
B. Cash Flow from Investing Activities:		
Capital Expenditure (Including Capital Work In Progress)	(164.93)	(155.10)
Sale of Fixed Assets	11.36	3.60
Purchase of Investments	(810.15)	(428.00)
Sale of Investments	688.12	515.59
Interest Received	35.11	20.33
Dividend on Own Shares held through Trust	1.52	4.77
Dividend Received	6.50	4.41
Net Cash Used in Investing Activities	**(232.47)**	**(34.40)**
C. Cash Flow from Financing Activities:		
Borrowings	833.59	513.57
Repayments of Borrowings	(38.16)	(82.62)
Interest Paid	(134.66)	(57.18)
Dividends Paid (Including Dividend Tax)	(37.89)	(99.39)
Issue of Shares - Share in Joint Ventures	-	0.92
Net Cash from Financing Activities	**622.88**	**275.30**
Net Increase in Cash and Cash Equivalents [A+B+C]	**61.48**	**16.46**
Cash and Cash Equivalents at the Beginning of the Year	**145.95**	**129.49**
Cash and Cash Equivalents as at End of the Year	**207.43**	**145.95**

Note : Capital Expenditure includes and Interest Paid excludes Rs. 0.37 Cr. (Previous Year - Rs. 0.86 Cr) of Interest Capitalised.

The accompanying Schedules 1 to 18 are an integral part of the Accounts.

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants

On behalf of the Board

K Sai Ram
Partner
M. No. 022360

M M Murugappan
Chairman

Chennai
1st May 2008

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Schedules Forming Part of the Consolidated Balance Sheet

01 SHARE CAPITAL

Rs. in Crores

As at 31st March,	2008	2007
Authorised		
21,50,00,000 Equity Shares of Rs.2 each	43.00	43.00
Issued, Subscribed and Paid-up		
18,47,80,000 Equity Shares of Rs. 2 each fully paid up	36.95	36.95
	36.95	**36.95**

02 RESERVES AND SURPLUS

As at 31st March,	2008	2007
Capital Reserve	0.27	0.27
Capital Reserve on Consolidation (Net of Goodwill)	20.35	20.35
Securities Premium *	122.86	94.11
Capital Redemption Reserve #	6.15	6.15
Hedge Reserve Account (Refer Note 11 of Schedule 18)	(3.03)	-
General Reserve	277.16	262.16
Balance in Profit and Loss Account	326.84	294.25
Adjustments on Consolidation	(27.93)	(23.16)
Total Reserves	**722.67**	**654.13**

* Includes Rs. 28.75 Cr. (Previous Year Rs. Nil) Net Surplus on Sale of Company Shares held by TII Shareholding Trust (Refer Note 4 of Schedule 18).

Represents the amount transferred for a sum equal to the nominal value of the Shares at the time of buy back.

03 SECURED LOANS

As at 31st March,	2008	2007
Loans and Advances from Banks		
- Foreign Currency Term Loans	65.63	-
- Rupee Term Loans	80.00	55.00
- Cash Credit and Other Borrowings	84.19	83.81
Others - Finance Lease (Refer Note 12 of Schedule 18)	2.26	-
Share in Joint Ventures	926.96	593.43
	1159.04	**732.24**

Schedules Forming Part of the Consolidated Balance Sheet

04 UNSECURED LOANS

Rs. in Crores

As at 31st March,	2008	2007
Short Term Loans & Advances from Banks		
- Foreign Currency Loans	68.20	-
- Cash Credit and Other Borrowings	2.53	40.60
Other Loans & Advances		
- Sales Tax Deferral	26.95	27.04
Share in Joint Ventures	740.98	401.61
	838.66	**469.25**

05 FIXED ASSETS

	Gross Block at Cost				Depreciation / Amortisation				Net Block	
	As at 31.03.2007	Additions (Note 1)	Deletions	As at 31.03.2008	As at 31.03.2007	Additions (Note 2)	Deletions	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007
Land (Freehold)	11.03	15.11	4.49	21.65	-	-	-	-	21.65	11.03
Land (Leasehold) (Note 3)	0.73	-	-	0.73	0.04	0.01	-	0.05	0.68	0.69
Buildings (Note 4)	105.67	20.69	1.55	124.81	28.79	3.47	1.37	30.89	93.92	76.88
Plant & Machinery	616.10	145.66	21.11	740.65	337.43	51.37	19.91	368.89	371.76	278.67
Railway Siding	0.21	-	-	0.21	0.12	0.02	-	0.14	0.07	0.09
Computer Software (Intangible Asset)	3.90	1.16	-	5.06	3.25	0.50	-	3.75	1.31	0.65
Improvement to Premises (Leasehold and Owned)	1.95	4.97	-	6.92	0.76	0.99	-	1.75	5.17	1.19
Furniture & Fixtures	11.17	2.02	0.17	13.02	8.79	1.28	0.15	9.92	3.10	2.38
Vehicles	6.94	3.00	2.23	7.71	3.05	1.47	1.27	3.25	4.46	3.89
Leased Information Technology Equipment	-	2.45	-	2.45	-	0.15	-	0.15	2.30	-
TOTAL	**757.70**	**195.06**	**29.55**	**923.21**	**382.23**	**59.26**	**22.70**	**418.79**	**504.42**	**375.47**
PREVIOUS YEAR	**643.26**	**121.47**	**7.03**	**757.70**	**333.79**	**53.77**	**5.33**	**382.23**	**375.47**	**309.47**

Notes:

1. Additions to Gross Block includes Interest Capitalised amounting to Rs. 0.37 Cr. (Previous Year - Rs.0.86 Cr.)
2. Addition to Depreciation includes depreciation amounting to Rs. 2.67 Cr. (Previous Year Rs. 6.59 Cr.) charged additionally on certain assets.
3. Amortisation of Leasehold Land for the Year is Rs.72,851 only (Previous Year Rs. 72,851 only)
4. Net Block of Buildings includes Improvement to Buildings Rs. 3.65 Cr. (Prev Yr Rs. 3.88 Cr.) constructed on Leasehold Land.

