INDIA

Moving ahead

Tube Investments of India Limited Annual Report 2009-10

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

TI marked its 60th year with the highest turnover and operating profits.
TI is moving ahead with confidence and wisdom of the past.

Message from the Chairman

"We strengthened our various businesses through strategic foresight and rigorous implementation."

Dear Shareholders

We entered 2009-10 with uncertainty about the extent and severity of the economic downturn. However, thanks to prudent policies and the economic stimulus packages announced by the government, India rebounded faster than a number of global economies. Consequently, India's economy grew 7.4% in 2009-10 (6.7% in 2008-09) with a robust 8.6% GDP growth in the last quarter.

Even as business conditions became particularly challenging from the third quarter of 2008-09, Tube Investments of India Limited responded with speed to de-risk on the one hand and capitalise on opportunities to strengthen its competitive position on the other.

I am pleased that TI strengthened its various businesses through strategic foresight and rigorous implementation, a befitting honour on its 60th anniversary.

Bicycle business: Our bicycle business turned in record revenues, transforming the image of a legacy product into a fun-fitness-freedom positioning. Correspondingly, we transformed the business from a dealer-led model into one that emphasises the joy of cycling in a modern retail format. Relevantly, we sponsored Cyclothons with partners. The image-enhancing alliances with global bicycle companies last year enabled us to gain a foothold in the growing high-end performance bicycle market.

As regards electric scooters, we continue to invest progressively in creating a long-term presence in the category. Our focus is to make a product that is safe, reliable and better designed for performance.

Engineering business: You may recall that the year 2008-09 proved to be a difficult year for this business, primarily on account of lower demand and fluctuations in price of steel during the year. In 2009-10, we sought to consolidate by focusing on the vital few and leaving out the trivial many. We embarked on decisive initiatives

"Vision without action is merely a dream.
Action without vision just passes the time.
Vision with action can change the world."
- Joel A.Baker

which resulted in a rationalisation of plant operations, improvement in manufacturing processes and a strong focus on quality and service. These initiatives helped us meet the increased demand from our customers, all of which led to a significant profit increase. We closed the operations of the subsidiary company in China, Tubular Precision Products (Suzhou) Company Ltd, as its viability appeared distant. The Engineering business is well positioned to meet the ever-increasing & exacting demands of its customers and also work in partnership with them to provide value-added new products and tubular solutions.

Metal forming business: From a history of making simple roll-formed products, the business extended its capability to making car doorframes and a host of products for the growing railway sector. The Indian Railways' modernisation, new wagon and coach building programme and other projects are expected to enhance the scope for this business. Having had to move out of Singur, we are establishing a new plant in Sanand, Gujarat to meet the growing requirements of Tata 'Nano'.

While consolidating Indian operations, TI stepped out of India through the acquisition of a French chain company called Sedis, our valuable customer for years. Sedis is largely a Europe-centric company with two operating plants, experienced management team, wide industrial products range and sound technologies. TI and Sedis teams are working on various initiatives to leverage their respective strengths to mutual benefit.

Directors

Major General (Retd) E J Kochekkan joined the Board in August, 2009. The Board is further enriched with his presence and I take this opportunity to welcome him.

It is with regret that I record the sad demise of Dr. D. Jayavarthanavelu. He was a learned colleague on the Board since July 1997 and was a guiding force to the Company over the years. His wise counsel will be missed.

Mr. Amal Ganguli will be retiring at this Annual General Meeting and has expressed his desire not to seek re-election. Mr. Ganguli has been associated with the TI since June 1989, barring a brief gap in 2002-03, and has contributed immensely to the Company's growth, as a member of the Board and as Chairman and member of the Audit Committee over the years. I take this opportunity to express our gratitude and wish him the very best.

The members of our Board have always been a great source of encouragement and support to the Company's management team and to me personally. I deeply value their wisdom and wise counsel and thank them for their involvement and participation.

Road ahead

India is likely to report a GDP growth of around 8.5% in 2010-11 on the back of strong investment and consumption-led demand. We need to remain focused in terms of quality of product, service, communication and timeliness. While India continues to grow at an appreciable rate, the challenge for the Company is to retain its momentum and this can only be achieved through continuous investment in and enhancement of capabilities, skill, research, training and development.

TI's agile and energetic team, with a unique blend of youth and experience ably led by our Managing Director Mr. L. Ramkumar, is well positioned to address the current business and future opportunities. I thank them for their dedication & diligence and encourage them towards greater achievement in the future.

I also take this opportunity to express my gratitude to all shareholders for their continued confidence in the Company.

Sincerely yours,

M M Murugappan

M M Murugappan


Our vision-
the only
constant

> "Throughout the centuries there were men who took first steps down new roads armed with nothing but their own vision" *- Ayn Rand*

Emerging as a preferred company in India's mobility space.

TI WENT INTO THE BUSINESS OF BICYCLE MANUFACTURE IN 1949 WITH A SIMPLE VISION TO BRIDGE THE GAP BETWEEN AUTOMOBILES AT ONE END AND ITINERANT PEDESTRIANS ON THE OTHER.

The Company translated this overriding vision into action and what was once a single product company is now engaged in the manufacture of precision tubes, cold rolled steel strips, sections for railways and cars, automotive and industrial chains, e-scooters and has a presence in financial services through its subsidiaries.

What was once a purely Indian company is now a multi-national organisation following the acquisition of Sedis in France and the establishment of a company in China.

What was once a resolve to do one's best has now evolved into market leadership in the businesses of its presence.

What was once a simple vision to put bicycles on Indian roads has now extended to the bigger picture of emerging as a sizable and preferred company in the mobility space.

Cycles to Cycling

“The future belongs to those who believe in the beauty of their dreams” *- Eleanor Roosevelt*

Leading through re-defining

TI BECAME INDIA’S FIRST INTEGRATED BICYCLE MANUFACTURER IN 1949.

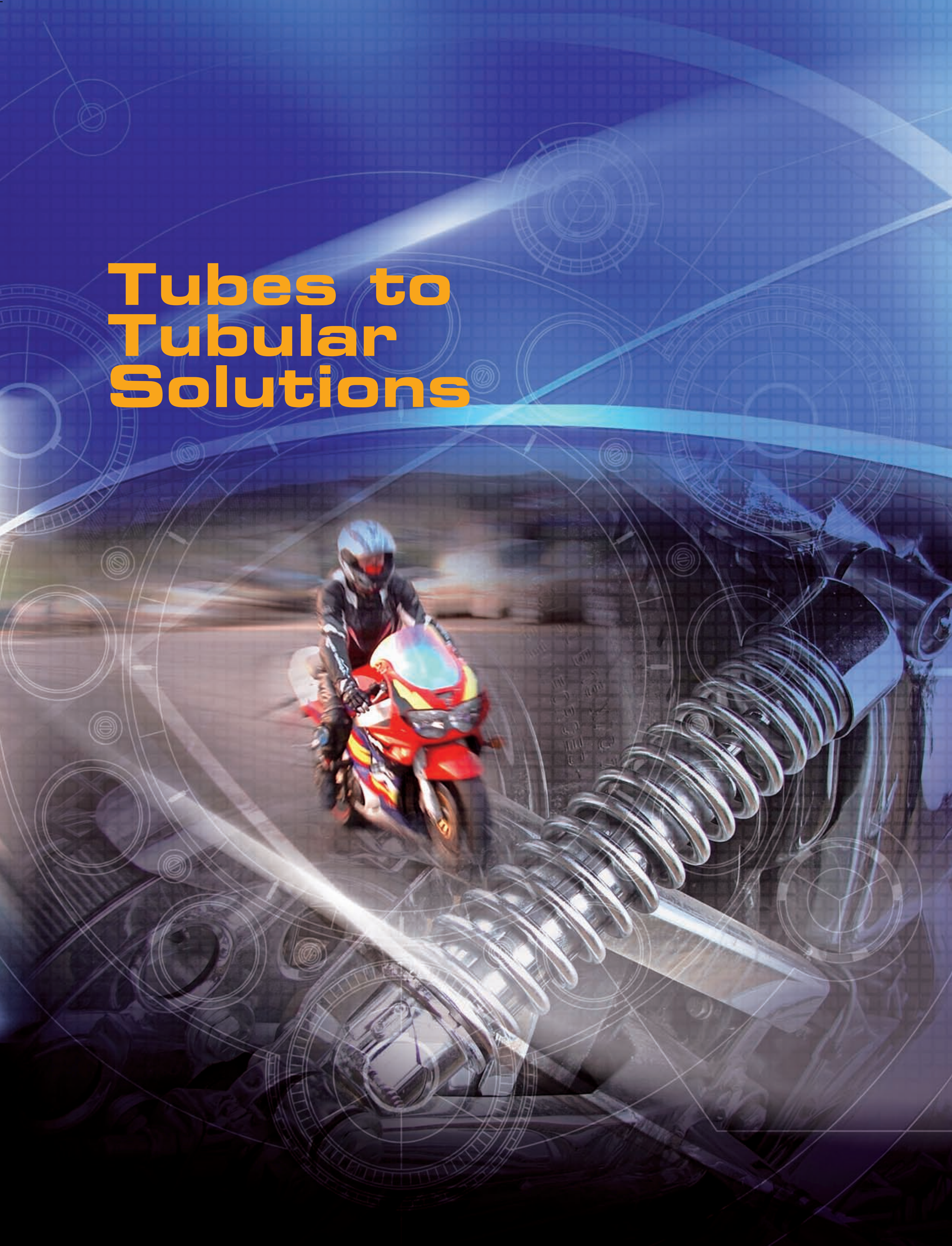
Rather than just be complacent with manufacture, the Company went about periodically re-defining its sectoral personality through various initiatives.

TI made the radical break by re-defining the entire supply chain to become a dis-aggregated manufacturer. TI has always been a trend setter in new product categories with many firsts to its credit – be it with bikes for kids or ladies or the youth of today.

In recent times, the Company evolved the concept of contemporary retail showrooms that would attract well-heeled customers intending to buy value-added variants. In doing so, the Company re-defined its focus from product to feeling.

The Company extended beyond marketing a product to marketing the wholesome experience of cycling.

Tubes to Tubular Solutions



> "There is more to us than we know. If we can be made to see it, perhaps for the rest of our lives we will be unwilling to settle for less."
>
> *- Kurt Hahn*

The first point of reference for tubular solutions

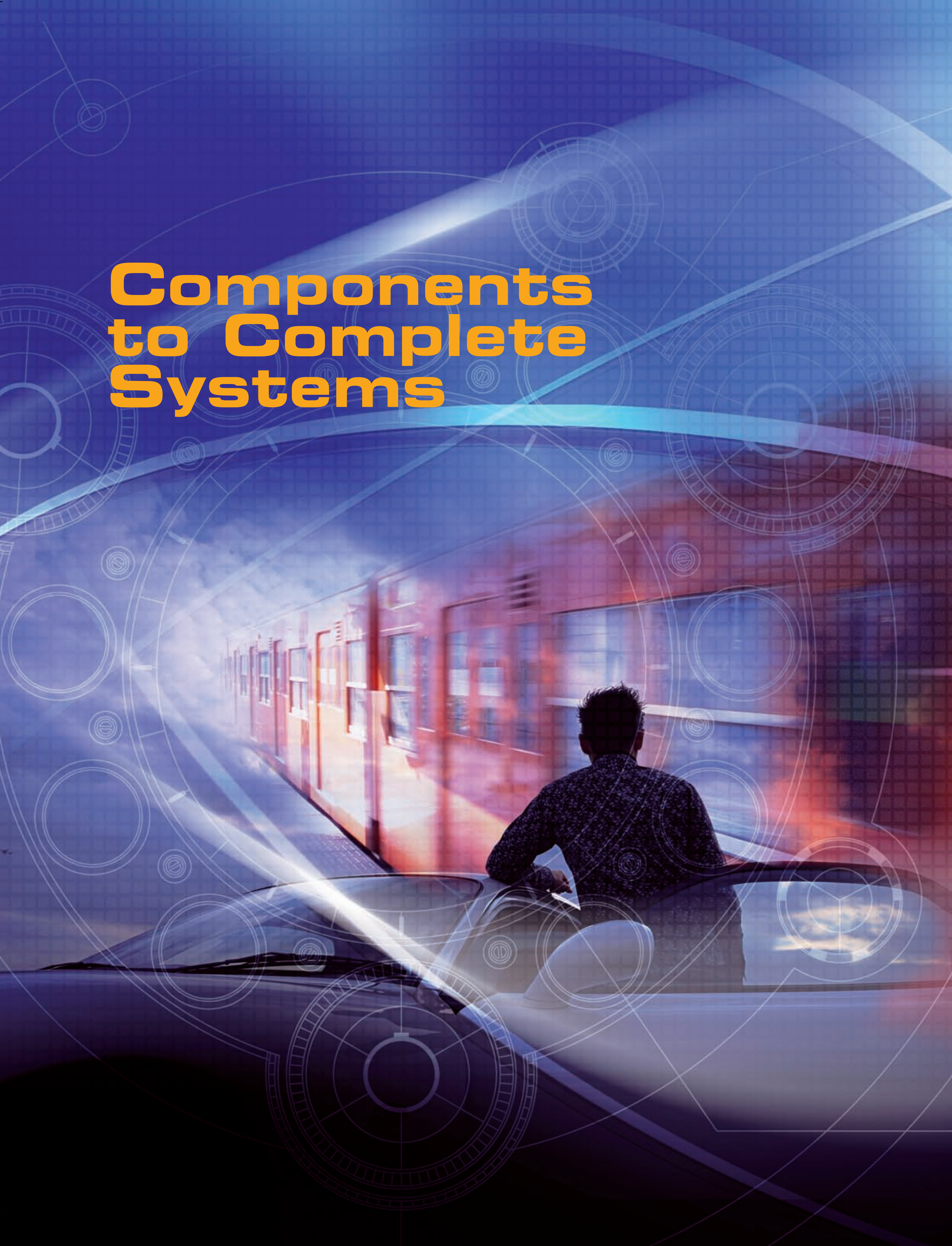
TI COMMENCED THE MANUFACTURE OF PRECISION STEEL TUBES AS A BACKWARD INTEGRATION FOR BICYCLES.

From its position as just another steel tube manufacturer, the Company has emerged as an industry leader and is today the first point of reference for precision tubular solutions in the automotive industry.

TI's credentials extend to the supply of tubes for safety critical and functional applications that reduce weight and improve fuel efficiency in new-age automobiles made by the leading manufacturers of the world.

Going ahead, the Company's vision is to go beyond automobiles and play a part in the country's infrastructure growth, leveraging its capability and reputation.

Components to Complete Systems



> "Two roads diverged in a wood, and I... I took the one less travelled by, and that has made all the difference."
>
> *- Robert Frost*

Technology for customer delight

TI MOVED FROM THE MANUFACTURE OF 'RUN OF THE MILL' ROLL FORMED PRODUCTS TO PRECISION ROLL FORMED PRODUCTS FOR AUTOMOTIVE INDUSTRY AND RAILWAYS; FROM BICYCLE CHAINS TO HIGH PERFORMANCE AUTOMOTIVE AND INDUSTRIAL CHAINS.

In the process, the Company literally raised the bar. It graduated to the manufacture of complex doorframes and products for railways using roll forming as the base process for discerning customers demanding high quality and aesthetics.

Similarly, it extended to the manufacture of customised engineering class chains and fine blanked components catering to a variety of industries, calling for high skill and quality. The Company demonstrated its commitment by enhancing its quality to the demanding benchmarks of customers.

The business is now poised to absorb technologies and provide total solution in the areas of power transmission, mobility and infrastructure.

Managing Director's message

A promising performance

Dear Shareholders,

Tube Investments reported an increase in overall revenues from Rs. 2212 Crores in 2008-09 to Rs. 2454 Crores in 2009-10. EBITDA (operating profit) increased almost 114% to Rs. 265 Crores in 2009-10, the highest ever in the Company's history.

This was possible due to the improved performance of all business segments through improvement in operating efficiencies, superior customer service, enriched product mix and growing off-take in a challenging year. The Company also benefitted from relatively stable costs, especially steel.

Bicycles and E-Scooters

This business reported the best year ever, with sales of close to 4 Million bicycles, establishment of the electric scooters firmly in South India and a four-fold growth of the fitness business. The strong growth in bicycles was possible due to the re-positioning of the business, strengthening the supply chain, both backward and forward, and investment in channel partners. The multitude of activities ranging from simple school programs to cyclothons had the effect of bringing the fun back to riding and vindicated our positioning. Despite being the oldest of the businesses, the young and vibrant team keeps innovating and coming up with fresh ideas relevant to the customer of today. Continuous upgradation and introduction of break-through products with contemporary technology will be the focus of this business as we seek to reach greater heights.

Engineering

The year began with a not-so-positive outlook, given the steep drop in demand during the second half of 2008-09.

"The future depends on what we do in the present." *- M.K. Gandhi*

Consequently, we focused on the fundamentals of customer service and improving our operating efficiencies. The favourable market conditions in the latter half of the year coupled with higher efficiencies resulted in improved performance. The business will continue to focus on garnering higher market share through introduction of new products and solutions as well as enhancement of quality standards and customer service.

Metal Formed Products

The highlight of this segment was the acquisition of Sedis in France. This was the first overseas acquisition for TI. Sedis is a reputed brand in the chain industry in Europe and is known for producing custom-made solutions for a variety of engineering applications. The range of products available in the Sedis stable can be effectively marketed in the growing industrial sector in India. Sedis will also be able to increase its market share in Europe and North America by fully leveraging the products available at TI.

All the facilities for manufacture of chains operated at full capacity, thanks to the high demand from the two wheeler segment in the domestic market. It was a challenge to meet the increased demand from the two wheeler industry and all our efforts were focused on maximising throughput from the existing facilities. We shall continue to expand capacities to keep pace with the market demand and to improve market share.

Following the revival of the passenger car industry, the sale of roll formed products supplied to auto sector went up by 30%. The business continues to maintain its significant leadership in this segment.

A significant milestone was crossing the Rs.100 Crores turnover from the sale of products to the Railways. Additional capacities have been created by setting up two new state-of-the-art plants in North India to cater to growth.

Enhancing our position in the automotive chains segment, increasing our share in the global industrial chains market and sustaining our position in the car doorframe and railway businesses will be our focus, going forward.