06 INVESTMENTS

As at 31st March,	2008	2007
Long Term Investments (At Cost)		
Trade Investments:		
Government Securities	129.47	131.52
Non-Trade Investments:		
Equity Shares (Fully paid) - Quoted	14.24	2.43
Equity Shares (Fully paid) - Unquoted	0.40	0.40
Others	66.01	71.43
Total - Long Term	**210.12**	**205.78**
Investments - Short Term (At Cost)		
Equity Shares (Fully paid) - Quoted (Refer Note 4 of Schedule 18)	3.19	7.37
Others	173.08	51.82
Total - Short Term	**176.27**	**59.19**
Share in Joint Ventures	38.96	15.64
	425.35	**280.61**

Schedules Forming Part of the Consolidated Balance Sheet

07 INVENTORIES (Lower of Cost (Net of Allowances) and Net Realisable Value)

Rs. in Crores

As at 31st March,	2008	2007
Raw Materials	116.60	107.27
Work - in - Process	34.84	36.31
Finished Goods	68.85	55.86
Stores and Spare Parts	4.01	4.64
Materials - in - Transit	3.21	1.72
Share in Joint Ventures	1.01	1.14
	228.52	**206.94**

08 SUNDRY DEBTORS (Unsecured, Considered Good unless otherwise stated)

As at 31st March,	2008	2007
Outstanding for Over Six Months		
Considered Good	8.67	5.18
Considered Doubtful	15.21	13.06
	23.88	18.24
Others	279.00	271.58
	302.88	289.82
Less : Provision for Doubtful Debts	15.21	13.06
	287.67	276.76
Share in Joint Ventures	12.61	4.29
	300.28	**281.05**

09 CASH AND BANK BALANCES

As at 31st March,	2008	2007
Cash and Cheques on Hand	12.89	26.31
Balance with Scheduled Banks		
- Current Accounts	22.26	30.98
- Unpaid Dividend Accounts	1.20	1.13
Balance with Unscheduled Bank		
- HSBC Bank, USA, N.A.	0.02	0.06
Share in Joint Ventures	171.06	87.47
	207.43	**145.95**

10 LOANS AND ADVANCES (Unsecured, Considered Good unless otherwise stated)

As at 31st March,	2008	2007
Advances Recoverable in Cash or in Kind or for Value to be Received		
(a) Considered Good *	155.83	54.25
(b) Considered Doubtful	0.22	0.22
	156.05	54.47
Less : Provision for Doubtful Advances	0.22	0.22
	155.83	54.25
Sundry Deposits	12.72	10.14
Balance with Customs, Excise and Sales Tax Authorities	15.04	15.53
Advance Taxes Paid	142.74	179.62
Less : Provision for Taxation	119.82	136.50
	22.92	43.12
Share in Joint Ventures #	46.27	27.50
	252.78	**150.54**
* Includes Receivable from Terrorism Pool (Refer Note 7(a) of Schedule 18)	14.62	11.87
* Includes Receivable from IMTPIP (Refer Note 7(b) of Schedule 18)	35.33	-
# Includes MAT Credit Entitlement	0.10	0.04

Schedules Forming Part of the Consolidated Balance Sheet

11 CURRENT LIABILITIES AND PROVISIONS

Rs. in Crores

As at 31st March,	2008	2007
Current Liabilities		
Acceptances	44.55	39.41
Sundry Creditors	452.87	348.04
Advances and Deposits from Customers / Others	3.22	3.35
Dues to Directors	0.31	0.18
Unpaid Dividend	1.20	1.13
Unpaid Matured Debentures	0.01	0.02
Other Liabilities	7.40	7.26
Interest Accrued but Not Due	1.32	0.63
Share in Joint Ventures	125.66	56.89
	636.54	456.91
Provisions		
Provision for Compensated Absences	16.63	16.17
Reserve for Unexpired Risk	160.72	88.45
Provisions - Premium Deficiency	-	0.24
Provisions for Contingencies (Refer Note 5 of Schedule 18)	0.70	-
Dividend - Proposed	18.48	27.71
Dividend Tax	3.14	4.71
Share in Joint Ventures (Refer Note 5 of Schedule 18)	28.53	12.23
	228.20	149.51
	864.74	**606.42**

Schedules Forming Part of the Consolidated Profit and Loss Account

12 OTHER INCOME

For the year ended 31st March,	2008	2007
Interest and Dividend Income	26.86	20.09
Royalty Income	0.52	0.51
Profit on Sale of Assets (Net) #	5.21	0.55
Profit on Sale of Investments (Net) $	3.95	71.95
Gain on Exchange Fluctuation (Net)	2.43	2.40
Provision for Doubtful Advances No Longer Required	-	3.00
Miscellaneous Income	7.82	4.38
Share in Joint Ventures	1.28	0.90
	48.07	**103.78**

\# Profit on Sale of Assets includes Profit from Sale of Land and Building of Rs. 4.67 Cr. (Previous Year Rs. 0.39 Cr.)

$ Profit on Sale of Investments includes Profit from Sale of Long Term Investment of Rs. 1.25 Cr. (Previous Year Rs. 71.30 Cr.)

Schedules Forming Part of the Consolidated Profit and Loss Account

13 RAW MATERIALS CONSUMED (NET)

Rs. in Crores

For the year ended 31st March,	2008	2007
Raw Materials Consumed	1199.00	1062.93
Less : Scrap Sales	94.71	88.20
	1104.29	974.73
Share in Joint Ventures	3.33	3.13
Raw Materials Consumed (Net)	**1107.62**	**977.86**

14 ACCRETION TO STOCK

For the year ended 31st March,	2008	2007
Opening Stock		
Work-in-Process	36.31	33.08
Finished Stock	55.86	45.27
	92.17	78.35
Closing Stock		
Work-in-Process	34.84	36.31
Finished Stock	68.85	55.86
	103.69	92.17
Share in Joint Ventures	0.01	(0.02)
Accretion to Stock	**(11.51)**	**(13.84)**

15 EMPLOYEE COST

For the year ended 31st March,	2008	2007
Salaries, Wages and Bonus	155.63	121.93
Contribution to Provident and Other Funds	9.85	8.95
Welfare Expenses	14.03	13.08
Share in Joint Ventures	34.36	17.66
	213.87	**161.62**

16 OPERATING AND OTHER COSTS

For the year ended 31st March,	2008	2007
Consumption of Stores and Spares	85.06	79.75
Freight and Carriage Inwards	18.01	15.83
Sub Contract Charges	21.33	19.06
Power and Fuel	66.35	61.64
Rent	4.31	3.69
Repairs to Buildings	1.02	1.39
Repairs to Machinery	33.46	26.47
Insurance	2.35	3.56
Rates and Taxes	15.35	8.92
Travelling and Conveyance	15.78	14.50
Printing, Stationery and Communication	10.29	7.89
Freight, Delivery and Shipping Charges	54.08	49.38
Discounts / Incentives on Sales	32.80	32.41
Advertisement and Publicity	21.36	18.18
Bad Debts Written Off	1.11	0.21
Provision for Doubtful Debts	2.15	3.32
Advances Written Off	-	2.59
Less : Provision Released	-	2.59
	-	-
Auditors' Remuneration (Including for other Auditors)	0.41	0.36
Company Directors' Remuneration (Including Managing Director's Remuneration)	0.68	0.71
Provision for Contingencies (Refer Note 5 of Schedule 18)	0.70	-
Other Expenses	76.48	47.96
Share in Joint Ventures	73.47	27.06
	536.55	**422.29**

Schedules Forming Part of the Consolidated Accounts

17 STATEMENT OF ACCOUNTING POLICIES

1. Principles of Consolidation

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

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

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

(iii) 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. 31st March except for one Subsidiary and one Joint Venture for which the financial statements as on the reporting date are not available and hence, have been consolidated based on the latest available financial statements. Also refer Item 2 below.

(iv) The excess of Cost to the Company of its Investment in the Subsidiaries and Joint Ventures over the Company's portion of the Equity is recognised in the financial statements as Goodwill.

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

(vi) Minority Interest in the Net Assets of the Consolidated Subsidiaries consist of:

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

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

(vii) Minority Interest share of Net Profit for the year of the Consolidated Subsidiary is identified and adjusted against the Profit after Tax of the Group.

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 31st March 2008	As at 31st March 2007
Cholamandalam MS General Insurance Company Limited (CMSGICL)	Subsidiary	31st March	India	74.00%	74.00%
Tubular Precision Products (Suzhou) Company Ltd (TPP)	Subsidiary (Refer Note below)	31st December	China	100.00%	100.00%
Cholamandalam DBS Finance Limited (CDFL)	Joint Venture	31st March	India	30.93%	30.93%
Borg Warner Morse TEC Murugappa Private Limited (Borg Warner)	Joint Venture	31st December	India	26.00%	26.00%
Cholamandalam MS Risk Services Limited (CMSRSL)	Joint Venture	31st March	India	49.50%	49.50%

Note:

TPP (foreign subsidiary) was incorporated in China as a 100% Subsidiary Company with effect from 28th June 2006.

17 STATEMENT OF ACCOUNTING POLICIES (Contd.)

3. Significant Accounting Policies

(i) Accounting Convention

The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India including 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.

One of the Company's Subsidiaries (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.

One of the Company's Joint Ventures (CDFL), follows prudential norms for income recognition and provisioning of non-performing assets as prescribed by the Reserve Bank of India for Non-deposit taking Non-Banking Finance Companies (NBFC-ND).

(ii) Use of Estimates

The preparation of financial statements 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, reserve for unexpired risk, provision for receivables, allowance for slow/non-moving inventories, useful lives of fixed assets, provision for retrospective price increase on purchases, provision for taxation, etc., during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

(iii) Fixed Assets and Depreciation / Amortisation

a. All assets are stated at cost (net of CENVAT/ VAT as applicable).

b. Borrowing costs are capitalised as part of qualifying fixed assets. Other borrowing costs are expensed.

c. In the case of the Company, depreciation on assets other than special tools and special purpose machines used in door frame projects, furniture and fixtures, motor cars and data processing equipments is provided under the Straight Line Method at the rates specified under Schedule XIV of the Companies Act, 1956. Special tools and special purpose machines used in door frame projects are depreciated over four years, furniture and fixtures are depreciated over five years, motor cars are depreciated over four years and data processing equipment over three years on the basis of the Management's evaluation of the useful life of the assets, which results in depreciation being charged at rates higher than those specified under Schedule XIV of the Companies Act, 1956. Certain assets are treated as Continuous Process Plants based on technical evaluation done by the Management and are depreciated at the applicable rates. Lease hold land is amortised over the remaining period of the lease. The Company also has a system of providing additional depreciation, where, in the opinion of the Management, the recovery of the asset is likely to be affected by the variation in demand and/or its condition/usability. Depreciation is provided pro-rata from the month of Capitalisation.

d. Depreciation on fixed assets for the below mentioned Indian Subsidiary and Joint Venture are provided based on the Straight Line Method (SLM) at the rates and in the manner prescribed in the Schedule XIV of the Companies Act, 1956 except for the following based on the Management's assessment of the estimated useful life of these assets. In the case of the below mentioned Joint Venture, effective 1st April 2007, depreciation is provided based on the revised estimated useful lives stated below. Accordingly, the unamortised depreciable amount of assets as at 31st March 2007 is charged over the revised remaining useful lives.

17 STATEMENT OF ACCOUNTING POLICIES (Contd.)

	CMSGICL (Subsidiary)	CDFL (Joint Venture)
Information Technology Equipment	3 Years	-
Computer Equipment	3 Years	3 Years
Other Plant & Machinery	-	5 Years
Intangible Assets/Computer Software	3 Years	License Period or 3 Years whichever is lower
Vehicles	4 Years	-
Office Equipment	4 Years	5 Years
Electrical Fittings	4 Years	-
Improvement to Premises	Primary Lease Period or 5 Years, whichever is lower	Lease Period or 5 Years, whichever is lower
Buildings	-	20 Years
Furniture Fittings	5 Years	5 Years
Leased Assets	Over the Lease Term	-

e. In respect of the foreign Subsidiary (TPP), fixed assets are depreciated using the Straight Line Method to depreciate their cost over their estimated useful life. The details are given below:

Particulars	Useful Life	Estimated Residual Value
Machinery	10 Years	10%
Testing Equipments	5 Years	10%
Office Equipment	5 Years	10%
Vehicles	5 Years	10%

f. In the case of the Indian Subsidiary (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.

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

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

g. In one of the Company's Joint Ventures (CDFL), leased assets are fully depreciated over the primary lease period (ranging between 2 and 9 years), by a method under which the interest rate implicit in the lease is calculated and is applied on the outstanding investment on lease to calculate the finance earnings for the period and the difference between the lease rentals and finance earnings is charged as depreciation to cover the requirement of statutory depreciation under the Companies Act, 1956.

h. Individual assets whose actual cost does not exceed Rs. 5,000/- are fully depreciated in the year of acquisition.

i. Goodwill arising on Consolidation is not amortised.