People development

Tube Investments is on the threshold of an exciting future – one which will see it gaining in strength in the traditional businesses while simultaneously pursuing identified growth opportunities. The able and committed team of people at TI would carry out this journey. The Company continues to invest in and develop human resources capabilities with a view to addressing customer needs and assimilating new technologies. We held technology programmes in association with the Indian Institute of Technology Madras for the technical team and conducted various programmes to enhance the skills of the workforce. The Company also sponsored one-year courses for the leadership talent pool. All these initiatives will equip the team to take on the challenges ahead.

Yours sincerely,

L Ramkumar

10-Year Financials

Rs.in Crores

	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03	01-02	00-01
OPERATING RESULTS										
Sales (including excise duty)	**2453.65**	2212.22	1908.23	1761.84	1584.18	1562.58	1257.34	1197.13	1074.47	1090.02
Profit before depreciation, Interest and tax	**225.07**	170.33	157.88	256.99	307.09	178.50	147.39	105.82	98.53	104.09
Profit before interest and tax	**158.26**	111.21	104.73	206.60	258.53	140.69	117.79	77.65	70.72	70.50
Profit before tax (PBT)	**129.50**	83.02	83.44	195.31	245.63	126.18	105.30	62.45	55.34	50.91
Profit after tax (PAT)	**81.21**	72.18	56.50	155.78	182.93	98.55	82.49	45.89	36.27	36.16
Dividend	**27.72**	18.48	18.48	27.71	86.84	25.87	18.47	16.63	13.54	12.31
Dividend tax	**4.60**	3.14	3.14	4.71	12.18	3.63	2.37	2.13	–	1.26
Retained profits	**48.89**	50.56	34.88	123.36	83.91	69.05	61.65	27.13	22.73	22.59
SOURCES AND APPLICATION OF FUNDS										
SOURCES OF FUNDS										
Share capital	**36.95**	36.95	36.95	36.95	36.95	36.95	18.47	18.47	24.62	24.62
Reserves and surplus	**779.95**	700.00	681.02	618.90	495.15	411.24	376.83	315.18	347.01	362.75
Net worth	**816.90**	736.95	717.97	655.85	532.10	448.19	395.30	333.65	371.63	387.37
Debt	**705.82**	399.76	327.50	206.45	244.30	228.12	215.64	262.20	174.25	174.27
Deferred tax liability (net)	**41.31**	45.77	42.64	41.83	41.50	32.71	31.79	31.98	35.82	–
Funds employed	**1564.03**	1182.48	1088.11	904.13	817.90	709.02	642.73	627.83	581.70	561.64
APPLICATION OF FUNDS										
Gross fixed assets	**1028.09**	964.02	861.91	734.06	626.01	566.43	432.30	406.08	418.72	419.06
Depreciation	**500.46**	449.87	400.43	369.82	324.44	282.96	206.65	180.75	175.46	164.41
Net fixed assets	**527.63**	514.15	461.48	364.24	301.57	283.47	225.65	225.33	243.26	254.65
Capital work-in-progress	**42.93**	29.68	57.31	105.54	80.49	21.42	13.66	2.93	2.14	9.85
Investments	**749.44**	454.35	316.95	190.55	235.86	189.71	204.17	174.55	97.13	58.58
Gross current assets	**728.15**	579.86	638.16	583.48	539.62	516.91	440.77	449.78	412.17	392.41
Current liabilities and provisions	**484.12**	395.56	385.79	339.68	339.64	302.49	262.95	256.46	205.96	165.67
Net current assets	**244.03**	184.30	252.37	243.80	199.98	214.42	177.82	193.32	206.21	226.74
Deferred revenue expenditure	**–**	–	–	–	–	–	21.43	31.70	32.96	11.82
Net assets employed	**1564.03**	1182.48	1088.11	904.13	817.90	709.02	642.73	627.83	581.70	561.64
RATIOS										
ROCE (%) #	**10.12**	9.40	9.62	22.85	31.61	19.84	18.33	12.37	12.16	12.55
PBT to sales (%)	**5.28**	3.75	4.37	11.09	15.51	8.08	8.37	5.22	5.15	4.67
Return on net worth (%) (+)	**9.94**	9.79	7.87	23.75	34.38	21.99	22.06	15.20	10.71	9.75
Earnings per share (Rs) *	**4.39**	3.91	3.06	8.43	49.50	26.67	22.32	19.46	14.73	14.69
Dividend per share (Rs) *	**1.50**	1.00	1.00	1.50	23.50	7.00	10.00	9.00	5.50	5.00
Book value per share (Rs) *	**44.21**	39.88	38.86	35.49	143.98	121.28	202.39	163.46	137.55	150.58
Debt equity ratio @ (+)	**0.86**	0.54	0.46	0.31	0.46	0.51	0.58	0.87	0.51	0.47
Fixed assets turnover (times)	**4.65**	4.30	4.14	4.84	5.25	5.51	5.57	5.31	4.42	4.28
Net working capital vs turnover (times)	**10.05**	12.00	7.56	7.23	7.92	7.29	7.07	6.19	5.21	4.81

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

@ Debt-equity Ratio is Total Debt divided by Shareholders' Funds.

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

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

Corporate Information

BOARD OF DIRECTORS	M M Murugappan, *Chairman* L Ramkumar, *Managing Director* Amal Ganguli E J Kochekkan Pradeep Mallick S Sandilya N Srinivasan R Srinivasan
COMPANY SECRETARY	S Suresh
REGISTERED OFFICE	'Dare House' 234, N S C Bose Road, Chennai 600 001
PLANTS	**Bicycles & E-Scooters:** TI Cycles of India, Ambattur, Chennai TI Cycles of India, Nashik TI Cycles of India, NOIDA BSA Motors, Ambattur, Chennai **Engineering:** Tube Products of India, Avadi, Chennai Tube Products of India, Shirwal, Satara 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, Chennai 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 (54 years) holds a Masters degree in Chemical Engineering from the University of Michigan, USA. He joined the Board in March 2002. He is currently the Chairman of Carborundum Universal Limited. He is also on the Board of various companies including Mahindra & Mahindra Limited and Wendt India Limited.

Mr. L Ramkumar, Managing Director

Mr. L Ramkumar (54 years) is a Cost Accountant and has a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He joined the Board in February 2008. He has over 30 years of rich and varied experience in management including 15 years in the Company itself in different capacities.

Mr. Amal Ganguli, Non-Executive Director

Mr. Amal Ganguli (70 years) is a Fellow of The Institute of Chartered Accountants of England & Wales and The Institute of Chartered Accountants of India. He has been on the Board of the Company since June 1989, excepting a brief gap during 2002-03. 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.

Maj. Gen. (Retd.) E J Kochekkan, Non-Executive Director

Maj. Gen. (Retd.) E J Kochekkan (59 years) holds a Masters degree in Military Science and M.Phil., in Strategy & International Affairs. He joined the Board in August 2009. He has won Presidential Awards viz., Ati Vishisht Seva Medal, Sena Medal and Vishisht Seva Medal for distinguished services. He served the Indian Army with an outstanding record for 37 years with extensive multi functional exposure.

Mr. Pradeep Mallick, Non-Executive Director

Mr. Pradeep Mallick (67 years) holds a Bachelors degree in Engineering from Indian Institute of Technology, Madras and a diploma in Business Management (UK). He is a Fellow of the Institution of Engineering & Technology, London. He joined the Board in June 2003. He was formerly Managing Director of Wartsila India Limited. He is on the Board of various companies including Blue Star Limited and ESAB Limited.

Mr. S Sandilya, Non-Executive Director

Mr. S Sandilya (62 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 the 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 (52 years) is a Chartered Accountant and Company Secretary. He joined the Board in January, 2007. He is on the Board of various companies including Cholamandalam Investment & Finance Company Limited and Cholamandalam MS General Insurance Company Limited.

Mr. R Srinivasan, Non-Executive Director

Mr. R Srinivasan (68 years) is a Graduate in Mechanical Engineering. He joined the Board in June 2004. He was formerly the Managing Director of Widia India Limited. He is on the Board of various companies including Sundram Fasteners Limited and Cholamandalam MS General Insurance Company Limited.

Management Discussion and Analysis

OVERVIEW

The growth of Indian economy in the financial year 2009-10 is estimated at 7.4% - a rate of growth matched only by a few other countries in the world. India is probably amongst the first countries in the world to come out of recession. All sectors of the economy registered healthy growth rates. Having established a strong base, the economy is expected to build further on the gains of the last year.

The year 2009-10 turned out to be a watershed year for the Company with all the business segments reporting a very good performance. The Company's focus on improving operating efficiencies and providing superior customer service aided by higher demand from all direct customers and user industries helped post a turnover of Rs. 2345.64 Crores. The operating profit of Rs. 169.45 Crores achieved represents a growth of 366% over the previous year.

BUSINESS REVIEW

Cycles & Electric Scooters

TI's presence

The cycles & electric scooters segment of the Company comprises bicycles of the standard and special variety including, the premium and specialty bikes, bicycle components sold as spares, fitness equipment such as motorised tread mills, ellipticals etc., and electric scooters.

Industry Scenario

The bicycle industry in India continues to grow at a modest rate of 7%. However, the growth levels within the segments has been markedly different with the 'standards segment' growing marginally while the 'specials segment' comprising Sport Light Roadsters, Mountain Terrain Bikes and Kids bicycles grew at a higher rate. The Company along with two other players caters to over 90% of the market. Regional players and imports constitute the balance. The Company's share is a little over a third of the market. With the Indian consumer expecting differentiated and quality products, the market for high-end bicycles continues to be attractive and is poised for growth.

The fitness equipment business comprises home and commercial segments, but the Company focuses on the home segment alone, which is growing at 10% annually. There are 6 national players as well as a slew of importers and regional players in this field.

The electric scooters industry in India is estimated to be about 1 lac units per annum. There are three major national players in this segment and the market for these products is expected to grow as this category gains acceptance. Being environment-friendly products, some State Governments have supported these products through subsidies and waiver of local taxes. Continued and wider governmental support can provide significant growth to this segment of the industry.

Review of Performance

The segment recorded a growth of 31% in turnover and a 130% increase in its Profit before Interest and Tax. This was achieved through a volume growth of 24%, focus on ground level activities resulting in activation of the market and higher sales through the retail outlets. The strategy of developing models based on consumer insights paid off with all new models introduced by the division being well accepted by the market. The turnover from the sale of new products amounted to 23% of the total sales of bicycles. The number of exclusive outlets under various formats grew to 482 during the year and these outlets continue to provide customers a very satisfying buying experience. The turnover from these outlets today constitute nearly a fourth of the turnover of the division. Through these initiatives, the bicycle business has increased its market share and continues to be the leader in the specials segment.

With a view to participating in the growth of the fitness industry and as an extension of the 'Fun Fitness Freedom' platform, a new range of products was launched by the fitness business recently. The business grew its turnover by nearly four times over the previous year. The number of BSA Workouts outlets retailing fitness equipment has increased to 5. With the rapid growth in this industry, the Company is poised to achieve significant results in the years to come.

The electric scooters launched last year have also been well received and the business posted a sale of over 9000 scooters in the year under review. The business has also launched an innovative product catering to the differently abled segment. The business has achieved the 'number one' position in electric scooters in South India. Work on improving its products to offer a better range per charge, higher pick-up and better quality is currently underway. Over 100 outlets retail these scooters and it is proposed to add more outlets to cater to markets outside South India.

Engineering

TI's presence

The Engineering business of your Company consists of cold rolled steel strips and precision steel tubes viz., Cold Drawn Welded tubes (CDW) and Electric Resistance Welded tubes (ERW). These products cater to the requirements of the automotive, boiler, bicycles and general engineering industries.

Industry Scenario

The Indian automotive industry witnessed a steady period of growth and all sectors of the industry have performed well. The stimulus packages announced by the Government of India had a positive impact on the growth of this industry. Two wheelers grew by 24% while passenger cars grew 26% and commercial vehicles 38%. The quick turnaround caught many of the vendors by surprise and some of them experienced difficulties in producing sufficient numbers to meet the increased demand.

The markets in the rest of the world however continued to be less positive and the year was marked by a decline in demand in these countries, despite incentives from the local governments. The incentives announced by the governments in some European countries as well as the United States to move to more fuel efficient cars helped the Indian automotive industry as well through higher export of small cars. Indicators suggest an improvement in the economy of these countries. However, the pick-up in demand is expected to be slow.

Barring the last quarter of the financial year, steel prices were largely stable. However, the increases over the last two months have been of a high magnitude and there are indications of some more increases to come.

The Cold Rolled Steel Strips segment is dominated by the integrated steel manufacturers. In this business, the Company continues to have a regional presence with a focus on the Southern market and is a niche player in the 'special grades' catering to a variety of applications in various sizes and grades.

Review of Performance

During the year under review, the growth in volume terms was impressive at 20%. The turnover, however, was lower by 4% due to the decline in steel prices as compared to the previous year. The Company continued to maintain its leadership position with a market share of around 60% in value added tubes. Sales of tubular components grew by 70% in volume and 48% in value, further strengthening the Company's position in the tubular components and solutions industry. Export of tubes was however lower due to the continuing recession in the North American and European markets.

During the year, the division focused on improving its operating efficiencies and enhancing the quality of its products with a view to increasing its competitiveness and servicing its customers better. The higher volumes and better product mix resulted in an improvement in the operating margin and increase in its Profit before Interest & Tax significantly over the low base of the previous year.

Metal Formed Products

TI's presence

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

Industry scenario

Your Company is one of the three major players manufacturing automotive chains in India. The two-wheeler industry grew by 24% during the year. The growth in the industry was driven by the higher demand from the Tier II and III cities and rural India. The stimulus packages and the welfare schemes of Government of India have made the products more affordable and also improved the purchasing power of the people in rural India. Ample liquidity and the improvement in availability of finance at attractive interest rates also contributed to higher volumes. Due to the depressed conditions prevailing in the European markets, overseas demand for industrial chains was significantly lower.

The domestic passenger car segment registered a growth of 26% during the year. India has clearly emerged as a hub for manufacture of cars, especially small cars, for the global market. This has led to the growth of the auto components industry as well. The success of the models for which doorframes are supplied directly impact the fortunes of this business. With the proliferation in the number of models, the choice before the customer is much higher and adds to the risk of a model not being successful. There are currently two established roll-formed doorframe manufacturers in India, and a third company has also recently established a facility.

The Government of India has given a big thrust to increasing the share of the Railways in the transportation of goods. Over the last few years, there has been a concerted effort to increase the number of wagons with new designs and materials and this has led to a very respectable growth in this segment. There are two major national players in this segment with a few smaller and new players entering the segment recently.

Review of Performance

The turnover in this segment was higher by 21%. Higher domestic volumes in doorframes, automotive and industrial chains on the back of good growth in the user industries, higher market share in automotive chains and a near doubling of sale of sections for railway wagons contributed to this growth.

The export market for industrial chains was affected by the recession in the European markets. Consequently, the volume was lower than the previous year by 52%.

In line with the growth in the passenger car industry and the improved off-take of doorframes from manufacturers of some of the new models introduced in the last year, the doorframe segment posted a growth of 31%. The growth in the railway wagons segment was 48%. The business is also in the process of enhancing the portfolio of products in this segment with facilities being established for manufacture of side & end wall assemblies and roof assemblies for both wagons & passenger coaches.

Higher volume, favourable product mix and control on costs helped this segment post a growth of 58% in its Profit before Interest & Tax.

FINANCIAL REVIEW

Profits & Profitability

With largely stable price of commodities, steel and oil, the strong focus on improving operating efficiencies, control over costs and a good product mix, the overall performance of all the segments of the Company was very good. The earnings before Interest, Tax, Depreciation & Amortisation before exceptional items grew from Rs. 124 Crores to Rs. 265 Crores, a growth of 114%. The Company has also improved its operating EBITDA margin from 5.7% to 11.3%.

Capital Expenditure

In keeping with its policy of pursuing and investing in long term growth opportunities, the Company invested in establishing green field facilities for manufacture of products catering to the requirements of the Railways. A new facility for manufacture of doorframes is also being established at Sanand, Gujarat. Apart from these facilities, the Company continued to invest in equipment for modernisation, enhancing productivity and improving quality. The total investment in capital assets was Rs. 83 Crores. Depreciation on the assets of the Company is provided based on their estimated useful life, leading to a higher charge towards depreciation in the case of some assets of the Company.

Acquisition

During the financial year, the Company acquired a majority stake in the Sedis Group, manufacturers of industrial chains in France, by acquiring 77.13% stake in Financiere C10 S.A.S (FC10) with an agreement to buy the balance shares within a period of three years. The cost of acquisition of the 77.13% stake was Rs. 43.6 Crores. FC10 specialises in the manufacture of customised chains for a variety of industrial uses. FC10 possesses five global patents and has a very impressive list of customers. The management team at FC10 is very capable and experienced and have steered the company profitably through turbulent times in the recent past. The acquisition will provide the Company's chains business with access to new technologies to manufacture products that are currently being imported into India. In addition, the business will also be able to enhance its presence in the European market by leveraging the Sedis brand and its distribution network.

Interest Cost

On the back of a good performance by all the segments of the Company, the cash generated helped to keep the borrowings lower and consequently, the interest cost for the year was contained at around the same level as last year. The average rate of interest for the year was at 6.6% against 7.3% in the previous year. As in the previous years, the Company uses a judicious mix of long and short term funds, domestic and foreign currency borrowings and appropriate tenors to ensure the interest cost is kept at the lowest.

Exchange Differences on International Trade & Borrowings

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

From the year 2007-08, the Company opted to account such exposures in line with the method prescribed in Accounting Standard 30 (AS 30). Applying the criteria laid down for Hedge Accounting, an amount of Rs. 2.8 Crores has been charged to the Profit & Loss Account and a sum of Rs.4.4 Crores has been taken to the Hedge Accounting Reserve. The amount in the Reserve account will be reversed when the transaction occurs and the actual loss / gain is accounted.

Investments

The Company invested Rs.92.5 Crores in the rights issues of CMSGICL. This investment will enhance the capital of the subsidiary and put it on a sound footing to grow its business further.

During the year, a wholly owned subsidiary was established in China to facilitate the operation of the e-scooters and bicycles business. The value of the investment made was Rs.1.85 Crores.

The Company also acquired FC 10 in France for a consideration of Rs. 43.6 Crores for the 77.13% holding.