(iv) Investments

a. Long term investments are carried at cost. Diminution in the value of investments, other than temporary, is provided for.

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

c. In the case of the Indian Subsidiary (CMSGICL) –

i. Listed and Actively traded Equity Securities are stated at Lower of the Last day's quoted price on the National Stock Exchange or the Bombay Stock Exchange. The change in the value is credited / (debited) to the "Fair Value Change Account".

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

(v) Inventories

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

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

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

d. In one of the Joint Ventures (Borg Warner), tools are written off over a period of 24 months.

(vi) Revenue Recognition

a. Sales are recognised on shipment or on unconditional appropriation of goods in accordance with the terms of the sale and comprise amounts invoiced for the goods, including excise duty, but net of sales tax/VAT.

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

c. Dividend income on investments is accounted for when the right to receive the payment is established.

d. Interest income is accounted for on a time proportionate basis.

e. In the case of the Indian Subsidiary (CMSGICL):

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

(ii) Reserve for Unexpired Risk, representing that part of the premium written that is attributable and allocable to the subsequent accounting period(s), is calculated principally on "Day Basis" subject to a minimum of 50 percent of the net premium written during the preceding twelve months in the case of Fire, Marine (Cargo) and Miscellaneous business and 100 percent for Marine (Hull) business.

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

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

(v) 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.

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

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

(viii) Claims incurred (net) are net of salvage value and other recoveries, if any

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

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

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

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

f. In the case of one of the Joint Ventures (CDFL):

(i) Loan Interest Charges/Hire Purchase Finance Charges are recognised under the Internal Rate of Return method to provide a constant periodic rate of return on net investment outstanding on the Loan/Hire Purchase contracts.

(ii) In respect of receivables securitised prior to 1st February 2006 and receivables assigned bilaterally with banks, the difference between the book value of the assets securitised or assigned and the sale consideration is recognised as revenue after netting off incidental expenses incurred, provision for contingent losses arising from credit enhancements and costs to be incurred in servicing the contracts. In respect of receivables securitised post 1st February 2006, gains/ (losses) arising thereon are amortised over the life of the related receivables.

(iii) Lease Rentals are accrued over the period of Lease.

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

(v) Service Charges and Additional Finance Charges (AFC) are recognized on accrual basis, based on contractual terms, and when there is no uncertainty in receiving the same.

(vii) Receivables Under Financial Activity – Joint Venture (CDFL).

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

and are inclusive of amounts subordinated to meet credit enhancements in respect of assets de-recognised.

(viii) Employee Benefits

(Refer Note 2(c) of Schedule 18)

I. Defined Contribution Plan

a. Superannuation

The Company, its Indian Subsidiary and its Joint Ventures contribute a sum equivalent to 15% of eligible employees salary to a Superannuation Fund 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.

b. Provident Fund

In the case of the Indian Subsidiary and the joint ventures, Provident Fund and Employee Pension Scheme contributions are remitted to the Regional Provident Fund Authority at the prescribed rate and are charged to the revenue account as incurred.

II. Defined Benefit Plan

a. Gratuity

The Company, its Indian Subsidiary and its Joint Ventures make annual contribution to a Gratuity Fund 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 by LIC/Private Insurance Company using the Projected Unit Credit method.

b. Provident Fund

In the case of the Company, Contributions are made to the Company's Employees Provident Fund Trust in accordance with the fund rules. The interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognizes such obligation as an expense

III. Long Term Compensated Absences

In the case of the Company, its Indian Subsidiary and its Joint Ventures, the liability for long term compensated absences carried forward on the Balance Sheet date is provided for based on an actuarial valuation, as at the Balance Sheet date, carried out by LIC/Independent Actuary.

IV. Short Term Employee Benefits

In the case of the Company, its Indian Subsidiary and its Joint Ventures, short term employee benefits includes short term compensated absences which is recognized 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

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

VI. Employee's Provident Fund – Foreign Subsidiary

According to the stipulations concerning the Employee's Provident Fund in Suzhou Industry Park, the Chinese Employees Provident Fund is 44.2% or 36.2% of the gross salary, thereof. 22.2% or 18.2% shall be borne by employers and 22% or 18% shall be borne by employees.

(ix) Deferred Compensation Cost

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme and one of the Joint Ventures (CDFL) Employees Stock Option Scheme, the compensated cost is determined based on the intrinsic value method and the compensation cost is amortised on a straight line basis over the vesting period.

(x) Foreign Currency Transactions

Foreign Currency Transactions are accounted at the exchange rates ruling on the date of the transactions. Foreign currency monetary items as at the Balance Sheet date are restated at the closing exchange rates. Exchange differences arising on actual payments/realisations and year-end restatements are dealt with in the profit and loss account.

Forward exchange contracts and other instruments that are in substance a forward exchange contract are entered into to hedge the 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 contracts 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 a forward exchange contract or similar instrument is recognised as income or expense for the year.

Refer Note 2(a) of Schedule 18.

(xi) Derivative Instruments and Hedge Accounting

Company

The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these as cash flow hedges.

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

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

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the profit and loss account 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. At that time, for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised under shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised under shareholders' funds is transferred to the profit and loss account for the year.

Joint Venture (CDFL)

One of the Joint Ventures (CDFL), enters into derivative transactions for hedging purposes only. Income from derivative transactions is recognised on accrual basis. Such derivative instruments are marked to market wherever required as at the Balance Sheet date and provision for losses, if any, is dealt with in the profit and loss account.

Also refer Note 11 of Schedule 18.

(xii) 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 Item 3(iii) above.

(xiii) Taxation

Current tax is the amount of tax payable on the taxable income for the year and determined in accordance with the provisions of the relevant Tax Laws.

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

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

MAT Credit is recognised as an asset only when there is convincing evidence that the Company will pay normal income tax within the specified period. The asset is reviewed at each Balance Sheet Date.

(xiv) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only 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 entity 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.

(xv) 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 such transfers 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 Group as a whole and are not allocable to segments are included under unallocated corporate expenses.

d. 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 Group as a whole and are not allocable to any segment.

(xvi) Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the fixed 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.

Schedules Forming Part of the Consolidated Accounts

17 STATEMENT OF ACCOUNTING POLICIES (Contd.)

1. Contingent Liabilities and Commitments

Rs. in Crores

Particulars	**As at 31.03.2008**	**As at 31.03.2007**
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (including Capital Commitment)	45.84	58.55
b) Disputed Income-Tax demands of the Company from A.Y. 1993-94 to 2004-05 under appeal / remand pending before various appellate / assessing authorities against which Rs. 27.33 Cr. (Previous Year Rs.25.18 Cr.) has been deposited. The Management is of the opinion that all the above demands are not sustainable.	32.23	26.48
c) Disputed Excise demand of the Company amounting to Rs. 1.22 crores plus penalty of Rs. 1.22 crores pertaining to financial years 2000-01 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 that the same is not sustainable.	2.44	2.44
d) Cases decided in favour of the Company against which the department has gone on appeal		
- Income Tax	33.60	0.76
- Excise	0.44	0.06
e) Bills Drawn on Customers and Discounted with Banks by the company	2.74	23.30
f) Outstanding Export obligation under EPCG / Advance License Scheme. The Company is confident of meeting its obligations under the Schemes.	87.05	7.90
g) Counter Guarantee Provided by the Indian Subsidiary/one of the Joint Ventures	3.25	1.46
h) Sales Tax Pending before Appellate Authorities in respect of which the Indian Subsidiary/one of the Joint Ventures are on appeal and expects to succeed based on decision in earlier years	1.46	1.87
i) Disputed claims against one of the Joint Ventures lodged by various parties pending litigation (to the extent quantifiable)	1.81	0.70
j) Cases decided in favour of the Indian Subsidiary/ one of the Joint Ventures against which the department has gone on appeal		
- Income Tax	10.18	0.23
k) Disputed Income Tax Demands in respect of the Indian Subsidiary/one of the Joint Ventures	0.70	0.60

Note:

Show cause notices received from various Government Agencies pending formal demand notices, have not been considered as contingent liabilities. Also Refer Note 5 Below.

2. Change in Accounting Policy

(a) Upto 31st March 2007, the exchange differences arising from foreign currency liabilties relating to fixed assets acquired from outside India were being capitalised. Effective 1st April 2007, consequent to the applicability of Accounting Standard 11, notified by the Government of India, such exchange differences have been accounted in the Profit and Loss Account. Had the same policy as in the previous year been followed, the Profit Before Tax for the current year would have been higher by Rs. 1.32 Cr.

(b) In the case of the Indian Subsidiary (CMSGICL), hitherto, in respect of Terrorism Pool, the Subsidiary had been retaining an additional reserve for Unexpired Risk at 100% of the surplus credited to its account during the four quarters immediately preceding the date upto which the Pool Statement is received. Effective from 1st April 2007, the Subsidiary has decided to dispense with this additional reserve. Accordingly, the amount of Rs. 2.08 Cr., which would have been retained in the Reserve for Unexpired Risk Reserve had the Subsidiary followed the practice of the earlier year, has been credited to revenue account.

(c) Effective 1st April 2006, the Company, one of its Subsidiaries and two of its Joint Ventures adopted the revised Accounting Standard 15 (AS 15) on Employee Benefits, issued by the ICAI. Consequent upon the change, Profit before Tax for the year ended 31st March 2007 was lower by Rs.1.32 Cr., as estimated by the Management. In accordance with the transitional provision contained in the said Standard, the difference of Rs.5.32 Cr. (net of Deferred Tax of Rs.2.38 Cr.) between the liability in respect of certain employee benefits existing on the date of adoption of the Standard and the liability that would have been recognised at the same date under the previous accounting policy was adjusted against the opening balance in the General Reserve as at 1st April 2006.

3. Capital Work-in-Progress (including Capital Advances)

The balance in the Capital Work-in-Progress (including Capital Advances) account as at 31st March 2008 includes the cost of Plant & Machinery amounting to Rs.0.56 Cr (Previous Year Rs. 8.84 Cr) being manufactured on behalf of the Company's foreign subsidiary in China, namely, Tubular Precision Products (Suzhou) Company Ltd. The cost of such Plant & Machinery will be converted into Share Capital on completion of the necessary formalities.

4. Own Shares held through Trust

Investments include Rs. 3.19 Cr. (Previous Year Rs. 7.37 Cr.) representing shares in Tube Investments of India Limited held through a Trust.

In accordance with the Scheme of Arrangement, approved by the High Court of Madras vide its Order dated 30th November 2004, all the assets, liabilities and business of TIDC India Ltd., (TIDC), (formerly a subsidiary of the Company) were transferred to and vested in the Company, as a going concern, effective from 1st April 2004. Accordingly, 20,30,374 Equity Shares of Rs.10 each (Post-Split 1,01,51,870 Equity Shares of Rs.2 each) held in the Company by TIDC was transferred to a Trust namely, TII Shareholding Trust, created for the purpose. By its Order dated 18th December 2006, the High Court of Madras has held that the said shares should be sold/ disposed off on or before 14th December 2008. Since the beneficiary of the Trust is the Company itself, the dividend distributed to the Trust relating to the Company's shares held by the Trust are credited back to the Profit and Loss Account on receipt of the same from the Trust. During the year the Trust has sold 57,50,000 Equity Shares of Rs. 2 each and the net surplus on sale of shares has been credited to the Securities Premium Account.

Since the balance shares are to be disposed off before December 2008 pursuant to the High Court Order as mentioned above, it is deemed that control is intended to be temporary. Hence, the Trust has not been considered for consolidation.

5. Provisions

Company

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

Rs. in Crores

Opening Balance	NIL
Add: Provision created during the year	0.70
Less: Utilised during the year	NIL
Closing Balance	**0.70**

Due to the very nature of the claims mentioned in Note 1 above, it is not possible to estimate the timing/uncertainties relating to the utilisation / reversals of such estimates.