Subsequent to the close of the financial year, the stake of DBS Bank Ltd, Singapore (DBS) in Cholamandalam DBS Finance Ltd (CDFL) was purchased by the Murugappa Group. Accordingly, the Company acquired 1,75,82,000 equity shares of CDFL for a consideration of Rs. 160 Crores from DBS. Consequent to this acquisition, CDFL has become a subsidiary of the Company. The Company will also be acquiring the 1% Fully Convertible Cumulative Preference Shares issued by CDFL and currently held by New Ambadi Estates Pvt. Ltd. Having exited the personal loan business and focusing on its core strengths of vehicle financing and home equity, the business is expected to perform well in the years ahead.

The operations of Tubular Precision Products (Suzhou) Company Ltd were not profitable. Considering the difficult market conditions and the time it would take to reach the desired profitability benchmarks of the Company, it was decided to liquidate the subsidiary. The liquidation process commenced in December 2009 and concluded by March 2010. The loss on the liquidation of the subsidiary was Rs. 39.95 Crores and this has been fully absorbed in the accounts for the current financial year. The assets of the company will be relocated to the various plants in India to meet the higher demand from these plants.

TII Shareholding Trust

Arising out of the amalgamation of TIDC India Ltd (TIDC) with the Company in 2004, the TII Shareholding Trust was vested with 1,01,51,870 shares of the Company. Out of this, 57,50,000 shares were sold in 2007-08. The balance shares are to be disposed of before December 2010.

By Order of the Board

Chennai
1st May, 2010

L Ramkumar
Managing Director

Enterprise Risk Analysis and Management

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

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

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

Some of the risks associated with the 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.

A. Bicycles

Risk	Why considered as Risk	Mitigation Plan / Counter Measure
Product Obsolescence Risk	• Availability of alternatives • Increased affordability for motorised vehicles • Less road space for cycling	• Higher variety, especially of premium bikes • Products based on customer need • "Cycling" as a concept – leisure, fitness, fun & recreation
Trade Channel Risk	• Disinterest / Discontinuation of business by some of the dealers	• Distribution model • Exclusivity and association with brand • Company owned outlets
Sourcing Risk	• Dependence on vendor base • Consistent quality and supplies • 25% of vendors located in residential area • Electric scooters - dependence on few overseas vendors	• Upgrading vendor capability • Relationship building • Imports from quality sources • Relocate vendor base through vendor park • Establish parts manufacturing company at China
Non-compliance with Automative Research Association of India norms in electric scooters by un-organised players	• Places competition at an unfair advantage in terms of price	• Tighten norms by working closely with Society of Manufacturers of Electric Vehicle.

B. Engineering

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

C. Metal Formed Products

Risk	Why considered as Risk	Mitigation Plan / Counter Measure
Product Risk	• Revenues are model specific	• Increase in customer base and models • Indigenisation of equipment
User Industry Concentration Risk	• Dependence on auto sector	• Diversification into Railway products • Focus on industrial applications
Customer Retention Risk	• Availability of alternative source • Disruption in supplies	• Cost competitiveness • Leverage design strength • Leverage proximity to customer • Build technology superiority
Entry of internationally established players in domestic market	• Better product range • Tie-up with local player / end user	• Enhance product portfolio leveraging acquisition • Leverage leadership and competitive position in industry • Pursue opportunities in systems / components

D. General

Risk	Why considered as Risk	Mitigation Plan / Counter Measure
HR Risk	• Ability to attract talent • Retention of talent	• Corporate Brand Building • Coaching and team building • Long term benefit package • Specialised training for identified talent pool
Internal Control Risk	• Multiple locations	• Review of controls in a structured manner, at defined frequency • Risk based audit of controls
Currency Risk	• Foreign currency exposure on exports, imports and borrowings	• Early identification and monitoring of exposures • Hedging of exposures based on risk profile
IT Related Risk	• Confidentiality, integrity and availability	• Access controls • Firewalls • Audit of controls • Disaster recovery mechanism

On behalf of the Board

Chennai
1st May, 2010

L Ramkumar
Managing Director

General Shareholder Information

Registered Office

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

Annual General Meeting

Day : Thursday

Date : 29th July, 2010

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 – 29th July, 2010.

Financial reporting for the first quarter ending 30th June, 2010 – 29th July, 2010.

Financial reporting for the second quarter ending 30th September, 2010 – 28th October, 2010.

Financial reporting for the third quarter ending 31st December, 2010 – Last week of January, 2011.

Financial reporting for the year ending 31st March, 2011 – April / May 2011.

Book Closure for Dividend

Friday, the 16th July 2010 to Thursday, the 29th July, 2010 (both days inclusive)

Dividend

The Board of Directors has recommended the payment of a dividend of Rs.1.50/- per share. The dividend on equity shares will be paid to those members, whose names appear in the Register of Members as on 29th July, 2010 and the same will be paid on or before 5th August, 2010.

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, 2010 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 prevent any fraudulent encashment of the dividend warrants.

(b) Shareholders holding shares in demat form

The Reserve Bank of India (RBI), has introduced a new electronic fund transfer platform called the National Electronic Clearing System (NECS) for disbursement of dividends. Earlier, Electronic Clearing Service (ECS) was used for payment of dividends directly to the bank accounts of shareholders. The advantages of NECS over ECS include faster credit of remittances to beneficiary's account, coverage of more bank branches and ease of operations for remitting agencies. NECS essentially operates on the new and unique bank account number (having not less than 10 digits) allotted by banks post implementation of the Core Banking Solutions (CBS).

This new (NECS compliant) account number is required to be intimated to the Depository Participant (in case the shares are in demat mode) or the Company's Registrar & Share transfer agents (M/s Karvy Computershare Pvt. Ltd, in case the shares are in physical mode) to enable the Company to effect the dividend payment through the NECS mode. For those shareholders, who have already registered bank account numbers for receiving dividend through ECS but bank/branch has not implemented CBS, dividend payment would continue through the ECS facility.

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
Bombay Stock Exchange - 504973
Madras Stock Exchange - TIN

Global Depository Receipts

Luxembourg Stock Exchange

Listing fee for the year ended 31st March, 2010 has been paid to all the stock exchanges.

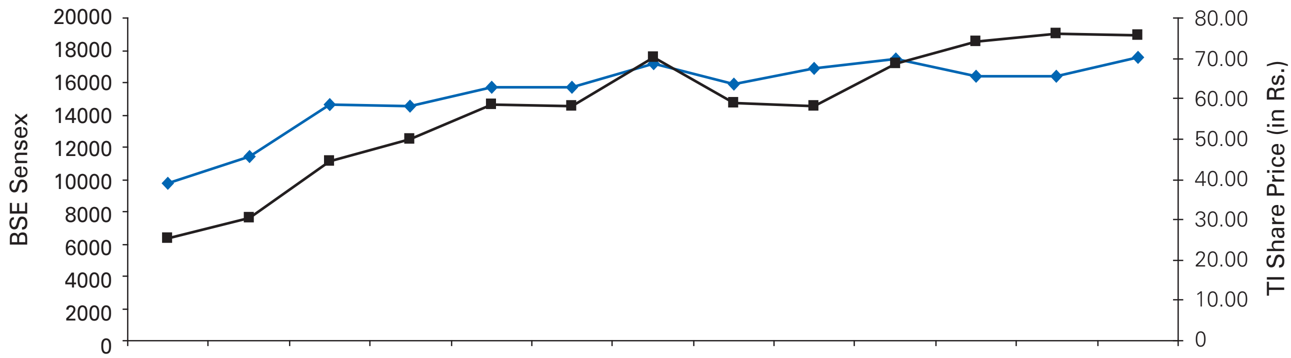
Market Price Data and Comparison

Monthly high and low price during 2009-10 are as follows:

High and Low during each month in last financial year

Month	National Stock Exchange		Mumbai Stock Exchange	
	HIGH Rs. P	LOW Rs. P	HIGH Rs. P	LOW Rs. P
Apr-09	33.50	25.20	34.80	25.70
May-09	47.00	28.95	47.45	29.30
Jun-09	57.40	43.35	57.25	43.80
Jul-09	67.40	47.80	67.00	48.00
Aug-09	67.40	56.25	65.00	56.05
Sep-09	75.15	56.50	75.05	56.50
Oct-09	71.25	58.50	71.40	58.30
Nov-09	64.65	50.10	64.60	51.35
Dec-09	72.50	58.25	72.50	57.60
Jan-10	89.70	68.50	89.40	68.30
Feb-10	81.00	69.10	84.80	68.50
Mar-10	80.00	70.65	82.80	70.70

TI Share Price Movement Vs. BSE Sensex



	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
BSE Sensex	9708	11403	14625	14494	15670	15667	17127	15896	16926	17465	16358	16430	17528
TI Share Price	25.55	30.60	44.60	49.80	58.35	58.25	70.05	59.00	58.10	68.75	74.00	76.00	75.80

Note: Closing BSE Sensex & TI share price are as on the last trading day of each month during 2009-10

BSE Sensex TI Share Price

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 - 23420815 - 23420828
Fax : 040 - 23420814 / 23420859
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 of shares.

Shareholding Pattern as on 31st March, 2010

Category	No of shares held	% of shareholding
A Promoter Group	9,54,53,860	51.66
B Non-Promoter Holding		
1 Institutional Investors		
a) Mutual Funds and UTI	1,12,74,285	6.10
b) Banks, Financial Institutions, Insurance Companies	81,84,724	4.43
c) Foreign Institutional Investors	69,35,356	3.75
2 Others		
a) Private Corporate Bodies	1,39,66,396	7.56
b) Indian Public	3,72,03,622	20.13
c) NRI	11,98,797	0.65
d) Bank of New York Mellon (Depository for GDR holders')	1,05,63,960	5.72
Grand Total	18,47,81,000	100.00

Distribution of Shareholding as on 31st March, 2010

Category	No of holders	% to Total	No of shares	% to Total
1 - 5000	23,596	90.48	1,11,88,733	6.06
5001 - 10000	1,429	5.48	51,26,016	2.77
10001 - 20000	496	1.90	35,45,311	1.92
20001 - 30000	162	0.62	20,31,865	1.10
30001 - 40000	86	0.33	15,53,396	0.84
40001 - 50000	47	0.18	10,62,380	0.57
50001 - 100000	99	0.38	34,52,402	1.87
above 1,00,000	165	0.63	15,68,20,897	84.87
Total	**26,080**	**100.00**	**18,47,81,000**	**100.00**

Nomination Facility

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

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 on 31st March, 2010, 1,05,63,960 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 analysts and brokers.

General Body Meeting

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

Year	Date	Time	Venue
2006-07	31.7.2007	4.00 p.m.	T T K Auditorium, Music Academy T T K Road, Royapettah, Chennai 600 014.
2007-08	31.7.2008	4.00 p.m.	Same as above
2008-09	29.7.2009	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 (1) (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 Investment & Finance Company Ltd and its subsidiaries
8. Coromandel Engineering Company Ltd and its subsidiaries
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. Samvit Education Services Pvt Ltd
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.

Plant Locations

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

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

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

BSA Motors
Post Bag No. 5
Ambattur, Chennai 600 053
Tel : (044) - 4209 3434
Fax : (044) - 4209 3345

Tube Products of India
A-16 & 17, Industrial Focal Point
Phase VI, SAS Nagar
Mohali 160 051
Tel : (0172) - 6620318
Fax : (0172) - 2271375

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

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

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

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
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
Tel : (02135) - 202146

TI Metal Forming
Ganganouli,
Laksar 247 663
Uttarakhand

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

TIDC India
Ambattur
Chennai 600 053
Tel : (040) - 4223 5555
Fax : (044) - 4223 5406

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

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

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) – 42286711
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) – 23420815 - 23420828
Fax: (040) – 23420814
Contact Person – Mrs. Varalakshmi – Manager

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 help to enhance performance and valuation of the Company.

Board of Directors

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

The Board consists of 9 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. None of the Directors are related inter-se as defined under the Companies Act, 1956. 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. There are a minimum of 5 Board meetings each year. Evolving strategy, annual business plans, review of actual performance and course correction, as deemed fit, constitute the primary business of the Board. The role of the Board also includes de-risking, investment, divestment and business reorganisation. Matters such as capital expenditure, recruitment of senior level personnel, safety & environment, HR related developments, compliance with statutes, foreign exchange exposures are also reviewed by the Board from time to time.

There were 7 meetings of the Board during the financial year 2009-10. The dates of the Board meetings, details of attendance and the number of Directorships / committee memberships held by the Directors as on 31st March, 2010 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 four members of the Committee are independent Directors with Mr. S Sandilya, 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 up in consultation with the Managing Director, Chief Financial Officer (CFO), Heads of businesses 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 5 times during the year ended 31st March, 2010. The composition of the Audit Committee and the attendance of each member at these meetings are given in Table 2 of the annexure to this report.

Remuneration to Directors

The success of the organisation in achieving good performance and 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 the level of responsibility and scales prevailing in the industry. The Managing Director is not paid sitting fees for any Board / Committee meetings attended by him.

The compensation to the non-executive Directors takes the form of commission on profits. Though the shareholders have approved payment of commission up to 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.

Compensation & Nomination Committee

The role of the Compensation & Nomination Committee is to recommend to the Board the appointment / reappointment of the executive and 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 incentive of Managing Director is determined on the basis of a balanced score card with its three components viz., company financials, company score card and strategic business unit score card 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 3 times during the year ended 31st March, 2010. 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 / provided for the year ended 31st March, 2010 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

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

The Audit Committee reviews the financial statements, in particular, the investments made by the unlisted subsidiary companies.

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

Dissemination of Information

Your Company is conscious of the importance of timely and proper dissemination of adequate information. A press release is given along with the publication of the quarterly / annual results explaining the business environment and performance. This is being provided to enable the investing community to understand the financial results 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/ grievances. In order to provide timely services, the power to approve transfer of shares has been delegated by the Board to the Shares and Debentures Committee. The Board has also authorised the Chairman / Managing Director to approve transfers / transmissions. Share transfer requests are processed within 15 days from the date of receipt. Karvy Computershare Private Limited, Hyderabad is the Company's share transfer agent and depository registrar.

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

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, 2010. The composition of the Committee and their attendance at the above meetings is given in **Table 6** of the annexure to this report.

The Company received 3 complaints during the year ended 31st March, 2010 and all of them were resolved to the satisfaction of the investors. There were no pending complaints as at 31st March, 2010.

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

Internal Control

The Company is conscious of the importance of the internal processes and controls. The Company has a robust business planning & review mechanism and has adequate internal control systems commensurate with the nature of business, size and geographical spread. These systems are regularly reviewed and improved. The Managing Director and 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 Chairman 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 Managing Director highlighting the significant achievements was sent to all the shareholders of the Company enclosing the financial results for the half-year ended 30th September, 2009.

The Ministry of Corporate Affairs recently announced a set of voluntary guidelines on Corporate Governance. The Company, in line with its stated policy of being committed to the principles and practices of good corporate governance, is in compliance with many of these guidelines, as reported in the earlier paragraphs. As regards the remaining guidelines, the Company is in the process of evaluating the feasibility for implementation, progressively.

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 the performance of 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 Annual 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, its time and venue, share price movement, distribution of shareholding, location of factories, means of communication etc., for the use of shareholders.

On behalf of the Board

Chennai
1st May, 2010

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 2010, as envisaged in Clause 49 of the Listing Agreement with stock exchanges.

Chennai
1st May, 2010

L Ramkumar
Managing Director

Annexure to the Corporate Governance Report

(A) Board Meeting Dates and Attendance

The Board of Directors met seven times during the financial year 2009-10. The dates of the Board meetings were 1st May, 2009, 30th May, 2009, 29th July, 2009, 30th October, 2009, 30th January, 2010, 17th March, 2010 and 29th March, 2010.

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, 2010 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 2010
1.	Mr. Amal Ganguli	5 (7)	11	10 (5)	Present	2,000
2.	Dr. D Jayavarthanavelu	2 (7)	10 (8)	1	Present	2,000
3.	Mr. M M Murugappan	7 (7)	8 (5)	4 (3)	Present	14,07,275
4.	Mr. Pradeep Mallick	6 (7)	6	7 (2)	Present	-
5.	Mr. L Ramkumar	7 (7)	1 (1)	Nil	Present	1,000
6.	Mr. R Srinivasan	7 (7)	11	7 (3)	Present	-
7.	Mr. N Srinivasan	7 (7)	5	3	Present	-
8.	Mr. S Sandilya	7 (7)	4 (1)	3 (1)	Present	-
9.	Mr. Tapan Mitra[(c)]	2 (3)	Not applicable	Not applicable	Present	-
10.	Maj. Gen. (Retd). E J Kochekkan[(d)]	4 (4)	Nil	Nil	Not applicable	-

(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. Tapan Mitra retired on 29th July, 2009.

(d) Major General (Retd) E J Kochekkan was appointed as a Director w.e.f. 1st August, 2009.

(B) Composition of Audit Committee and Attendance

The Committee met five times during the year ended 31st March, 2010. 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 (5)
Mr. Pradeep Mallick	4 (5)
Mr. R Srinivasan	5 (5)
Mr. S Sandilya	5 (5)
Mr. Tapan Mitra[(a)]	2 (3)

(a) Mr. Tapan Mitra, Chairman of the Audit Committee retired on 29th July, 2009.

(C) Composition of Compensation & Nomination Committee and Attendance

The Committee met three times during the year ended 31st March, 2010. 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	3 (3)
Mr. M M Murugappan	3 (3)
Mr. Tapan Mitra[a]	2 (2)
Mr. R Srinivasan[b]	1 (1)

(a) Mr. Tapan Mitra, retired on 29th July, 2009.

(b) Mr. R Srinivasan was appointed as a Member w.e.f. 30th July, 2009.

(D) Remuneration of Managing Director

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

TABLE 4 (Amount in Rs.)

Name of the Managing Director	Salary	Incentive [a]	Allowance	Perquisites & Contributions [b]	Total
Mr. L Ramkumar	30,67,185	30,67,185	68,66,805	9,78,723	1,39,79,898

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

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

(E) Remuneration of Non-Executive Directors

The details of commission provided / sitting fees paid to non-executive directors for the year ended 31st March, 2010 are as follows:

TABLE 5 (Amount in Rs.)