Share in Joint Venture (CDFL)

The amount of Rs. 28.53 Cr. (Previous Year Rs. 12.23 Cr.) includes certain provisions, the details of which are given below:

Particulars	Provision for Sub-standard and Doubtful Receivables under Financing Activity	Provision for Credit Enhancements and Servicing Costs on Assets Derecognised	Provision for Contested Service Tax
Opening Balance	4.01	1.47	0.21
Add: Provision created during the year	10.27	7.02	-
Less: Utilised/Reversed during the year	1.23	2.67	-
Closing Balance	**13.05**	**5.82**	**0.21**

6. Deferred Tax

The Deferred Tax position as at 31st March 2008 has arisen on account of the following:

Company

Nature - (Asset) / Liability	As at 31.03.2008	As at 31.03.2007
Deferred Tax Liabilities		
Difference between the written down value of assets as per Books of Account and the Income Tax Act, 1961	53.43	49.79
Total (A)	**53.43**	**49.79**
Deferred Tax Assets		
Deferred Revenue Expenses	(0.32)	(0.23)
Provision for Doubtful Debts / Advances	(5.24)	(4.51)
Others	(5.23)	(3.22)
Total (B)	**(10.79)**	**(7.96)**
Net Deferred Tax Liability (A-B)	**42.64**	**41.83**

18 **NOTE ON ACCOUNTS** (Contd.)

Indian Subsidiary (CMSGICL)

Rs. in Crores

Nature - (Asset) / Liability	As at 31.03.2008	As at 31.03.2007
Deferred Tax Liabilities		
Difference between the written down value of assets as per Books of Account and the Income Tax Act, 1961	0.67	-
Total (A)	**0.67**	**-**
Deferred Tax Assets		
Timing Differences between Books and Tax Unexpired Premium Reserves	(0.44)	-
Provision for compensated absences & other employee benefits	(0.83)	-
Others	(0.48)	-
Total (B)	**(1.75)**	**-**
Net Deferred Tax Asset (A-B)	**(1.08)**	**-**

Share in Joint Ventures

Nature - (Asset) / Liability	As at 31.03.2008	As at 31.03.2007
Deferred Tax Liabilities		
Difference between the written down value of assets as per Books of Account and the Income Tax Act, 1961	1.10	1.27
Unamortised Miscellaneous Expenditure	0.81	0.41
Others	0.84	-
Total (A)	**2.75**	**1.68**
Deferred Tax Assets		
Provision for Non-performing Assets	(4.43)	(1.35)
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	(1.98)	(0.49)
Provision for Repossessed Stock	(0.43)	(0.26)
Others	(2.64)	(0.39)
Total (B)	**(9.48)**	**(2.49)**
Net Deferred Tax Asset (A-B)	**(6.73)**	**(0.81)**

In respect of Borg Warner, one of the Joint Ventures, there is a deferred tax liability of Rs. 1.64 Cr. arising on account of difference in written down value of assets as per Books of Account and the Income Tax Act, 1961. There is also a deferred tax asset amounting to Rs. 1.92 Cr. on account of unabsorbed depreciation and business loss. Considering prudence, the deferred tax asset has been restricted to the extent of the liability and, hence, there is no net deferred tax asset/liability as at 31st December 2007.

7. **Indian Subsidiary (CMSGICL)**

a. **Terrorism Pool:**

Premium received from customers on account of Terrorism cover has been ceded to General Insurance Corporation of India (GIC) Terrorism Pool Account. The Subsidiary's share in the Terrorism Pool Account with GIC has been accounted for based on the statement of accounts received during the current year upto 31st December 2007. The Subsidiary's share in the Terrorism Pool Account with GIC for the period 1st January 2008 to 31st March 2008 will be accounted on receipt of the relevant statements from GIC.

18 NOTE ON ACCOUNTS (Contd.)

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

In accordance with the directions of IRDA, the Subsidiary, together with other insurance companies, participates in the IMTPIP. The IMTPIP is a multilateral reinsurance arrangement, in which all member companies are compulsorily required to participate. The IMTPIP is administered by the General Insurance Corporation of India. The IMTPIP covers reinsurance of third party risks of specified motor vehicles "Specified Risks"

In accordance with the terms of the agreement, all terms of revenues and expenses are ceded multilaterally to the other general insurers named in the agreement based on industry market share of gross written premium and are accounted for accordingly.

As decided at the meeting of the General Insurance Council, the first set of financial statements of IMTPIP shall be for a 11 month period ended 29th February 2008 and the financial statements of all subsequent accounting period shall be for 12 months commencing from the first day of March and ending with the last day of February of the succeeding year. The audited financial statements of pool as at/for the financial year ended 31st March 2008 have not been submitted by the Pool. Pending receipt of audited financial statements, the balances, being the Subsidiary's share in the said pooling arrangement as at/for the eleven month period ended 29th February 2008, have been incorporated on the basis of an extract received from the Pool. The loss being the Subsidiary's share in the arrangement after considering all the income and expenses for the eleven months period is Rs. 8.13 Cr.

In line with the decision of the General Insurance Council, the Subsidiary's share of the respective components of revenues and expenses for March 2008 will be accounted in the ensuing financial year.

8. Segment Information

(A) PRIMARY SEGMENT

Rs. in Crores

	CYCLES / COMPONENTS		ENGINEERING		METAL FORMED PRODUCTS		INSURANCE		OTHER FINANCIAL SERVICES		OTHERS		ELIMINATIONS		CONSOLIDATED TOTAL	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUE																
External Sales	577.07	511.13	815.52	779.18	375.09	328.78	245.00	123.86	291.46	134.25	1.97	1.29	-	-	2306.11	1878.49
Inter - Segment sales	-	-	69.38	50.59	1.72	2.18	3.86	3.42	-	0.29	0.01	0.06	(74.97)	(56.54)	-	-
Total Revenue	**577.07**	**511.13**	**884.90**	**829.77**	**376.81**	**330.96**	**248.86**	**127.28**	**291.46**	**134.54**	**1.98**	**1.35**	**(74.97)**	**(56.54)**	**2306.11**	**1878.49**
Unallocated Corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	89.92	25.90
RESULTS																
Operating Profit	21.83	19.49	36.08	81.73	55.98	55.61	10.54	13.78	24.07	13.57	0.43	0.32	-	-	238.85	210.40
Profit / (Loss) on Sale of Assets	(0.03)	(0.14)	-	0.56	0.21	0.21	-	-	0.11	0.52	-	-	-	-	0.29	1.15
Net Operating Profit	**21.80**	**19.35**	**36.08**	**82.29**	**56.19**	**55.82**	**10.54**	**13.78**	**24.18**	**14.09**	**0.43**	**0.32**	**-**	**-**	**239.14**	**211.55**
Dividend Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.80	4.41
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(135.34)	(69.74)
Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(39.97)	(46.58)
Profit on Sale of Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.95	71.95
Minority Interest in Net Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.89)	(3.24)
Net Profit	**21.80**	**19.35**	**36.08**	**82.29**	**56.19**	**55.82**	**10.54**	**13.78**	**24.18**	**14.09**	**0.43**	**0.32**	**-**	**-**	**67.69**	**168.35**
Other Information																
Segment Assets	188.78	187.37	576.71	522.39	354.97	271.46	470.00	336.00	1981.89	1157.90	2.03	2.28	(19.00)	(11.72)	3555.38	2465.68
Unallocated Corporate Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150.02	112.88
Total Assets	**188.78**	**187.37**	**576.71**	**522.39**	**354.97**	**271.46**	**470.00**	**336.00**	**1981.89**	**1157.90**	**2.03**	**2.28**	**(19.00)**	**(11.72)**	**3705.40**	**2578.56**
Segment Liabilities	104.80	89.94	187.82	160.04	79.79	62.22	324.30	198.04	1819.00	1062.22	0.42	0.92	(19.00)	(11.72)	2497.13	1561.66
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38.13	40.48
Total Liabilities	**104.80**	**89.94**	**187.82**	**160.04**	**79.79**	**62.22**	**324.30**	**198.04**	**1819.00**	**1062.22**	**0.42**	**0.92**	**(19.00)**	**(11.72)**	**2535.26**	**1602.14**
Capital Expenditure	2.94	5.04	64.36	50.67	79.62	48.72	16.97	6.57	14.27	6.25	0.08	0.20	-	-	178.24	117.45
Unallocated Corporate Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13.31)	37.65
Depreciation	5.42	5.41	26.25	24.45	19.85	15.73	5.28	3.38	5.70	2.19	0.10	0.08	-	-	62.60	51.24
Unallocated Corporate Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.90	5.18

18 NOTE ON ACCOUNTS (Contd.)

(B) SECONDARY SEGMENT

Rs. in Crores

1) Revenue by Geographic Market	**2007-08**	**2006-07**
India	2144.98	1726.92
Rest of the world	161.13	151.57
TOTAL	**2306.11**	**1878.49**

2) Segment Assets by Geographic Market		
India	3643.75	2529.12
Rest of the world	61.65	49.44
TOTAL	**3705.40**	**2578.56**

3) Capital Expenditure		
India	142.16	155.09
Rest of the world	22.77	0.01
TOTAL	**164.93**	**155.10**

9. 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 (CMSGICL)
Mitsui Sumitomo Insurance Company Limited.

II. Key Management Personnel (KMP)

Tube Investments of India Limited (TIIL)
Mr. L Ramkumar – Managing Director (from 1st February 2008)
Mr. Sumit Banerjee - Managing Director (17th April 2006 to 22nd December 2006)

Cholamandalam MS General Insurance Company Limited (CMSGICL)
Mr. M Anandan – Managing Director (Upto 31st March 2008)
Mr. Yu Kitai – Whole-time Director

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

Schedules Forming Part of the Consolidated Accounts

18 NOTE ON ACCOUNTS (Contd.)

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

Rs. in Crores

Transaction	Related Party	2007-08	2006-07
Rentals Received / Recovered	Mitsui Sumitomo Insurance Company Limited.	0.28	0.23
Rental Paid	Mrs.Padma Anandan – Wife of Mr.Anandan - Managing Director of CMSGICL	0.04	0.04
Management Expenses	Mitsui Sumitomo Insurance Company Limited.		
(a) Paid/Payable		0.57	0.59
(b) Recovery		0.06	0.01
Reinsurance Ceded	Mitsui Sumitomo Insurance Company Limited.	43.15	23.68
Reinsurance Commission Received	Mitsui Sumitomo Insurance Company Limited.	12.71	6.93
Reinsurance Recovery on claims	Mitsui Sumitomo Insurance Company Limited.	29.86	19.20
Remuneration	KMP of CMSGICL	1.30	1.17
	KMP of TIIL*	0.69	0.71
Balance at Year End			
Rental Deposit Placed	Mrs.Padma Anandan – Wife of Mr. Anandan - Managing Director of CMSGICL	-	0.03
Receivable (Net) –Due from other Entities Carrying on Insurance Business	Mitsui Sumitomo Insurance Company Limited.	4.21	0.78

* Mr. L Ramkumar has been granted 3,10,260 Options under the Company's Employee Stock Option Scheme. Refer Note 14 below.

18 NOTE ON ACCOUNTS (Contd.)

10. Employee Benefits

a. Gratuity

Rs. In Crores

	2007 - 08	2006 - 07
Change in Benefit Obligation		
Projected Benefit Obligation as at Year Beginning	13.93	11.65
Service Cost	1.21	0.79
Interest Cost	1.01	0.88
Actuarial Losses	2.21	1.36
Benefits Paid	(0.98)	(0.75)
Projected Benefit Obligation as at Year End	**17.38**	**13.93**
Change in Plan Assets		
Fair Value of Plan Assets as at Year Beginning	15.09	12.21
Expected Return on Plan Assets	1.15	0.93
Employer's Contribution	1.66	2.53
Benefits Paid	(0.98)	(0.75)
Actuarial Gains	0.23	0.17
Fair Value of Plan Assets as at Year End	**17.15**	**15.09**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	1.19	0.79
Interest on Obligation	1.00	0.88
Expected Return on Plan Assets	(1.15)	(0.92)
Net Actuarial Losses Recognised in the Year	1.99	1.31
Net Cost Recognised in the Profit and Loss Account	**3.03**	**2.06**
Assumptions		
Discount Rate	8.00%	7.50%
Future Salary Increase	6.00%	5.00%
Expected Rate of Return on Plan Assets	5.50% to 8.00%	7.50% to 8.12%

Note:

The expected return on plan assets is as furnished by the Life Insurance Corporation of India/Private Insurance Company.

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 stipulates that the employer shall make good the deficiency, if any, in the interest rate declared by the Trust over the statutory limit. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future, in excess of the amount already provided for as per the Management estimates

c. Long Term Compensated Absences

During the year, the Company and one of its Joint Ventures (CDFL), have made provision for long term accumulated compensated absences on actuarial basis which in the previous year was provided on actual basis. Had the same policy as in the previous year been followed, the employee cost for the current year would have been higher by Rs. 2.29 Cr. and the Profit before Tax would have been lower by Rs. 2.29 Cr. The assumptions used for the actuarial valuation are the same as those disclosed in the table above.

18 NOTE ON ACCOUNTS (Contd.)

11. 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 31st March 2008.