Name of the Director	Commission[a]	Sitting fees	Total
Mr. Amal Ganguli	3,00,000	1,65,000	4,65,000
Dr. D Jayavarthanavelu	3,00,000	30,000	3,30,000
Mr. M M Murugappan	3,00,000	1,65,000	4,65,000
Mr. Pradeep Mallick	3,00,000	1,50,000	4,50,000
Mr. S Sandilya	3,00,000	1,80,000	4,80,000
Mr. R Srinivasan	3,00,000	1,90,000	4,90,000
Mr. N Srinivasan	3,00,000	1,45,000	4,45,000
Maj. Gen. (Retd) E J Kochekkan (pro-rata)	1,99,726	60,000	2,59,726
Mr. Tapan Mitra (pro-rata)	98,630	80,000	1,78,630

(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, 2010. 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. M M Murugappan	2 (2)
Mr. L Ramkumar	2 (2)
Mr. N Srinivasan	2 (2)

On behalf of the Board

Chennai
1st May, 2010

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 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

3. 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
(Registration No. 008072S)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: 1st May 2010

Directors' Report

Dear Shareholders,

The Board of Directors is pleased to present the performance of your Company for the year ended 31st March 2010.

Financial Highlights

Rs. in Crores

	2009-10	2008-09
Gross sales and processing charges	2453.65	2212.22
Less : Excise duty on sales	108.01	152.98
Net sales and processing charges	**2345.64**	**2059.24**
Operating Profit before depreciation and interest	**265.02**	**123.67**
Less: Interest	28.76	28.19
Depreciation	66.81	59.12
Operating Profit before tax	**169.45**	**36.36**
Add: Profit on sale of long term investments	-	46.66
Less: Provision for Loss on Liquidation of Overseas Subsidiary	39.95	-
Profit before tax	**129.50**	**83.02**
Less: Provision for taxation	48.29	10.84
Profit after tax	**81.21**	**72.18**
Add: Surplus brought forward	311.11	277.61
Dividend on own shares held through Trust	0.44	0.44
Profit available for appropriation	392.76	350.23
Less: Transfer to general reserve	15.00	15.00
Transfer to debenture redemption reserve	10.83	2.50
Dividend – Proposed @ Rs.1.50 per equity share (previous year Re.1 per share) of Rs. 2/- each	27.72	18.48
Tax on dividend	4.60	3.14
Balance carried to Balance Sheet	**334.61**	**311.11**

Review of Performance

The highlight of the year was the improved performance by all the business segments of the Company. Good growth in volume, largely stable prices with respect to key raw materials and focus on operating efficiencies enabled the Company to report a higher Profit before Tax at Rs.129.50 Crores against Rs. 83.02 Crores, last year, a growth of 56%. The Profit reported above is after providing Rs.39.95 Crores towards diminution in value of investments and other amounts receivable relating to the Company's subsidiary viz., Tubular Precision Products (Suzhou) Co Ltd. The operating profit excluding the said provision grew by 366% over the previous year.

The Bicycles division's turnover grew by 31% and the division reported a profit before interest and tax of Rs. 68.72 Crores against Rs. 29.17 Crores in the previous year. A significant growth in volume, good product mix and higher sales through the retail formats pioneered by the Company contributed to this performance. As many as 79 new models were introduced catering to the various customer segments based on consumer insights and feedback and these products have met with very good response from the market. The division continues its focused marketing efforts across all segments, from toddlers to the high-end performance bicycles, for the discerning bicycle enthusiast.

The electric scooters launched by the Company last year have gained market acceptance garnering a good market share in the southern part of the country. The division has been working on improving the performance of motors, controller and battery in line with the expectations of the consumers.

The Engineering division of the Company grew its tubes business by 20% in volume terms and 5% in turnover. A significant part of the growth came through the higher sale of the value added tubes and tubular components. The profit before interest and tax grew by 415% from Rs. 16.54 Crores to Rs.85.10 Crores. This was achieved through higher volume, good product mix, focus on internal efficiencies and better utilisation of resources. The export market was affected due to the recession and consequently, exports were down by 12%. Your Company is also pursuing growth opportunities in new segments linked with the infrastructure industries that offer higher potential; this will help de-risk the revenue streams in the coming years.

In the Metal Formed Products division, there was a double digit growth in volume of all segments, excluding export of industrial chain which continues to be affected by the recession. With an improvement in the sale of new models and growth in the existing models, the sale of car doorframes was higher at 31%. The new facility for manufacture of doorframes at Sanand, Gujarat is nearing completion and is expected to be commissioned in the first quarter of this financial year. In the Railways segment, there was an increase of 49% on the sale of cold rolled formed sections for wagons. The new facility at Uttarakhand for manufacture of these sections was commissioned during the year and this will help your Company to increase revenue in the current year. The facility for manufacture of side wall, end wall and roof assemblies for passenger coaches at the plant near Chennai has been commissioned and the output of this facility will contribute to the growth of this division from this financial year. During the year under review, the sale of automotive chains increased by 53%. This was possible due to the increased off-take by major customers on the back of growth in the industry. The facility established at Uttarakhand for manufacture of chains is functioning at full capacity and given the growth trends; there is a need to pursue expansion of capacities at all the plants.

Management Discussion and Analysis

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

Dividend

Your Directors are pleased to recommend a dividend of Rs.1.50 per equity share of Rs.2 each.

Directors

Major General (Retd) E J Kochekkan was appointed as an Additional Director with effect from 1st August, 2009. A resolution under Section 257 of the Companies Act, 1956 for the appointment of Major General (Retd) E J Kochekkan as a Director is being placed before the shareholders at the ensuing annual general meeting for their approval.

Messrs. Amal Ganguli, M M Murugappan and N Srinivasan will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Mr. Ganguli has expressed his desire not to seek re-appointment. He has been on the Board since June 1989, barring a brief gap in 2002-03. The Chairman and other members of the Board wish to place on record their grateful appreciation of the excellent contribution made by Mr. Ganguli, as a member of the Board and as Chairman and member of the Audit Committee, over the years.

Corporate Governance

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

Investments in Financial Service Sector

Subsequent to the close of accounts for 2009-10, the Company's holding in Cholamandalam DBS Finance Ltd (CDFL) increased from 30.93% to 57.41%, consequent upon the acquisition of 1,75,82,000 equity shares of CDFL from DBS Bank Ltd., Singapore, involving an investment of Rs.160 Crores. Consequently, CDFL became a subsidiary of the Company with effect from 8th April, 2010. CDFL is engaged in the business of vehicle finance, home equity and business finance.

During the year, the Company also invested Rs.92.50 Crores in the rights issue of Cholamandalam MS General Insurance Co Ltd, a subsidiary company engaged in general insurance business.

Human Resources

The HR programmes of the Company focus on building capabilities and engaging employees through various initiatives to help the organisation consolidate and achieve sustainable future growth for the business. Your Company has been continuously upgrading technical, functional, managerial and leadership skills of its human resources through various training programmes. The Senior Management Programme, Executive Development Programme and Technology Appreciation Programme which were completed successfully in the previous year were further followed up with a review of the content and effectiveness. The enthusiastic participation of the employees in the improvement programmes such as Small Group Activities, Cross Functional Teams, Quality Circles, Kaizens, 5s etc., continued during the year under review. The successful teams were recognised bi-annually by awards given by the Chairman and the Managing Director.

Industrial Relations remained cordial at all manufacturing locations and the Unions and Workmen responded positively to the challenging times of the business during the year under review.

Effective employee communication through various channels ensured that all the employees are kept abreast of the current business situation. This has helped your Company to build mutual trust and confidence with the employees.

Employees' Stock Option Scheme

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

Social Commitment

As in the previous years, your Company contributed a small portion out of its profits to AMM Foundation - Rs. 0.40 Crores and Shri AMM Murugappa Chettiar Research Centre (MCRC) - Rs.0.15 Crores.

AMM Foundation is a philanthropic organisation and manages nine institutions - five in the educational sector and four in the health care sector. With a heritage of over half a century, the Foundation is known for its steadfast commitment to diligently providing valuable education and healthcare for the less privileged and the needy. All institutions are run on a non-profit basis.

MCRC is a non-profit research organisation with its ideologies centered around science and technology application for rural development thereby improving the quality of life of the rural people, particularly the underprivileged and marginalised.

Apart from the above, the Company contributed Rs.3 Crores to Mahindra World School Educational Trust for establishing a world class school near Chennai for the purpose of imparting quality education to children.

Performance of Subsidiaries

During the last quarter of this year, your Company acquired a majority stake in Sedis Group of companies in France. Sedis manufactures engineering class industrial chains using world class technology that will now be available to your Company. The operations of Sedis will be integrated with the activities of the Company's chains business to achieve the synergies this acquisition offers. Your Company has acquired 77.13% of the equity capital of Financiere C 10 SAS (FC 10) which is the holding company for all the Sedis group of companies. As per the Share Purchase Agreement entered into with the shareholders of FC10, the balance equity capital of 22.87% can be acquired by the Company at any time prior to 28th February, 2013. FC 10 has three wholly owned subsidiaries viz., Sedis SAS, Societe De Commercialisation De Composants Industriels - S2CI, SARL (S2CI) in France and Sedis Co Ltd in UK. FC 10, has recorded a consolidated turnover of Euro 26.720 M and a profit after tax of Euro 0.333 M during the year ended 31st December 2009.

The operations of Tubular Precision Products (Suzhou) Co., Ltd, the Company's subsidiary in China, could not be turned around due to intense competition in the Chinese market. Under the circumstances, the process of liquidation of this company commenced in December, 2009. A provision for the diminution in the value of Investment and other receivables amounting to Rs. 39.95 Crores has been made in the accounts for the current financial year.

TI Financial Holdings Limited, incorporated as a wholly owned subsidiary last year, has not yet commenced operations.

During the year, TICI Motors (Wuxi) Company Ltd, was incorporated in China as a wholly owned subsidiary to facilitate the operations of the e-scooters & bicycles business and US$ 0.4 Million was invested towards registered capital of this company.

Cholamandalam MS General Insurance Company Ltd (CMSGICL) has achieved a Gross Written Premium of Rs. 784.86 Crores (previous year Rs.685.44 Crores), recording a growth of 15% over the previous year. During the year, this subsidiary achieved a PAT of Rs.2.40 Crores (last year Rs.6.99 Crores). CMSGICL is a fast growing general insurance company, poised to increase its market share.

Auditors

Messrs. Deloitte Haskins & Sells, Chartered Accountants retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

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 earnings and outgo, particulars of employees and Directors' Responsibility Statement are annexed and form part of this report.

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

On behalf of the Board

Chennai
1st May, 2010

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 2010 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, 2010

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

	2009-10	2008-09
1 Electricity		
(a) Purchased		
Units (Kwh)	31,578,400	31,828,171
Total Amount (Rs. Cr)	18.52	16.72
Rate/Unit (Rs.)	5.86	5.25
(b) Own Generation through Diesel Generator		
Unit (Kwh)	3,812,356	1,875,621
Units per Litre of Diesel Oil (Kwh)	2.70	2.57
Cost per Unit (Rs.)	12.34	13.45
(c) Own Generation through Furnace Oil Generator		
Units (Kwh)	18,031,118	12,333,310
Units per litre of Furnace oil (Kwh)	3.97	3.99
Cost Per unit (Rs.)	5.50	5.45
(d) Own generation through windmills (units)	426,556	227,813
2 Furnace Oil		
Quantity (kilo litres)	4,543	3,090
Total Amount (Rs. Crores)	9.91	6.72
Average Rate / Kilo litre (Rs.)	21,819	21,747
Consumption per unit of production (Kwh per tonne)		
A. Strips & Tubes	239	235
B. Metal Form	267	308

Conservation of Energy

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

In the Metal Formed business, the Energy Audit's recommendations of last year were further pursued by making additional investments in energy saving systems. The prudent investment in energy saving devices enabled this business to improve the power factors at load end feeders.

In the Engineering business, integration of various compressors was undertaken to save on energy cost. The other significant energy saving measures include replacement of circulation pump in Low Density Cell furnace cooling tower, removing down power stroke of all cylinders used for up/down operation etc.

In the Bicycle business, the benefits of savings in power cost achieved last year at Ambattur plant on account of changes in the painting process was replicated at Nashik plant this year. This business also adopted progressive type conveyor based brazing for frames manufacturing with low/ high flame control, resulting in saving in consumption of liquefied petroleum gas.

Research and Development (R & D)

Your Company is an industrial partner and consortium member of Nano Functional Material Centre at Indian Institute of Technology Madras and is pursuing projects that are relevant. The projects relating to Nano coating and carbon nano tubes have already commenced and the "fuel cell" project is in the experimentation/ planning stage.

Your Company is also actively pursuing stainless steel joining and forming processes to make engineered parts. The Corporate R&D and Engineering Design Center (EDC) have jointly developed five initiatives as VAVE (Value Analysis and Value Engineering) proposal with customers in the automotive and energy sectors. During the year, your Company re-organised the two functions viz., Research &

Development and Engineering Development Centre in order to better align them with the emerging needs of the business. The merged functions have been named as 'Corporate Technology Centre' (CTC). Consequent upon the acquisition of Sedis, France, CTC is working to speedily assimilate technological strength of Sedis viz., press tool technology, forming technology and "Delta" process for wear resistant coating.

Expenditure on R & D

	Rs.in Crores
Capital Expenditure	1.25
Recurring	6.46
Total	7.71
Total R&D expenditure as a % of total turnover	0.33%

Technology Absorption, Adaptation and Innovation

The Company continues to make comprehensive assessments of the technology position in each of the businesses vis-à-vis the relevant industry. 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 parts and these technologies have been successfully absorbed. The Company also has an overseas technical tie up to improve the manufacturing processes of tubes and areas have been identified for implementation.

Foreign Exchange Earnings and Outgo

		Rs. in Crores
i)	Foreign Exchange Earnings (CIF Value)	111.88
ii)	Foreign Exchange Outgo	279.09

On behalf of the Board

Chennai
1st May, 2010

M M Murugappan
Chairman

Annexure to the Directors' Report

Employees Stock Option Scheme

	Nature of Disclosure	Particulars	
(a)	Options granted	38,29,840 Options have been granted so far in six tranches i.e. on 31st October,2007, 31st January,2008, 24th March,2008, 31st July,2008, 31st October,2008 and 30th January,2009. 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	9,88,478	
(d)	Options exercised	11,208 (includes 10,208 options exercised pending allotment)	
(e)	The total number of shares arising as a result of exercise of option	11,208 (includes 10,208 options exercised pending allotment)	
(f)	Options lapsed/surrendered	9,37,578	
(g)	Variation of terms of Option	No variation has been done	
(h)	Money realised by exercise of Options	Rs. 56,800/-	
(i)	Total number of Options in force	28,81,054	
(j)	i. Details of Options granted to Senior Management Personnel	*Name and Designation*	*No of Options granted*
		L Ramkumar *Managing Director*	3,10,460
		A R Rao *President – Tube Products of India*	71,800
		D Raghuram *President - TI Cycles of India*	89,760
		A Suryanarayan *Sr. Vice President-TI Metal Forming*	89,760
		P Ramachandran *Sr. Vice President -TIDC India*	71,800
		K Balasubramanian *Sr. Vice President & Chief Financial Officer*	71,800
		R Natarajan *Sr. Vice President – Corporate Tech. Centre*	89,760
	ii. Any other employee who received a grant in any one year of Options amounting to 5% or more of Options granted during that year.	*Name of the Employees*	*No of Options granted*
		Shanmugam N	30,600
		Sairam S	30,600
		Babu G	30,600
		Senthilvel K	38,200
		Mohan Kalyanaraman	30,600
		Ravikumar D	30,600
		Subrahmanya U	38,200
		Jayaraman B	30,600

	Nature of Disclosure	Particulars	
		Name of the Employees	*No of Options granted*
		Manoj Kotwani	30,600
		Augustine Justine	27,000
		Sharad K Sharda	27,000
		Ravichannthar S R	28,100
	iii. Employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital of the company at the time of grant.	None	
(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard AS-20.	Rs. 4.32	
(l)	i. Difference between the compensation cost using the intrinsic value of the stock Options (which is the method of accounting used by the company) and the compensation cost that would have been recognised in the accounts if the fair value of Options had been used as the method of accounting.	The employee compensation cost for the year would have been higher by Rs 1.14 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 for the year would have been lower by Rs 1.14 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.0.06.	
(m)	i. Weighted Average exercise price of Options granted	Rs.56.11	
	ii. Weighted average fair value of Options granted	Rs.18.09	
(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	7.66%	
	(b) Expected life of the Option	3.91 years	
	(c) Expected volatility	41.33%	
	(d) Expected dividend yields	3.38%	
	(e) Price of the underlying share in market at the time of option grant	Rs.56.11	

On behalf of the Board

Chennai
1st May, 2010

M M Murugappan
Chairman

Annexure to the Directors' Report

Information under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March, 2010.