Consequently, as of 31st March 2008, the Company has recognised Mark to Market (MTM) Losses of Rs. 3.03 Cr. relating to forward contracts and other derivatives entered into to hedge the foreign currency risk of highly probable forecast transactions that are designated as effective cash flow hedges, in the Hedge Reserve Account as part of the Shareholders funds.

The MTM net loss on undesignated / ineffective forward contracts amounting to Rs. 0.65 Cr. has been recognised in the Profit & Loss Account.

Joint Venture (CDFL)

In the case of one of the Joint Ventures (CDFL), MTM net loss on undesignated / ineffective forward contracts amounting to Rs. 4.62 Cr. has been recognised in the Profit & Loss Account.

12. Lease Commitments – Indian Subsidiary (CMSGICL)

Finance Lease Commitments

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

Rs. In Crores

Particulars	2007-2008	2006-2007
Total commitments towards minimum lease payments	2.66	-
Less: Future liability on interest account	(0.40)	-
Present Value of Minimum lease payments	2.26	-
Minimum Lease Payments		
- Not later than one year	0.73	-
- Later than one year but not later than five years	1.93	-

13. Earnings Per Share

Particulars	2007-2008	2006-2007
Profit after Taxation – Rs. in Crores	67.69	168.35
Weighted Average Number of Shares - Basic	18,47,80,000	18,47,80,000
- Diluted	18,48,05,100	18,47,80,000
Earning Per Share of Rs.2/- each - Basic	3.66	9.11
- Diluted	3.66	9.11

14. Stock Options

Company

During the year, the Company granted Stock Options to certain employees in line with the Company's Employees Stock Option Scheme. The total number of such options outstanding as at 31st March 2008 is 33,53,940 and each option is exercisable into one share.

18 **NOTE ON ACCOUNTS** (Contd.)

Particulars	Grant 1	Grant 2	Grant 3
Date of Grant	31st October 2007	31st January 2008	24th March 2008
Exercise Price (Rs)	62.85	66.10	56.80
Options Granted	6,00,120	1,05,460	26,55,260
Options Lapsed as at 31st March 2008	(6,900)	-	-
Options Outstanding at the end of the year (Yet to vest)	5,93,220	1,05,460	26,55,260
Vesting (subject to continuous association with Company and performance rating parameters)	End of year 1 – 100%	End of year 1 – 100%	31.10.2009 – 25.0% 31.10.2010 – 37.5% 31.10.2011 – 37.5%

Joint Venture (CDFL)

During the year, the Joint Venture granted Stock Options to certain employees in line with the Joint Venture's Employees Stock Option Scheme. The total number of such options outstanding as at 31st March 2008 is 9,42,093 and each option is exercisable into one share.

Particulars	Grant 1	Grant 2	Grant 3
Date of Grant Original Corporate Action Adjustment	 30th July 2007 25th January 2008	 24th October 2007	 25th January 2008
Exercise Price (Rs) Original Corporate Action Adjustment	 193.40 178.70	 149.90	 262.20
Vesting Commences on	30th July 2008	24th October 2008	25th January 2009
Options Granted during the year Original Corporate Action Adjustment	 7,65,900 54,433	 70,400	 1,62,800
Options Forfeited / Lapsed during the year	1,11,440	-	-
Options Outstanding at the end of the year (Yet to vest)	7,08,893	70,400	1,62,800

15. **Previous Year's Figures**

Figures for the previous year have been re-grouped wherever necessary.

Signatures to Schedules 1 to 18

On behalf of the Board

M M Murugappan
Chairman

Chennai
Date: 1st May 2008

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Information on Subsidiaries

The Ministry of Company Affairs, Government of India has vide its letter No.47/139/2008-CL-III dated 25th April 2008, exempted the Company from furnishing the annual report of Companies subsidiaries, Cholamandalam MS General Insurance Company Limited (CMSGICL) and Tubular Precision Products (Suzhou) Company Limited (TPP). The Annual Report contains consolidated financial statements of the Company and its subsidiaries prepared in accordance with the relevant Accounting Standards and duly audited by the statutory auditors. The annual reports of CMSGICL and TPP and the related information will be made available to the investors of the Company and its subsidiaries on request and will also be kept for inspection in the respective registered offices.

Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies

Rs. in Crores

	Particulars	Tubular Precision Products (Suzhou) Company Limited		Cholamandalam MS General Insurance Company Limited	
		For the Year ended Dec '07	For the Period ended Dec '06	For the Year ended Mar '08	For the Year ended Mar '07
1	Capital	31.80	12.40	141.96	141.96
2	Reserves & Surplus (adjusted for debit balance in P&L Account, where Applicable)	(4.95)	-	1.48	(4.00)
3	Total Assets (Fixed Assets + Current Assets + Deferred Tax Asset + Misc. Expenditure not written off)	27.71	12.45	140.00	81.64
4	Total Liabilities (Debts + Current Liabilities + Deferred Tax Liability)	0.87	0.05	326.56	198.04
5	Investments	-	-	330.00	254.36
6	Total Income	0.04	-	275.38	143.98
7	Profit Before Tax	(4.95)	-	10.54	13.78
8	Provision for Tax	-	-	3.31	1.30
9	Profit After Tax	-	-	7.23	12.48
10	Proposed Dividend and Tax thereon	-	-	-	-
	Details of Investments (other than in Subsidiaries)				
	Long Term Investments				
	Government Securities and Government Guaranteed Bonds including Treasury Bills	-	-	129.22	131.25
	Debentures and Bonds	-	-	25.47	25.54
	Infrastructure and Social Sector Bonds	-	-	40.40	45.75
	Other than Approved Investments-Equity shares (Net of Fair Value Change)	-	-	11.84	-
	Total (A)	**-**	**-**	**206.93**	**202.54**
	Short Term Investments				
	Fixed Deposit with Banks	-	-	79.50	42.50
	Corporate Bonds	-	-	19.84	5.01
	Money market instruments	-	-	18.24	-
	Equity Shares (Net of Fair Value Change)	-	-	0.49	4.31
	Investments in Infrastructure and Social Sector Bonds	-	-	5.00	-
	Total (B)	**-**	**-**	**123.07**	**51.82**
	Total (A) + (B)	**-**	**-**	**330.00**	**254.36**

On behalf of the Board

M M Murugappan
Chairman

Chennai
1st May 2008

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

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