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	30,52,757	B.Sc Mech (26)	24.03.2003	47	Jay Bharat Maruti Ltd	General Manager
Balasubramanian K	Sr.Vice President & Chief Financial Officer	53,67,263	B.Sc., ACA (32)	02.09.1991	55	Price Waterhouse Liberia & Ghana	Senior Consultant
Chidambaram M	General Manager - Mfg TI Metal Forming	35,41,665	B.E (26)	17.07.1984	50	Lakshmi Machine Works Ltd	Graduate Eng Trainee
Gopala Pillai T M	Vice President - TQM	32,85,302	DME, PG Dip Met & Elec (39)	02.08.1971	57	-	-
Kaushik S V	Sr.Vice President - IT & Int.Audit	40,06,685	B.Com, PGDBM (32)	10.03.1986	54	E.I.D - Parry (India) Ltd	Finance Manager
Krishnakumar S	Vice President (Domestic Sales) Tube Products of India	32,85,461	B.Tech (Mech), PGDM (23)	01.11.2001	49	Rane Nashtech Ltd	DGM (Mktg)
Krishna Ramnath	Vice President - TII-Sedis Integration	24,54,528	B.Com, ACA (20)	04.04.2007	43	IFB Automotive Pvt Ltd	Chief Financial Officer
Mohammed Farook M K	Vice President - Technical Services	26,66,517	B.Tech (Metl), MBA (32)	16.04.1985	54	Northern India Iron & Steel Co.,	Senior Metallurgist
Mukund Kasthuri	Vice President (Sales & Mktg) TIDC India	32,93,487	B.E. (19)	25.06.2007	43	Gates Unita Co P Ltd	Sales Director
Murali K	General Manager - Business Development	24,64,943	AMIIM, PGDM & Post Graduate in SQC & Indian Statistical Inst (23)	15.02.1999	48	Sundram Fasteners Ltd	Dy Manager (Process)
Narayanan R	Vice President - Supply Chain Mgt. Tube Products of India	34,40,115	B.Sc, ACA (25)	08.02.1985	52	Carborundum Universal Ltd	Finance Manager
Natarajan R	Sr.Vice President Corporate Technology Centre	46,45,611	B.Tech (29)	01.07.1981	51	-	-
Ramachandran P	Sr. Vice President - TIDC India	45,23,685	B.Tech, PG Dip in Mgt (27)	23.11.1989	51	Asian Paints Ltd	Branch Manager
Ramesh G	Vice President - Engineering TIDC India	28,84,180	A.M.I.E, PG Dip in SQC & OR, MBA (31)	27.08.1979	51	-	-
Ravi Kannan	Sr.Vice President (Defence & Aerospace)	44,49,829	B.Tech - Mettalurgy, M.A - SC (30)	09.07.1993	52	Carborundum Universal Ltd	DGM - Technical Refractories
Rajeswara Rao A	President - Tube Products of India	67,00,206	B.Sc., M.A.(PM & IR) (37)	16.01.1985	58	Ashok Leyland Ltd	Asst. Manager (Employment)

Name	Designation	Gross Remuneration (Rs)	Qualification & Experience (years in brackets)	Date of Commencement of Employment	Age	Last Employer	Last Designation
Raghuram D	President - Bicycles and Fitness - TI Cycles of India	67,38,645	B.Tech, MS & PHD in Mech Engg (21)	12.02.2004	42	EMEA i2 Technologies	Director (Customer Support & Services)
Rahul Gupta	Vice President (Sourcing & Operations - North & East)	32,94,499	B.E., Dip in Logistic Mgt, IIMM (15)	01.08.2006	43	Oxford University Press	DGM, Supply Chain Mgt
Ramamurthy K C	General Manager (Retail)	26,60,970	B.Sc, PGDMM (14)	01.11.2007	38	Adidas India Marketing	Regional Sales Manager
Ravichandran A	General Manager (Operations) TIDC India	25,90,044	B.E (Mechanical) (25)	20.01.1992	49	TVS Electronics Ltd	Executive (QA)
Saibal Sarkar	Vice President - Fine Blanking and Tooling - TIDC India	36,24,402	B.E (Mech), MBA (30)	03.02.2003	53	IFB Industries Ltd	GM (Production)
Sairam S	General Manager (Exports & New Technolgies) TI Cycles of India	25,21,472	B.Tech-Chemical Engg, MBA (Marketing)(20)	01.12.0982	46	Kothari Chemical	Shift-In-Charge
Sajiv K Menon	Sr.Vice President (Sales & Mktg) Tube Products of India	51,14,381	B.Tech & PGDM (28)	10.07.2006	50	Parry Enterprises India Ltd	Vice President
Shyam C Raman	Executive on Deputation	60,68,360	B.E., PGDM (IIM) (22)	01.02.2008	47	Cholamandalam DBS Finance Ltd	Vice President - HR
Shanmugham M	General Manager (Product Development) TI Cycles of India	25,78,911	M E, PGDOM, AMIE (25)	06.06.2008	49	Daejung Moparts Pvt Ltd	Plant Manager
Shyam Sundar B	Vice President (New Projects) Tube Products of India	29,01,221	B.E (Mechanical), PGDM (IIM) (27)	07.05.1984	51	Widia (India) Ltd	Graduate Engg Trainee
Srinivasan K B	Vice President - BSA Motors	35,22,027	PGDIM, BBA (16)	29.04.2005	42	EID Parry (India) Ltd	Sr. Manager (QA)
Srinivasan K R	Vice President - Operations TI Metal Forming	27,97,085	B.E Mechanical (28)	26.02.1993	48	Ashok Leyland Ltd	Senior Sales Executive
Srinivasaraghavan S D	General Manager - Planning & Services Centre	24,27,924	B.E. (Mechanical), PGDM (Mechanical), MBA (HR) (21)	20.09.1982	45	-	-
Suresh S	Vice President (Legal) & Company Secretary	29,13,678	B.Com, ACS (21)	29.09.2000	45	EID Parry (India) Ltd	Manager (Secretarial)
Suryanarayan A	Sr.Vice President - TI Metal Forming	52,32,009	B.Com, ACA, AICWA (34)	25.11.1976	57	-	-
Sukumar K R	Vice President - Spl. Products Tube Products of India	31,53,527	B.E., MBA (25)	03.12.1974	58	-	-
Vasant George Dewaji	Vice President - Product Development - TI Cycles of India	38,90,668	B.E.(Mech) PGD in Indl. Design (31)	09.12.2002	45	Whirlpool India Ltd	Manager Prod. Dev

Name	Designation	Gross Remuneration (Rs)	Qualification & Experience (years in brackets)	Date of Commencement of Employment	Age	Last Employer	Last Designation
Employed for Part of the year							
Diwakar M R	Vice President (Taxation)	49,18,965	B.Com (Hons) (38)	03.08.1992	58	Puralator India Ltd	Sr. Manager (Finance)
Dinakaran J	General Manager - Maint. Serv. Tube Products of India	20,43,566	B.Sc (Maths) (37)	05.12.1991	57	Southern Structurals Ltd	Maintenance Manager
Janardhanan R	General Manager - IT	16,86,940	B.E. (Mech), M.E., Post Graduate: Engineering (27)	04.08.1993	50	Tractors & Farm Equipment Ltd	Sr. Engineer
Paul K K	Sr. Vice President - Strategy & New Projects	17,78,688	B.Sc (Hons), (30)	07.12.2009	53	Nitco Ltd	Chief Operating Officer
Prasad N	Sr. Vice President - HR	7,72,561	B.Com, M.A (Social Work) (20)	18.01.2010	44	Areva Ltd	Associate Director
Rajesh Mani	General Manager - Marketing (Bicycles & Fitness), TI Cycles of India	22,93,382	B.Com, PGDMM (12)	03.08.2009	37	VIP Industries Ltd	Head Marketing
Singh B K	Sr. Vice President - Sales TI Cycles of India	36,74,371	B.Sc (Agri Engg & Tech) (28) PG in Int.Mgt (27)	02.11.2005	48	Hindustan Lever Ltd	Branch Sales Manager
Seshadri M S	General Manager - Sales - South & East, TIDC India	14,84,299	B.E., Dip in Business Admin (20)	04.03.1991	46	M/s Shiv Machine Tools	Sales Engineer
Vaidyanathan S	Sr.Vice President - HR	48,89,009	B.Sc, PGDPM-IR(35)	15.12.2004	58	Orchid Chemicals & Pharmaceuticals Ltd	Vice President - HR

Notes

1. Remuneration includes Salary, Allowances and Taxable Value of Perquisites and Company's contribution to Provident, Gratuity & Super Annuation Funds. Payments made under Voluntary Retirement have not been considered being a one time payment.
2. Nature of employment : The above employees were wholetime employees of the Company during the year ended 31st March, 2010 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

Chennai
1st May, 2010

M M Murugappan
Chairman

Auditors' Report

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

1. We have audited the attached Balance Sheet of TUBE INVESTMENTS OF INDIA LIMITED ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

   (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 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 31st March, 2010;

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

5. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place : Chennai
Date : 1st May, 2010

Annexure to the Auditor's Report

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

(i) In respect of its fixed assets:

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation 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.

(ii) In respect of its inventory:

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

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

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

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

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items are of a special nature and the prices cannot be compared with readily available alternative quotations, if any, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

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

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

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

(vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.

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

(viii) We have broadly reviewed the books of account maintained by the Company 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 in respect of manufacture of bicycles and tubes 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 and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

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

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

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2010 on account of disputes 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
Local Sales Tax Laws - Various States	Sales Tax	0.05	1997-98, 2000-01	Sales Tax Appellate Tribunal
	Sales Tax	0.14	1996-97, 2003-04	Sales Tax Appellate Tribunal
	Sales Tax	0.04	2002-03, 2003-04	Deputy Commissioner Appeals
	Sales Tax	0.03	2005-06, 2006-07	Deputy Commissioner / Joint Commissioner Appeals
	Sales Tax	0.01	2009-10	Deputy Commissioner Appeals
Central Sales Tax Act, 1956	Sales Tax	0.37	1990-91, 1991-92, 1999-00, 2000-01, 2001-02	Sales Tax Appellate Tribunal
	Sales Tax	0.38	1999-00, 2003-04 to 2005-06	Sales Tax Appellate Tribunal
	Penalty	0.11	2005-06, 2006-07	Deputy Commissioner Appeals
Central Excise Act, 1944	Excise Duty	1.22	2000-2001 to 2005-06	Customs Excise and Service Tax Appellate Tribunal
	Penalty	1.22	2000-2001 to 2005-06	Customs Excise and Service Tax Appellate Tribunal
	Excise Duty	0.11	2001-02 to 2002-03	Joint Secretary, Government of India
Service Tax (Chapter V of the Finance Act,1994)	Service Tax	0.13	2000-01 to 2004-05	Customs Excise and Service Tax Tribunal
	Service Tax	0.16	1999-00 to 2004-05	Customs Excise and Service Tax Tribunal
	Service Tax	0.05	1997-98 to 2003-04	Commissioner of Central Excise (Appeals)

(x) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the current financial year and in the immediately preceding financial year.

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

(xii) According to the information and explanations given to us and based on our examination of documents and records, we are of the opinion that no loans or advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, *prima facie,* prejudicial to the interests of the Company.

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

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

(xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 8.5% and 8.6% debentures of Rs.50 Crores each having a face value of Rs.1 Crore. The Company has created security in respect of 8.5% debentures issued and is in the process of creating a charge in respect of 8.6% debentures issued.

(xx) The company has not raised any money by public issues during the year.

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

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

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place : Chennai
Date : 1st May, 2010

Balance Sheet

Rs. in Crores

	Schedule	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
(a) Share Capital	1	36.95	36.95
(b) Reserves and Surplus	2	779.95	700.00
		816.90	**736.95**
Loan Funds			
(a) Secured Loans	3	472.80	291.97
(b) Unsecured Loans	4	233.02	107.79
		705.82	**399.76**
Deferred Tax Liability (Net) (Refer Note 9 of Schedule 18)		41.31	45.77
		1564.03	**1182.48**
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	1028.09	964.02
Less : Accumulated Depreciation		500.46	449.87
Net Block		**527.63**	**514.15**
Capital Work-in-Progress (including Capital Advances) (Refer Note 3 of Schedule 18)		42.93	29.68
		570.56	**543.83**
Investments	6	749.44	454.35
Current Assets, Loans and Advances			
(a) Inventories	7	294.39	233.81
(b) Sundry Debtors	8	325.78	243.97
(c) Cash and Bank Balances	9	8.62	12.07
(d) Loans and Advances	10	99.36	90.01
		728.15	**579.86**
Less : Current Liabilities and Provisions	11		
(a) Current Liabilities		438.14	361.25
(b) Provisions		45.98	34.31
		484.12	**395.56**
Net Current Assets		244.03	184.30
		1564.03	**1182.48**
Significant Accounting Policies	17		
Notes on Accounts	18		

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

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

Geetha Suryanarayanan
Partner

On behalf of the Board

M M Murugappan
Chairman

Chennai
1st May 2010

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Profit and Loss Account

Rs. in Crores

	Schedule	Year Ended 31.03.2010	Year Ended 31.03.2009
Income			
Sales and Processing Charges		2453.65	2212.22
Less : Excise Duty on Sales		108.01	152.98
Net Sales and Processing Charges		**2345.64**	**2059.24**
Other Income	12	16.28	29.20
		2361.92	**2088.44**
Expenditure			
Raw Materials Consumed (Net)	13	1362.23	1337.82
Purchase of Traded Goods		69.38	42.26
Accretion to Stock	14	(11.95)	(21.17)
Employee Cost	15	178.06	155.21
Operating and Other Costs	16	499.18	450.65
Depreciation		66.81	59.12
Interest - Debentures and Fixed Loans		18.31	10.58
- Others		10.45	17.61
		28.76	**28.19**
		2192.47	**2052.08**
Profit Before Taxes and Exceptional Items		**169.45**	**36.36**
Exceptional Items			
Profit on Sale of Long Term Investments		–	46.66
Provision for Loss on Liquidation of Overseas Subsidiary		(39.95)	–
Profit Before Taxes		**129.50**	**83.02**
Provision for Taxation			
Income Tax			
- Current Year		56.91	9.25
- Prior Years		(4.16)	(3.20)
Deferred Tax (Net) (Refer Note 9 of Schedule 18)		(4.46)	3.13
Fringe Benefit Tax		–	1.66
		48.29	**10.84**
Profit After Taxes		**81.21**	**72.18**
Add : Balance Brought Forward from Previous Year		311.11	277.61
Add : Dividend on Own Shares held through Trust (Refer Note 4 of Schedule 18)		0.44	0.44
Profit Available for Appropriation		**392.76**	**350.23**
Appropriations:			
Transfer to General Reserve		15.00	15.00
Transfer to Debenture Redemption Reserve		10.83	2.50
Dividend Proposed @ Rs.1.50 (Previous Year Re.1/-) per Equity Share of Rs.2/- each		27.72	18.48
Tax on Dividend		4.60	3.14
		58.15	**39.12**
Balance Carried Over to Balance Sheet		**334.61**	**311.11**
Earnings per Share of Rs. 2/- each - Basic - (in Rs.)		**4.39**	**3.91**
- Diluted - (in Rs.)		**4.38**	**3.91**
(Refer Note 21 of Schedule 18)			
Significant Accounting Policies	17		
Notes on Accounts	18		

The Schedules referred to above form an integral part of the Profit and Loss Account.

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

On behalf of the Board

Geetha Suryanarayanan
Partner

M M Murugappan
Chairman

Chennai
1st May 2010

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Cash Flow Statement

Rs. in Crores

		Year Ended 31.03.2010	Year Ended 31.03.2009
A.	**Cash Flow from Operating Activities:**		
	Net Profit Before Tax	**129.50**	**83.02**
	Adjustments for :		
	Depreciation	66.81	59.12
	Interest	28.76	28.19
	Loss / (Profit) on Sale of Assets (Net)	1.36	(0.25)
	Profit on Sale of Investments (Net)	(0.02)	(46.79)
	Provision For Doubtful Debts And Advances (Net)	(4.16)	(2.66)
	Bad Debts Written off	4.03	3.15
	Advances Written off	–	0.60
	Provision For Doubtful Advances	5.18	–
	Provision For Diminution in Value of Investments	34.77	–
	Provision For Contingencies	–	0.80
	Unrealised Losses on Foreign Currency Borrowings (Net)	0.74	4.03
	Interest Income	(1.55)	(3.08)
	Dividend Income	(1.37)	(11.25)
	Operating Profit before Working Capital Changes	**264.05**	**114.88**
	Adjustments for :		
	Increase in Inventories	(60.58)	(6.77)
	(Increase) / Decrease in Sundry Debtors	(81.68)	43.48
	Increase in Loans and Advances	(23.21)	(0.44)
	Increase / (Decrease) in Current Liabilities and Provisions (Including Capital Creditors)	106.90	(23.65)
	Cash Generated From Operations	**205.48**	**127.50**
	Direct Taxes Paid (Net)	(53.98)	(17.92)
	Net Cash Flow from Operating Activities	**151.50**	**109.58**
B.	**Cash Flow from Investing Activities:**		
	Capital Expenditure (Including Capital Work In Progress)	(96.38)	(86.91)
	Sale of Fixed Assets	1.48	3.00
	Investments in Subsidiaries	(137.94)	(3.40)
	Investments in Joint Ventures	–	(191.82)
	Purchase of Other Investments	(191.98)	–
	Proceeds from Sale of Own Shares held through Trust	–	32.93
	Sale of Investments	0.08	104.61
	Short Term Fixed Deposits placed with Bank	(17.00)	–
	Withdrawal of Short Term Fixed Deposits placed with Bank	17.00	–
	Inter Corporate Deposits placed with Joint Venture	–	(50.00)
	Repayment of Inter Corporate Deposits placed with Joint Venture	–	50.00
	Interest Received	1.55	3.08
	Dividend on Own Shares held through Trust	0.44	0.44
	Dividend Received	1.37	11.25
	Net Cash Used in Investing Activities	**(421.38)**	**(126.82)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds from exercise of Employees Stock Option	0.01	–
	Borrowings	367.78	98.94
	Repayment of Borrowings	(52.43)	(38.33)
	Interest Paid	(27.37)	(27.73)
	Dividends Paid (Including Dividend Tax)	(21.56)	(21.59)
	Net Cash From Financing Activities	**266.43**	**11.29**
	Net Increase / (Decrease) in Cash and Cash Equivalents [A+B+C]	**(3.45)**	**(5.95)**
	Cash and Cash Equivalents at the Beginning of the Year	**12.07**	**18.02**
	Cash and Cash Equivalents as at End of the Year	**8.62**	**12.07**

Note: Capital Expenditure includes and Interest Paid excludes Rs. 1.10 Cr. (Previous Year - Rs. 1.52 Cr.) of Interest Capitalised.

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

On behalf of the Board

Geetha Suryanarayanan
Partner

M M Murugappan
Chairman

Chennai
1st May 2010

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Schedules Forming Part of the Balance Sheet

Rs. in Crores

	As at 31.03.2010	As at 31.03.2009
01 - SHARE CAPITAL		
Authorised		
21,50,00,000 Equity Shares of Rs.2 each	43.00	43.00
Issued, Subscribed and Paid-up		
18,47,81,000 Equity Shares of Rs. 2 each fully paid up (Previous year 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 4 of Schedule 18).		
(d) 1,000 Shares of Rs. 2 each have been allotted to employees pursuant to the exercise of their option under the Employees Stock Option Scheme.		
(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 2 of Schedule 18.		
	36.95	**36.95**

	As at 31.03.2009	Additions	Deductions	As at 31.03.2010
02 - RESERVES AND SURPLUS				
Capital Reserve	0.27			0.27
Capital Redemption Reserve#	6.15			6.15
Debenture Redemption Reserve	2.50	10.83		13.33
Securities Premium$	122.86	0.01		122.87
Hedge Reserve Account (Refer Note 23 of Schedule 18)	(35.05)		30.61	(4.44)
General Reserve	292.16	15.00		307.16
	388.89	**25.84**	**30.61**	**445.34**
Balance in Profit and Loss Account	311.11			334.61
Total Reserves	**700.00**			**779.95**

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

$ Represents the amount transferred to Securities Premium in the current year on account of proceeds received from an employee pursuant to the exercise of his option under the Employees Stock Option Scheme Rs.54,800/-

Schedules Forming Part of the Balance Sheet

Rs. in Crores

	As at 31.03.2010	As at 31.03.2009
03 - SECURED LOANS		
Debentures		
8.50% Privately Placed Non Convertible Debentures	50.00	-
8.60% Privately Placed Non Convertible Debentures	50.00	-
11.70% Privately Placed Non Convertible Debentures	50.00	50.00
Loans and Advances from Banks		
Foreign Currency Term Loans	52.59	77.28
External Commercial Borrowing	43.46	-
Rupee Term Loans		
- From The Hongkong and Shanghai Banking Corporation Limited (HSBC)	-	50.00
- From Bank of Nova Scotia (BNS)	50.00	-
- From State Bank of India (SBI)	30.00	30.00
	80.00	**80.00**
Cash Credit and Other Borrowings	146.75	84.69
	472.80	**291.97**
Repayable within one year	279.34	84.69

(1) The 8.50% Debentures are secured by a pari passu first charge on all the Plant & Machinery and certain immovable properties of the Company. The Debentures are redeemable at par, five years from the date of allotment, i.e., on 27th November 2014. The Debentures also carry a put and call option at the end of three years from the date of allotment, i.e., on 27th November 2012.

(2) The 8.60% Debentures are to be secured by a pari passu first charge on all the Plant & Machinery and certain immovable properties of the Company. The Debentures are redeemable at par, five years from the date of allotment, i.e., on 9th March 2015. The Debentures also carry a put and call option at the end of three years from the date of allotment, i.e., on 9th March 2013.

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

(4) Foreign Currency Term Loans are secured by a pari passu first charge on all the Plant & Machinery of the Company.

(5) External Commercial Borrowing is secured by a pari passu first charge on all the Plant & Machinery and certain immovable properties of the Company.

(6) Rupee Term Loan from BNS is secured by a pari passu first charge on all the Plant & Machinery of the Company.

(7) Rupee Term Loan from SBI is secured by a pari passu first charge on all the Plant & Machinery of the Company and immovable properties excluding Chennai city properties.

(8) Cash Credit and Other Borrowings from Banks, which includes foreign currency borrowings of Rs. 78.56 Cr. (Previous Year Rs.30.43 Cr.), are secured by a pari passu first charge on inventories and book debts.

	As at 31.03.2010	As at 31.03.2009
04 - UNSECURED LOANS		
Short Term Loans & Advances from Banks		
Foreign Currency Loans	34.12	31.15
Cash Credit and Other Borrowings	25.00	50.97
Inter Corporate Borrowing	150.00	-
Other Loans & Advances		
Sales Tax Deferral	23.90	25.67
	233.02	**107.79**
Repayable within one year	211.49	84.96

Schedules Forming Part of the Balance Sheet

Rs. in Crores

	Gross Block at Cost				Depreciation / Amortisation				Net Block	
	As at 31.03.2009	Additions (Note 1)	Deletions	As at 31.03.2010	As at 31.03.2009	Additions (Note 2)	Deletions	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
05 - FIXED ASSETS										
Land (Freehold)	27.33	1.90	–	29.23	–	–	–	–	29.23	27.33
Land (Leasehold) (Note 3)	0.73	–	–	0.73	0.06	0.01	–	0.07	0.66	0.67
Buildings										
– Research & Development	0.37	–	–	0.37	0.06	0.01	–	0.07	0.30	0.31
– Others (Notes 4 & 5)	135.53	8.45	1.41	142.57	34.50	4.81	0.69	38.62	103.95	101.03
Plant & Machinery										
– Research & Development	8.56	1.25	–	9.81	2.30	0.59	–	2.89	6.92	6.26
– Others	774.70	69.29	16.26	827.73	401.11	59.52	14.64	445.99	381.74	373.59
Railway Siding	0.21	–	–	0.21	0.16	0.02	–	0.18	0.03	0.05
Furniture & Fixtures										
– Research & Development	0.02	–	–	0.02	0.01	0.00	–	0.01	0.01	0.01
– Others	9.94	0.81	0.03	10.72	8.40	0.58	0.01	8.97	1.75	1.54
Vehicles	6.63	1.43	1.36	6.70	3.27	1.27	0.88	3.66	3.04	3.36
TOTAL	**964.02**	**83.13**	**19.06**	**1028.09**	**449.87**	**66.81**	**16.22**	**500.46**	**527.63**	**514.15**
PREVIOUS YEAR	**861.91**	**114.54**	**12.43**	**964.02**	**400.43**	**59.12**	**9.68**	**449.87**	**514.15**	**461.48**

Notes:

1. Additions to Gross Block includes Interest Capitalised amounting to Rs. 1.10 Cr. (Previous Year Rs. 0.92 Cr).
2. Additions to Depreciation includes depreciation amounting to Rs. 7.30 Cr. (Previous Year Rs. 0.68 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. 3.60 Cr. (Previous Year Rs. 3.65 Cr.) constructed on Leasehold Land.
5. Net Block of Buildings includes Rs. 0.94 Cr. (Previous Year Rs. 0.97 Cr.) being the cost of Buildings situated on Land allotted by the Government, the title of which is in the process of being transferred to the Company.

Schedules Forming Part of the Balance Sheet

Rs. in Crores

	Nominal Value (Rs.) / Unit	Number				Amount			
		As at 31.03.2009	Acquired	Sold	As at 31.03.2010	As at 31.03.2009	Acquired	Sold	As at 31.03.2010
06 - INVESTMENTS									
Investments - Long Term (At Cost)									
Subsidiary Companies:									
Equity Shares (Fully Paid) - Unquoted									
Cholamandalam MS General Insurance Company Ltd.	10	10,50,49,900	9,25,00,000		19,75,49,900	105.05	92.50		197.55
Tubular Precision Products (Suzhou) Co. Ltd (Note 1)						34.86			34.86
TI Financial Holdings Ltd.	10	70,000			70,000	0.07			0.07
TICI Motors (Wuxi) Company Ltd. (Note 2)							1.85		1.85
Financiere C10 S.A.S. (Note 3)	Euro 15		1,72,712		1,72,712		43.59		43.59
Trade Investments:									
Equity Shares (Fully Paid) - Quoted									
Cholamandalam DBS Finance Ltd.	10	2,05,42,448			2,05,42,448	159.22			159.22
LG Balakrishnan & Bros. Ltd. (Cost - Rs. 40,238 only)	10	2,596			2,596				
LGB Forge Limited	1	25,960			25,960				
Equity Shares (Fully Paid) - Unquoted									
Cholamandalam MS Risk Services Ltd.	10	9,89,979			9,89,979	0.99			0.99
Preference Shares (Fully Paid) - Unquoted									
1% Fully Convertible Cumulative Preference Shares of Cholamandalam DBS Finance Ltd. (Note 4)	100	1,50,00,000			1,50,00,000	150.00			150.00
Non-Trade Investments:									
Equity Shares (Fully Paid) - Quoted									
Carborundum Universal Ltd (Cost - Rs. 23,574 only)	2	3,000			3,000				
Kartik Investments Trust Ltd.	10	33,790			33,790	0.04			0.04
Coromandel Engineering Company Ltd.	10	42,919			42,919	0.04			0.04
GIC Housing Finance Ltd.	10	48,700			48,700	0.24			0.24
Equity Shares (Fully Paid) - Unquoted									
Indo Oceanic Shipping Co. Ltd. (Cost 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	10,000		42,677	0.32	0.46		0.78
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				

Schedules Forming Part of the Balance Sheet

Rs. in Crores

	Nominal Value (Rs.) / Unit	Number				Amount			
		As at 31.03.2009	Acquired	Sold	As at 31.03.2010	As at 31.03.2009	Acquired	Sold	As at 31.03.2010
SCHEDULE 6 - INVESTMENTS *(contd.)*									
Others - Unquoted									
Government of India Securities						0.25		0.05	0.20
Total - Long Term						451.16	138.40	0.06	589.50
Investments - Current (At Cost)									
Equity Shares (Fully Paid) - Quoted									
Tube Investments of India Ltd. - Own Shares held through Trust (Note 5)	2	44,01,870			44,01,870	3.19			3.19
Others - Unquoted (Note 6)									
UTI Treasury Advantage Fund - Institutional Plan (Daily Dividend Option) - Reinvestment	1000		5,01,197		5,01,197		50.12		50.12
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Dividend Reinvestment - Daily	10		3,60,97,960		3,60,97,960		36.10		36.10
Reliance Money Manager Fund-Institutional Option - Daily Dividend Plan	1000		4,52,032		4,52,032		45.20		45.20
SBI-SHF-Ultra Short Term Fund - Institutional Plan - Daily Dividend	10		2,00,30,097		2,00,30,097		20.03		20.03
HSBC-Ultra Short Term Bond Fund - Institutional Plus - Daily Dividend	10		2,00,27,357		2,00,27,357		20.03		20.03
Birla Sun Life Savings Fund - Institutional - Daily Dividend - Reinvestment	10		2,00,32,440		2,00,32,440		20.04		20.04
Total - Current						3.19	191.52	–	194.71
Less: Provision for Diminution in value of Investments (Note 1)									34.77
Total Investments						454.35	329.92	0.06	749.44
Quoted									
- Cost						162.73			162.73
- Market Value						64.80			227.26
Unquoted									
- Cost						291.62			586.71

Note 1 : The company is under liquidation. The estimated loss on liquidation has been fully provided for as diminution in value of investments.

Note 2 : During the year, the Company invested Rs.1.85 Cr. in TICI Motors (Wuxi) Company Ltd., a 100% Overseas Subsidiary. The registered capital of the company is USD 0.8 Million.

Note 3 : The Company acquired 1,72,712 shares of Euro 15 each in Financiere C10 S.A.S., a company incorporated in France. This represents 77.13% of the capital of the company. The remaining 51,208 shares will be purchased before 28th February 2013.

Note 4 : The Preference Shares are to be converted into Equity Shares within 18 months from the date of allotment. (Date of allotment 13th March 2009)

Note 5 : Own Shares held through Trust - By its Order dated 11th February 2009, the Honourable High Court of Madras has extended the time for sale/ disposal of the said Shares to 14th December 2010. (Refer Note 4 of Schedule 18).

Note 6 : During the year, the Company has invested an aggregate of Rs. 1017.10 Cr. (Previous Year Rs. 1007.27 Cr.) and sold an aggregate of Rs. 825.58 Cr. (Previous Year Rs. 1057.28 Cr.) of Units in various Cash Management Schemes of Mutual Funds, invested for the purpose of deployment of temporary cash surpluses.

Schedules Forming Part of the Balance Sheet

Rs. in Crores

	As at 31.03.2010	As at 31.03.2009
07 - INVENTORIES		
(Lower of Cost (Net of Allowances) and estimated Net Realisable Value)		
Raw Materials	149.39	101.59
Work - in - Process	51.55	39.32
Finished Goods	85.12	85.40
Stores and Spare Parts	3.95	3.89
Materials - in - Transit	4.38	3.61
	294.39	233.81
08 - SUNDRY DEBTORS		
(Unsecured, Considered Good unless otherwise stated)		
Outstanding for Over Six Months		
Considered Good	3.53	4.25
Considered Doubtful	8.39	12.55
	11.92	16.80
Others		
Considered Good	322.25	239.72
	334.17	256.52
Less : Provision for Doubtful Debts	8.39	12.55
	325.78	243.97
Due from Subsidiary - Tubular Precision Products (Suzhou) Co Ltd.	–	2.25
09 - CASH AND BANK BALANCES		
Cash and Cheques on Hand	0.10	0.06
Balance with Scheduled Banks		
- Current Accounts	7.16	10.72
- Unpaid Dividend Accounts	1.29	1.23
Balance with Unscheduled Bank*		
- HSBC Bank, USA, N.A.	0.07	0.06
	8.62	12.07
* Maximum Amount Outstanding at any point in time during the Year	0.17	0.18

Schedules Forming Part of the Balance Sheet

Rs. in Crores

	As at 31.03.2010	As at 31.03.2009
10 - LOANS AND ADVANCES		
(Unsecured, Considered Good unless otherwise stated)		
Advances Recoverable in Cash or in Kind or for Value to be Received		
(a) Considered Good	44.67	36.70
(b) Considered Doubtful #	5.40	0.22
	50.07	36.92
Less : Provision for Doubtful Advances #	5.40	0.22
	44.67	36.70
Sundry Deposits		
(a) With Subsidiary - Cholamandalam MS General Insurance Co. Ltd.*	0.03	0.27
(b) With Subsidiary - TI Financial Holdings Ltd. @	–	0.02
(c) With Others	11.25	9.63
Balance with Customs, Excise and Sales Tax Authorities	8.69	10.02
Advance Income Tax Paid	161.80	107.70
Less : Provision for Taxation	127.08	74.33
	34.72	33.37
	99.36	90.01
# Includes Dues from Overseas Subsidiary (Maximum Amount Outstanding at any time during the year Rs. 16.77 Cr (Previous Year NIL))	5.18	–
* Maximum Amount Outstanding at any time during the Year	0.27	0.28
@ Maximum Amount Outstanding at any time during the Year	0.02	0.02
11 - CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Acceptances	114.82	124.09
Sundry Creditors		
– Dues to Micro Enterprises & Small Enterprises (Refer Note 5 of Schedule 18)	0.73	0.71
– Others	300.05	220.63
	300.78	221.34
Due to Subsidiary - Cholamandalam MS General Insurance Co. Ltd.	–	0.15
Advances and Deposits from Customers / Others	7.23	3.77
Dues to Directors	0.55	0.52
Unpaid Dividends	1.29	1.23
Other Liabilities	10.30	8.37
Interest Accrued but Not Due	3.17	1.78
	438.14	361.25
Provisions		
Provision for Compensated Absences	11.29	10.45
Provision for Warranties (Refer Note 6 of Schedule 18)	0.46	0.45
Provision for Contingencies (Refer Note 6 of Schedule 18)	1.50	1.50
Provision for Fringe Benefit Tax [Net of Advance Tax Rs. 3.11 Cr. (Previous Year Rs. 4.60 Cr)]	0.35	0.24
Provision for Wealth Tax	0.06	0.05
Dividend - Proposed	27.72	18.48
Dividend Tax	4.60	3.14
	45.98	34.31
	484.12	395.56
Amounts to be Credited to Investor Education and Protection Fund towards: Unpaid Dividends	NIL	NIL

Schedules Forming Part of the Profit and Loss Account

Rs. in Crores

	Year Ended 31.03.2010	Year Ended 31.03.2009
12 - OTHER INCOME		
Dividend @		
Trade	0.00	6.46
Non Trade	1.37	4.79
	1.37	**11.25**
Interest Income*		
Statutory Authorities	0.77	0.16
Government Securities	0.02	0.03
Inter Corporate Deposits	–	2.30
Employee Loans	0.02	0.03
Other Deposits	0.74	0.56
	1.55	**3.08**
Royalty Income	0.43	0.22
Profit on Sale of Assets (Net)	–	0.25
Provision for Doubtful Debts no longer required written back (Net)	0.13	–
Profit on Sale of Investments (Net)	0.02	0.13
Miscellaneous Income	12.78	14.27
	16.28	**29.20**
* Includes Tax Deducted at Source	0.05	0.55
@ Comprises Rs. 0.38 Cr. (Previous Year Rs. 6.77 Cr.) dividend from Long Term Investments and Rs. 0.99 Cr. (Previous Year Rs. 4.48 Cr.) from Current Investments		
13 - RAW MATERIALS CONSUMED (NET)		
Raw Materials Consumed	1456.89	1438.64
Less : Scrap Sales (Net of Excise Duty)	94.66	100.82
Raw Materials Consumed (Net)	**1362.23**	**1337.82**
14 - ACCRETION TO STOCK		
Opening Stock		
Work-in-Process	39.32	34.80
Finished Stock	85.40	68.75
	124.72	**103.55**
Closing Stock		
Work-in-Process	51.55	39.32
Finished Stock	85.12	85.40
	136.67	**124.72**
Accretion to Stock	**(11.95)**	**(21.17)**
15 - EMPLOYEE COST		
Salaries, Wages and Bonus	151.90	130.87
Contribution to Provident and Other Funds	9.01	8.71
Welfare Expenses	17.15	15.63
	178.06	**155.21**

Schedules Forming Part of the Profit and Loss Account

Rs. in Crores

	Year Ended 31.03.2010	Year Ended 31.03.2009
16 - OPERATING AND OTHER COSTS		
Consumption of Stores and Spares	101.11	91.19
Freight and Carriage Inwards	28.40	22.90
Conversion Charges	34.53	28.22
Power and Fuel *	75.58	67.68
Rent	6.54	5.12
Repairs to Buildings	1.02	0.58
Repairs to Machinery	34.95	28.24
Insurance	2.34	2.45
Rates and Taxes	6.08	8.19
Travelling and Conveyance	12.01	11.63
Printing, Stationery and Communication	4.90	4.83
Freight, Delivery and Shipping Charges	65.20	53.65
Discounts / Incentives on Sales	23.64	16.93
Advertisement and Publicity	37.48	25.35
Bad Debts Written Off	4.03	3.15
Less : Provision Released	4.03	3.15
	–	–
Provision for Doubtful Debts	–	0.49
Loss on Sale of Assets	1.36	–
Advances Written Off	–	0.60
Auditors' Remuneration (Refer Note 10 of Schedule 18)	0.32	0.31
Directors' Remuneration		
Managing Director	1.40	1.31
Non Whole Time Directors	0.24	0.24
Sitting Fees	0.12	0.11
	1.76	**1.66**
Loss on Exchange Fluctuation (Net) #	13.00	36.26
Provision for Contingencies (Refer Note 6 of Schedule 18)	–	0.80
Other Expenses (Refer Note 7 of Schedule 18)	48.96	43.57
	499.18	**450.65**
* Includes Stores Consumed	44.88	41.95
# Includes Loss on Discontinued Cash Flow Hedges	2.78	6.60

Schedules Forming Part of the Accounts

17 - SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

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

2. Use of Estimates

   The preparation of the 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/contingencies, 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. Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes related taxes, duties, freight, insurance, etc. attributable to the acquisition and installation of the fixed assets but excludes duties and taxes that are recoverable from tax authorities.

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

   c. Depreciation on fixed 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 equipments are depreciated over three years on the basis of Management's evaluation of the useful life of these assets, which results in depreciation being charged at rates higher than those specified under the Companies Act, 1956.

      Certain fixed assets are treated as Continuous Process Plants based on technical evaluation done by the Management and are depreciated at the applicable rates.

      The Company also has a system of providing additional depreciation, where, in the opinion of the Management, the recovery of the fixed asset is likely to be affected by the variation in demand and/or its condition/usability. Depreciation is provided pro-rata from the month of Capitalisation.

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

   b. Work-in-process and finished goods are valued at lower of weighted average cost (net of allowances) and estimated net realisable value. Cost includes all direct costs and 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 and comprise amounts invoiced for the goods, including excise duty, but net of sales tax / VAT and Quantity Discounts.

Schedules Forming Part of the Accounts

17 - SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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 recognised on time proportion basis.

7. Employee Benefits

I. Defined Contribution Plan

a. Superannuation

The Company contributes a sum equivalent to 15% of the eligible employees salary to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India (LIC). The Company has no liability for future Superannuation Fund benefits other than its annual contribution and 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. Actuarial gains/losses are immediately recognised in the Profit & Loss Account.

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 using the Projected Unit Credit method, as at the Balance Sheet date, carried out by LIC.

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) 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 Profit & Loss Account 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.

10. Derivative Instruments and Hedge Accounting

The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations relating to

Schedules Forming Part of the Accounts

17 - SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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 & Loss Account.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Profit & 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. If any of these events occur or if a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised under shareholders' funds is transferred to the Profit & Loss Account for the year.

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 is determined in accordance with the provisions of the Income Tax Act, 1961.

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

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised 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 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. Commitments and Contingent Liabilities

Rs. in Crores

Particulars As at	As at 31.03.2010	31.03.2009
a) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
i. Capital Expenditure	26.54	14.22
ii. Investments	324.08	55.50
b) Disputed Income-Tax demands from A.Y. 1993-94 to 2006-07 under appeal / remand pending before various appellate/ assessing authorities which has been deposited. The Management is of the opinion that the above demands are not sustainable.	27.94	28.05
c) Disputed Excise demand amounting to Rs. 1.62 Cr. (Previous Year Rs.2.30 Cr.) and penalty of Rs. 1.22 Cr. (Previous Year Rs.1.22 Cr.) pertaining to financial years 1999-00 to 2004-05 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.	2.84	3.52
d) Cases decided in favour of the Company against which the department has gone on appeal		
1. Income Tax	2.55	0.31
2. Excise	0.86	0.21
e) Bills Drawn on Customers and Discounted with Banks	–	0.40
f) Export obligation under EPCG / Advance License Scheme not yet fulfilled. The Company is confident of meeting its obligations under the Schemes within the Stipulated Period.	42.78	75.28
g) Guarantee favouring HSBC Bank (China Co Ltd.) Suzhou, China to secure borrowing by Tubular Precision Products (Suzhou) Co. Ltd., a Subsidiary of the Company.	–	11.13
h) Claims against the Company not acknowledged as debt.	–	0.89

Note:

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

Also Refer Note 6 below.

2. Share Capital

a) Status on GDRs

The aggregate number of Global Depository Receipts (GDRs) outstanding as at 31st March 2010 is 1,05,63,960 (Previous Year 1,67,59,250) each representing one Equity Share of Rs.2 face value. The GDRs are quoted on the Luxembourg Stock Exchange.

b) Stock Options

The Company has 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 2010 is 28,81,054 (Previous Year 33,34,332) and each Option is exercisable into One Equity Share of Rs. 2 face value.

Schedules Forming Part of the Accounts

18 - NOTES ON ACCOUNTS (Contd.)

Particulars	Date of Grant	Exercise Price (Rs.)	Options Granted	Options Vested	Options Cancelled / lapsed	Options Exercised & allotted	Options Excercised, pending allotment	Options Outstanding at the End of the Year	Vesting (subject to continuous association with the Company and performance rating parameters)
Grant 1	31 Oct. 07	62.85	6,00,120	3,88,030	2,12,090	–	2,000	3,86,030	31.10.08 – 100%
Grant 2	31 Jan. 08	66.10	1,05,460	81,324	24,136	–	–	81,324	31.01.09 – 100%
Grant 3	24 Mar. 08	56.80	26,55,260	4,51,276	6,50,920	1,000	8,208	19,95,132	31.10.09 – 25% 31.10.10 – 37.5% 31.10.11 – 37.5%
Grant 4	31 Jul. 08	44.45	3,86,900	54,712	47,148	–	–	3,39,752	31.07.09 – 20% 31.07.10 – 20% 31.07.11 – 30% 31.07.12 – 30%
Grant 5	31 Oct. 08	24.25	54,000	8,640	2,160	–	–	51,840	31.10.09 – 20% 31.10.10 – 20% 31.10.11 – 30% 31.10.12 – 30%
Grant 6	30 Jan. 09	31.05	28,100	4,496	1,124	–	–	26,976	30.01.10 – 20% 30.01.11 – 20% 30.01.12 – 30% 30.01.13 – 30%

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 by an independent consultant.

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

Particulars	Vesting Date	Risk-free Interest Rate % (p.a.)	Expected Life (Years)	Expected volatility of Share Price (%)	Dividend Yield (%)	Price of the underlying Share in the market at the time of Option (Rs.)	Fair Value of the Option (Rs.)
Grant 1	31.10.08	7.71	2.50	39.11	3.43	62.85	16.43
Grant 2	30.01.09	7.44	2.50	42.02	3.43	66.10	18.11
Grant 3	31.10.09	7.26	3.11	40.66	3.43	56.80	16.54
	31.10.10	7.41	4.11	41.77	3.43	56.80	18.94
	31.10.11	7.58	5.11	42.06	3.43	56.80	20.68
Grant 4	31.07.09	9.45	2.50	43.62	3.04	44.45	13.61
	31.07.10	9.43	3.50	40.61	3.04	44.45	15.08
	31.07.11	9.42	4.50	41.69	3.04	44.45	16.99
	31.07.12	9.42	5.50	41.88	3.04	44.45	18.33
Grant 5	31.10.09	7.06	2.50	48.02	3.04	24.25	7.46
	31.10.10	7.17	3.50	44.15	3.04	24.25	8.07
	31.10.11	7.33	4.50	44.23	3.04	24.25	8.96
	31.10.12	7.51	5.50	44.37	3.04	24.25	9.68
Grant 6	30.01.10	4.10	2.50	46.07	3.04	31.05	8.46
	30.01.11	4.96	3.50	46.23	3.04	31.05	9.97
	30.01.12	5.64	4.50	44.40	3.04	31.05	10.83
	30.01.13	6.14	5.50	44.43	3.04	31.05	11.80

Schedules Forming Part of the Accounts

18 - NOTES ON ACCOUNTS (Contd.)

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

Impact on Net Profit

Rs. in Crores

Particulars	2009-10	2008-09
Net Profit (As reported)	81.21	72.18
Add: Stock based employee compensation expense included in net profit	–	–
Less: Stock based compensation expense determined under fair value based method (Proforma)	1.14	2.35
Net Profit (Proforma)	80.07	69.83

Impact on Earnings Per Share

Particulars	2009-10	2008-09
Basic Earnings per Share of Rs. 2 Each (As reported)	4.39	3.91
Basic Earnings per Share of Rs. 2 Each (Pro forma)	4.33	3.78
Diluted Earnings per Share of Rs. 2 Each (As reported)	4.38	3.91
Diluted Earnings per Share of Rs. 2 Each (Pro forma)	4.32	3.78

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

The balance in the Capital Work-in-Progress (including Capital Advances) account as at 31st March 2010 includes Interest on borrowings amounting to Rs. Nil. (Previous Year Rs. 0.60 Cr)

4. Amalgamation of erstwhile TIDC India Ltd with the Company

In accordance with the Scheme of Arrangement, approved by the Honourable 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 vested in a Trust, namely, TII Shareholding Trust, created for the purpose.

The trust had sold 57,50,000 Equity Shares in 2007-08 and the Net Surplus on Sale of Shares was credited to the Securities Premium Account.

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

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, is credited back to the Profit and Loss Account on receipt of the same from the Trust.

Schedules Forming Part of the Accounts

18 - NOTES ON ACCOUNTS (Contd.)

5. Dues to Micro Enterprises and Small Enterprises

Based on, and to the extent of information received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), and relied upon by the auditors, the relevant particulars as at 31st March 2010 are furnished below:

Rs. in Crores

Particulars	2009-10	2008-09
Principal amount due to suppliers under MSMED Act, as at 31st March	0.73	0.66
Interest accrued and due to suppliers under MSMED Act, on the above amount as at 31st March	0.03	0.04
Payment made to suppliers (other than interest) beyond the appointed day, during the year	3.96	7.40
Interest paid to suppliers under MSMED Act (other than Section 16)	0.01	0.00
Interest paid to suppliers under MSMED Act (Section 16)	0.03	0.04
Interest due and payable to suppliers under MSMED Act, for payments already made	0.00	0.01
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.03	0.05

6. Provisions

(a) Warranties

The details of Provision for Warranties is given below

Particulars	2009-10	2008-09
Opening Balance	0.45	0.37
Add: Provision created during the Year	0.89	0.41
Less: Utilised during the Year	0.88	0.33
Closing Balance	0.46	0.45

Provision for Warranties is estimated based on past experience and technical estimates and is expected to be settled over the next 12 months.

(b) Contingencies

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

Particulars	2009-10	2008-09
Opening Balance	1.50	0.70
Add: Provision created during the Year	NIL	0.80
Less: Utilised during the Year	NIL	NIL
Closing Balance	1.50	1.50

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.

7. 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. 0.15 Cr.)
ii. Contribution to A M M Foundation Rs. 0.40 Cr. (Previous Year Rs. 0.30 Cr.)
iii. Contribution to Bharatiya Janata Party Rs. 0.50 Cr. (Previous Year Rs. 0.15 Cr.)
iv. Contribution to Mahindra World School Educational Trust Rs. 3.00 Cr. (Previous Year Rs. 2.00 Cr.)
v. Other Donations Rs. 0.10 Cr. (Previous Year Rs. 0.05 Cr.)
vi. Excise Duty Differential on Accretion to Stock - Credit Rs. 0.75 Cr. (Previous Year Credit Rs. 1.09 Cr.)

Schedules Forming Part of the Accounts

18 - NOTES ON ACCOUNTS (Contd.)

8. Research and Development Expenses

Research and Development Expenses incurred on the following heads have been accounted under the natural heads. (Refer Schedule 16)

Rs. in Crores

Particulars	2009-10	2008-09
Salaries, Wages and Bonus	2.94	3.08
Contribution to Provident and Other Funds	1.03	0.09
Welfare Expenses	0.06	0.04
Consumption of Stores and Spares	0.64	0.39
Power and Fuel	0.09	0.12
Repairs to Machinery	0.11	0.24
Printing, Stationery and Communication	0.04	0.02
Other Expenses	1.55	1.85
Grand Total	**6.46**	**5.83**

9. Deferred Tax Movement

The net deferred tax liability of Rs. 41.31 Cr. as at 31st March 2010 (Previous Year Rs. 45.77 Cr.) has arisen on account of the following:

Nature – Liability / (Asset)	As at 01.04.2009	Charged/ (Credited) to P&L	As at 31.03.2010
Deferred Tax Liabilities			
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961	55.74	3.87	59.61
Total (A)	**55.74**	**3.87**	**59.61**
Deferred Tax Assets			
Deferred Revenue Expenses	(1.05)	(0.48)	(1.53)
Provision for Doubtful Debts / Advances	(4.34)	(0.24)	(4.58)
Capital loss on liquidation of subsidiary	–	(7.70)	(7.70)
Others	(4.58)	0.09	(4.49)
Total (B)	**(9.97)**	**(8.33)**	**(18.30)**
Net Deferred Tax Liability (A-B)	**45.77**	**(4.46)**	**41.31**

10. Auditors' Remuneration

Particulars	2009-10	2008-09
Statutory Audit	0.21	0.21
Tax Audit & Other Services	0.09	0.09
Service Tax (Net of Input Credit Availed)	0.02	0.01
Reimbursement of Expenses	0.00	0.00
Total	**0.32**	**0.31**

11. Imported and Indigenous Material Consumed

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

	2009-10		2008-09	
Particulars	%	Value	%	Value
Imported	13.76	200.53	9.11	131.11
Indigenous	86.24	1256.36	90.89	1307.53
Total	**100.00**	**1456.89**	**100.00**	**1438.64**

Schedules Forming Part of the Accounts

18 - NOTES ON ACCOUNTS (Contd.)

(b) Consumption of Stores and Spares

Rs. in Crores

	2009-10		2008-09	
Particulars	%	Value	%	Value
Imported	2.53	3.69	3.13	4.17
Indigenous	97.47	142.30	96.87	128.97
Total	**100.00**	**145.99**	**100.00**	**133.14**

Note:

The above includes Rs. 44.88 Cr. (Previous Year Rs. 41.95 Cr.) of Stores and Spares charged to the Power and Fuel Account (Refer Schedule 16).

12. Value of Imports on CIF Basis

Particulars	2009-10	2008-09
Raw Materials	148.89	145.40
Stores and Spare Parts	5.92	4.98
Finished Goods	72.90	43.95
Capital Goods	35.98	23.25
Total	**263.69**	**217.58**

13. Earnings in Foreign Exchange

Particulars	2009-10	2008-09
FOB Value of Exports	109.98	183.50

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

Particulars	2009-10	2008-09
Dividend* – Rs. in Crores	0.006	0.006
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	2008-09	2007-08

* The above excludes remittances amounting to Rs. 1.67 Cr. (Previous Year Rs. 1.67 Cr.) to Global Depository Receipt (GDR) holders through the custodian of GDR holders.

15. Expenditure in Foreign Currency

Particulars	2009-10	2008-09
Travel	1.77	1.47
Interest on Foreign Currency Loans	2.36	2.31
Royalty	1.69	1.25
Others	9.58	5.86
Total	**15.40**	**10.89**

Schedules Forming Part of the Accounts

18 - NOTES ON ACCOUNTS (Contd.)

16. Directors' Remuneration

Rs. in Crores

Particulars	2009-10	2008-09
a) Managing Director's Remuneration		
Salaries & Allowances	0.99	0.96
PF & Superannuation	0.08	0.07
Perquisites	0.02	0.00
	1.09	**1.03**
Incentive	0.31	0.28
	1.40	**1.31**
b) Commission to Non-Whole Time Directors	0.24	0.24
c) Directors' Sitting Fees	0.12	0.11
Directors' Remuneration	**1.76**	**1.66**
Profit after Tax as per Profit and Loss Account	81.21	72.18
Add: Provision for Taxation	48.29	10.84
Directors' Remuneration	1.76	1.66
Provision for Loss on Liquidation of Overseas Subsidiary	39.95	–
Loss on Sale of Assets as per Books	1.36	–
Less: Profit on Sale of Investments	0.02	46.79
Profit on Sale of Assets as per Books	–	0.25
Profit as per Section 349 of the Companies Act, 1956	**172.55**	**37.66**
1% thereof	**1.73**	**0.38**
Commission to Non-Whole Time Directors restricted to	0.24	0.24
Total Commission	**0.24**	**0.24**

Notes:

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

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

Schedules Forming Part of the Accounts

18 - NOTES ON ACCOUNTS (Contd.)

17. Quantitative Particulars

a. Capacities, Production / Purchases, Turnover and Stocks

Rs. in Crores

Class of Goods	Unit	Installed Capacity	Production / Purchases	Opening Stock		Closing Stock		Turnover	
		Qty	Qty	Qty	Value	Qty	Value	Qty	Value (Net of Excise)
Cycles/Components	Nos.				25.39		23.68	3457712	821.09
					(21.76)		(25.39)	(2823050)	(660.63)
Traded Goods – Cycles	Nos.		432530	44870	7.37	63838	10.24	413562	99.49
			(287615)	(30981)	(4.65)	(44870)	(7.37)	(273726)	(57.88)
ERW/CDW Tubes	Tons	207911	106278	4674	24.14	5893	31.75	105059	614.03
		(214356)	(86064)	(5178)	(27.73)	(4674)	(24.14)	(86568)	(577.31)
Cold Rolled Steel Strips	Tons	100120	46492	1518	5.47	1709	7.02	46301	207.03
		(100120)	(54307)	(988)	(4.23)	(1518)	(5.47)	(53777)	(281.92)
Metal Formed Products					21.78		11.65		576.51
					(10.38)		(21.78)		(475.83)
E-Scooters	Nos.		9034	442	1.25	394	0.78	9082	25.53
			(1769)	0	0.00	(442)	(1.25)	(1327)	(3.91)
Processing Charges									1.96
									(1.76)
Total					**85.40**		**85.12**		**2345.64**
					(68.75)		**(85.40)**		**(2059.24)**

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.

b. Consumption of Raw Materials (Refer Schedule 13)

	Unit	Quantity		Value	
		2009-10	2008-09	2009-10	2008-09
Steel	Lakh Tons	2.51	2.27	865.36	942.16
Rims	Lakh Nos.	80.39	62.47	54.77	49.89
Tyres	Lakh Nos.	72.06	56.75	49.69	38.50
Cycle Tubes	Lakh Nos.	70.65	56.67	22.00	16.06
Leather Top	Lakh Nos.	35.64	28.65	27.77	22.87
Chains	Lakh Nos.	56.13	42.16	16.44	11.79
Frames	Lakh Nos.	34.11	26.46	92.10	78.67
Forks	Lakh Nos.	35.29	28.69	30.32	27.49
Mudguards	Lakh Sets	35.91	26.44	18.30	17.24
E-Scooters, Bicycle Components and Others				280.14	233.97
Total				**1456.89**	**1438.64**

Notes:

a) The quantitative details being too numerous are not listed above for the following:
   i. E-Scooters
   ii. Bicycle Components and Others

b) The consumption figures shown above are after adjusting excesses and shortages ascertained on physical counts.

18 - NOTES ON ACCOUNTS (Contd.)

18. Employee Benefits under Defined Benefit Plans

a) Gratuity

Actuarial data on Defined Benefit Plans:

Rs. in Crores

Details of Actuarial Valuation	2009-10	2008-09
Change in Benefit Obligation		
Projected Benefit Obligation as at Year Beginning	16.52	16.08
Service Cost	0.97	1.07
Interest Cost	1.33	1.23
Actuarial (Gains) / Losses	(0.77)	(0.41)
Benefits Paid	(1.36)	(1.45)
Projected Benefit Obligation as at Year End	**16.69**	**16.52**
Change in Plan Assets		
Fair Value of Plan Assets as at Year Beginning	17.27	16.14
Expected Return on Plan Assets	1.58	1.28
Employer’s Contribution	0.57	1.13
Benefits Paid	(1.36)	(1.45)
Actuarial Gains	–	0.17
Fair Value of Plan Assets as at Year End	**18.06**	**17.27**
Amounts Recognised in the Balance Sheet		
Projected Benefit Obligation at the Year End	16.69	16.52
Fair Value of the Plan Assets at the Year End	18.06	17.27
Asset Recognised in the Balance Sheet	**1.37**	**0.75**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	0.97	1.07
Interest on Obligation	1.33	1.23
Expected Return on Plan Assets	(1.58)	(1.28)
Net Actuarial (Gains) / Losses Recognised in the Year	(0.77)	(0.58)
Net Cost Recognised in the Profit and Loss Account	**(0.05)**	**0.44**
Assumptions		
Discount Rate	8.00%	8.00%
Future Salary Increase (%)	5.00%	5.00%
Attrition Rate	1 to 3%	1 to 3%
Expected Rate of Return on Plan Assets	8.00%	8.00%

Notes:

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

ii. The expected return on Plan Assets is as furnished by LIC.

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

b) Provident Fund

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

Schedules Forming Part of the Accounts

18 - NOTES ON ACCOUNTS (Contd.)

c) Long Term Compensated Absence

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

Assumptions for Actuarial Valuation	2009-10	2008-09
Discount Rate	8.00%	8.00%
Future Salary Increase	5.00%	5.00%
Attrition Rate	1 to 3%	1 to 3%
Expected Rate of Return on Plan Assets	8.00%	8.00%

19. Segment Information

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

(A) PRIMARY SEGMENT

Rs. in Crores

	CYCLES/ COMPONENTS/ E-SCOOTERS		ENGINEERING		METAL FORMED PRODUCTS		ELIMINATIONS		CONSOLIDATED TOTAL	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
REVENUE										
External Sales	946.11	722.42	823.02	860.99	576.51	475.83			2345.64	2059.24
Inter-Segment Sales			67.38	96.12	0.06	0.22	(67.44)	(96.34)	–	–
Other Operating Income	6.64	2.68	2.37	2.71	3.61	8.28			12.62	13.67
Unallocated Corporate Income									0.23	0.45
Total Revenue	**952.75**	**725.10**	**892.77**	**959.82**	**580.18**	**484.33**	**(67.44)**	**(96.34)**	**2358.49**	**2073.36**
Unallocated Corporate Expenses									(77.37)	(43.36)
RESULTS										
Operating Profit	69.14	29.16	85.98	16.13	80.32	50.81			158.07	52.74
Profit / (Loss) on Sale of Assets	(0.42)	0.01	(0.88)	0.41	0.10	0.01			(1.20)	0.43
Net Operating Profit	**68.72**	**29.17**	**85.10**	**16.54**	**80.42**	**50.82**	**–**	**–**	**156.87**	**53.17**
Dividend Income									1.37	11.25
Interest Expense									(28.76)	(28.19)
Income Taxes									(48.29)	(10.84)
Profit on sale of Investments									0.02	46.79
Net Profit	**68.72**	**29.17**	**85.10**	**16.54**	**80.42**	**50.82**	**–**	**–**	**81.21**	**72.18**

Schedules Forming Part of the Accounts

18 - NOTES ON ACCOUNTS (Contd.)

(A) PRIMARY SEGMENT (Contd.)

Rs. in Crores

	CYCLES/ COMPONENTS/ E-SCOOTERS		ENGINEERING		METAL FORMED PRODUCTS		ELIMINATIONS		CONSOLIDATED TOTAL	
	As at 31.03.10	As at 31.03.09	As at 31.03.10	As at 31.03.09	As at 31.03.10	As at 31.03.09	As at 31.03.10	As at 31.03.09	As at 31.03.10	As at 31.03.09
ASSETS										
Segment Assets	262.31	190.47	530.60	458.15	462.33	420.98	(17.93)	(15.02)	1237.31	1054.58
Unallocated Corporate Assets*									810.84	523.46
Total Assets	**262.31**	**190.47**	**530.60**	**458.15**	**462.33**	**420.98**	**(17.93)**	**(15.02)**	**2048.15**	**1578.04**
LIABILITIES										
Segment Liabilities	164.23	134.69	146.19	128.98	133.67	81.43	(17.93)	(15.02)	426.16	330.08
Unallocated Corporate Liabilities									57.96	65.48
Total Liabilities	**164.23**	**134.69**	**146.19**	**128.98**	**133.67**	**81.43**	**(17.93)**	**(15.02)**	**484.12**	**395.56**
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
OTHER INFORMATION										
Capital Expenditure	9.59	6.32	34.45	17.84	50.27	63.32			94.31	87.48
Unallocated Corporate Capital Expenditure									2.07	(0.57)
Depreciation	6.68	5.76	28.13	26.71	30.29	24.27			65.10	56.74
Unallocated Corporate Depreciation									1.71	2.38

* includes Income Tax Assets (Net)

(B) SECONDARY SEGMENT

Particulars	2009-10	2008-09
1) Revenue by Geographic Market		
India	2246.62	1866.55
Rest of The World	111.87	186.81
TOTAL	**2358.49**	**2073.36**
2) Segment Assets by Geographic Market #		
India	1996.99	1535.60
Rest of The World	16.44	9.07
TOTAL	**2013.43**	**1544.67**
3) Capital Expenditure by Geographic Market		
India	96.38	86.91
Rest of The World	–	–
TOTAL	**96.38**	**86.91**

excludes Income Tax Assets (Net)

Schedules Forming Part of the Accounts

18 - NOTES ON ACCOUNTS (Contd.)

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

a) List of Related Parties

I. Subsidiary Companies

Cholamandalam MS General Insurance Company Limited

Tubular Precision Products (Suzhou) Company Limited (Company under Liquidation)

TI Financial Holdings Limited (With effect from 6th October 2008)

TICI Motors (Wuxi) Company Limited (With effect from 24th December 2009)

Financiere C10 S.A.S. (With effect from 12th February 2010)

Sedis, S2CI and Sedis Co. Ltd. (subsidiary's of Financiere C10 S.A.S.)

II. Joint Venture Companies

Borg Warner Morse TEC Murugappa Private Limited (Till 30th September 2008)

Cholamandalam DBS Finance Limited

Cholamandalam MS Risk Services Limited

III. Key Management Personnel (KMP)

Mr. L Ramkumar – Managing Director

Note: Related party relationships are as identified by the Management.

b) During the year the following transactions were carried out with the 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	2009-10	2008-09
Dividend Receipt	Cholamandalam DBS Finance Limited	–	6.46
Claims Received	Cholamandalam MS General Insurance Company Limited	1.40	5.33
Premium Paid	Cholamandalam MS General Insurance Company Limited	4.34	3.32
Rentals Paid	Cholamandalam DBS Finance Limited	0.72	0.15
	Cholamandalam MS General Insurance Company Limited	0.04	0.05
Rental Income	Cholamandalam DBS Finance Limited	–	0.01
Interest Income	Cholamandalam DBS Finance Limited	–	2.30
Sale of Fixed Assets	Tubular Precision Products (Suzhou) Company Limited	–	1.90
Subscription to Equity Shares	Cholamandalam DBS Finance Limited	–	41.82
	Tubular Precision Products (Suzhou) Company Limited	–	3.33
	TI Financial Holdings Limited	–	0.07
	Cholamandalam MS General Insurance Company Limited	92.50	–
	TICI Motors (Wuxi) Company Limited	1.85	–
	Financiere C10 S.A.S.	43.59	–
Subscription to Preference Shares	Cholamandalam DBS Finance Limited	–	150.00
Sale of Shares	Cholamandalam DBS Finance Limited	0.02	–
Sales and Services	Borg Warner Morse TEC Murugappa Private Limited	–	0.52
Reimbursement of Expenses	Cholamandalam DBS Finance Limited	0.06	0.04
	Cholamandalam MS General Insurance Company Limited	0.09	0.17
Purchase of Fixed Assets	Tubular Precision Products (Suzhou) Company Limited	14.71	–
	Cholamandalam DBS Finance Limited	0.10	–
Loan paid and Received	Tubular Precision Products (Suzhou) Company Limited	6.58	–
Recovery of Expenses	Cholamandalam DBS Finance Limited	–	0.10
	TI Financial Holdings Limited	–	0.02
Receipt of Rental Deposit	Cholamandalam MS General Insurance Company Limited	0.24	–
Inter Corporate Deposit Placed and Received	Cholamandalam DBS Finance Limited	–	50.00

Schedules Forming Part of the Accounts

18 - NOTES ON ACCOUNTS (Contd.)

Rs. in Crores

Transaction	Related Party	2009-10	2008-09
Balance at Year End			
Payable	Cholamandalam MS General Insurance Company Limited	0.00	0.15
	Borg Warner Morse TEC Murugappa Private Limited	–	0.38
	Cholamandalam DBS Finance Limited	0.19	0.19
Receivable	Cholamandalam MS General Insurance Company Limited	0.03	0.27
	TI Financial Holdings Limited	–	0.02
	Tubular Precision Products (Suzhou) Company Limited	5.18	2.25
	Cholamandalam DBS Finance Limited	0.42	–

21. Earnings Per Share

Particulars		2009-2010	2008-2009
Profit after Taxation	– Rs. in Crores	81.21	72.18
Weighted Average Number of Shares	– Basic	18,47,80,038	18,47,80,038
	– Diluted	18,53,50,522	18,47,85,198
Earnings Per Share of Rs. 2/- each	– Basic	4.39	3.91
	– Diluted	4.38	3.91

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

22. Information on Joint Venture Entities

The particulars of the Company's Joint Venture Entities as at 31st March 2010 including its percentage holding and its proportionate share of assets, liabilities, income and expenditure of the Joint Venture Entities are given below:

Particulars	As at 31st March 2010					2009-10	
Name of the Joint Venture	% Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitments	Income	Expenses
Borg Warner Morse TEC Murugappa Private Limited (Note b)						(6.75)	(6.59)
Cholamandalam DBS Finance Limited	30.93% (30.93%)	2159.29 (2134.10)	1926.68 (1914.16)	9.41 (8.17)	0.01 (0.09)	295.88 (354.37)	288.09 (364.16)
Cholamandalam MS Risk Services Limited	49.50% (49.50%)	3.21 (2.55)	0.77 (0.51)	– (–)	– (–)	4.22 (3.07)	3.26 (2.36)

Notes:

a) Figures in brackets are for the previous year.

b) Borg Warner Morse TEC Murugappa Private Limited (Borg Warner) ceased to be a Joint Venture from 30th September 2008, consequent to the sale of shares held in Borg Warner. Hence, the amounts mentioned above are for the period up to 30th September 2008 and are based on Unaudited Financial Statements / Information available with the Management.

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

18 - NOTES ON ACCOUNTS (Contd.)

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 had opted to follow the recognition and measurement principles relating to derivatives as specified in AS 30 "Financial Instruments, Recognition and Measurement", issued by the ICAI, from the year ended 31st March 2008.

Consequently, as of 31st March 2010, the Company has recognised Mark to Market (MTM) Losses of Rs. 4.44 Cr. (Previous Year Rs. 35.05 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. 2.78 Cr. (Previous Year Rs. 6.60 Cr.) has been recognised in the Profit & Loss Account.

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

Rs. in Crores

Particulars	2009-10	2008-09
Balance as at the beginning of the year	(35.05)	(3.03)
Net movement for the year	30.61	(32.02)
Balance as at the end of the year	(4.44)	(35.05)

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

Details of Derivative Exposures are as under:

Type of Derivative	2009-10		2008-09	
	Number of Contracts	Value	Number of Contracts	Value
Forward Contracts entered into to hedge the foreign currency risk of highly probable forecast transactions	2	USD 1.27 M	3	USD 7.02 M
	3	EUR 0.75 M	–	–
	1	SGD 0.13 M	–	–
Other Derivatives (including currency swaps)	7	USD 32.95 M	6	USD 46.64 M
	–	–	4	JPY 406.47 M

24. Disclosure under Clause 32 of Listing Agreement (To the extent applicable)

Particulars	Amount Outstanding on 31.03.2010	Amount Outstanding on 31.03.2009	Maximum Amount Outstanding during 2009-10	Maximum Amount Outstanding during 2008-09
Inter Corporate Deposit placed with Cholamandalam DBS Finance Ltd	–	–	–	50.00

25. Previous Year's Figures

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

Signatures to Schedules 1 to 18

On behalf of the Board

M M Murugappan
Chairman

Chennai	**S Suresh**	**K Balasubramanian**	**L Ramkumar**
1st May 2010	Company Secretary	Chief Financial Officer	Managing Director

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

I. Registration Details

Registration No.	L35921TN1949PLC002905	State Code	18
Balance Sheet as on	31-03-2010		

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
Employee Stock Option Scheme	2		

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

Total Liabilities	15640278	Total Assets	15640278
Sources of Funds			
Paid up Capital	369562	Reserves & Surplus	7799368
Secured Loans	4727975	Unsecured Loans	2330227
Deferred Tax Liability (Net)	413146		
Application of Funds			
Net Fixed Assets	5705608	Investments	7494396
Net Current Assets	2440274	Misc. Expenditure	NIL

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

Turnover (including Other income)	23619192	Total Expenditure	22324222
Profit/(Loss) before Tax	1294970	Profit/(Loss) after Tax	812043
Earning per share in Rs.	4.39	Dividend Rate (%)	75

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	**S Suresh**	**K Balasubramanian**	**L Ramkumar**
1st May 2010	Company Secretary	Chief Financial Officer	Managing Director

Consolidated Financial Statements

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 jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

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

3. We did not audit the financial statements of certain subsidiaries and joint ventures, whose financial statements reflect total assets of Rs. 375.16 Crores as at 31st March, 2010, total revenues of Rs. 534.52 Crores and net cash inflows amounting to Rs. 10.58 Crores for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and joint ventures is based solely on the reports of the other auditors.

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

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

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;

   (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
(Registration No. 008072S)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Chennai
1st May 2010

Consolidated Balance Sheet

Rs. in Crores

	Schedule	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
(a) Share Capital	1	36.95	36.95
(b) Reserves and Surplus	2	767.60	659.17
		804.55	**696.12**
Minority Interest		**82.05**	**39.77**
Loan Funds			
(a) Secured Loans	3	1741.35	1442.22
(b) Unsecured Loans	4	708.23	635.33
		2449.58	**2077.55**
Deferred Tax Liability (Refer Note 7 of Schedule 18)			
- Company (Net)		41.31	45.77
- Subsidiary (Net)		1.14	0.73
		42.45	**46.50**
		3378.63	2859.94
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	1196.05	1047.24
Less : Depreciation		624.94	479.85
Net Block		**571.11**	**567.39**
Capital Work-in-Progress (including Capital Advances) (Refer Note 4 of Schedule 18)		45.08	29.96
Share in Joint Ventures		6.30	13.58
		622.49	**610.93**
Goodwill on Consolidation		**12.26**	**4.49**
Investments	6	**885.69**	**525.42**
Deferred Tax Asset (Refer Note 7 of Schedule 18)			
- Subsidiary (Net)		0.40	–
- Share in Joint Ventures (Net)		48.86	47.74
		49.26	**47.74**
Current Assets, Loans and Advances			
(a) Inventories	7	340.16	236.80
(b) Sundry Debtors	8	367.01	245.63
(c) Cash and Bank Balances	9	262.29	506.50
(d) Loans and Advances	10	345.40	304.37
(e) Receivables under Financing Activity (Share in Joint Ventures)		1722.55	1408.99
		3037.41	**2702.29**
Less : Current Liabilities and Provisions	11		
(a) Current Liabilities		776.08	645.68
(b) Provisions		452.40	385.25
		1228.48	**1030.93**
Net Current Assets		**1808.93**	**1671.36**
		3378.63	2859.94
Significant Accounting Policies	17		
Notes on Accounts	18		

The Schedules referred to above form an integral part of the Consolidated Balance Sheet.

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

Geetha Suryanarayanan
Partner

Chennai
1st May 2010

On behalf of the Board

M M Murugappan
Chairman

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Consolidated Profit and Loss Account

Rs. in Crores

	Schedule	Year Ended 31.03.2010	Year Ended 31.03.2009
Income			
Sales and Processing Charges		2458.14	2217.41
Income and Sales - Share in Joint Ventures		293.10	356.66
Less : Excise Duty on Sales		108.01	152.98
Excise Duty on Sales - Share in Joint Ventures		–	0.06
Net Sales, Income and Processing Charges		**2643.23**	**2421.03**
Premium Earned (Net)		457.95	382.04
Other Income	12	80.28	63.01
		3181.46	**2866.08**
Expenditure			
Raw Materials Consumed (Net)	13	1374.82	1351.52
Purchase of Traded Goods		69.38	42.26
Accretion to Stock	14	(10.54)	(22.87)
Claims Incurred		345.62	275.78
Employee Cost	15	264.31	239.40
Operating and Other Costs	16	693.29	640.81
Depreciation		83.06	70.99
Depreciation - Share in Joint Ventures		5.46	8.70
Interest - Debentures and Fixed Loans		18.31	10.58
- Others		11.10	17.84
- Share in Joint Ventures		155.87	183.89
		185.28	**212.31**
Business Origination Outsourcing - Share in Joint Ventures		18.35	27.37
		3029.03	**2846.27**
Profit Before Exceptional Items		**152.43**	**19.81**
Exceptional Item			
- Profit on Sale of Long Term Investments			46.66
- Share in Joint Ventures			
		13.80	(4.99)
Profit Before Taxes		**166.23**	**61.48**
Provision for Taxation			
Income Tax			
- Current Year		57.41	11.40
- Prior Years		(4.10)	(3.20)
Deferred Tax (Net)		(5.57)	4.94
Fringe Benefit Tax		–	2.56
Provision for Taxation - Share in Joint Ventures		5.61	(8.65)
		53.35	**7.05**
Profit After Taxes		**112.88**	**54.43**
Minority Interest in Net Income		(0.62)	(1.82)
Net Profit after Tax		**112.26**	**52.61**
Add : Balance Brought Forward from Previous Year		335.16	326.84
Add : Dividend on Own Shares held through Trust (Refer Note 5 of Schedule 18)		0.44	0.44
Profit Available for Appropriation		**447.86**	**379.89**
Appropriations:			
Transfer to General Reserve		15.00	15.00
Transfer to Debenture Redemption Reserve		10.83	2.50
Transfer to Contingency Reserve		–	5.61
Dividend Proposed @ Re.1.50/- (Previous Year Re.1/-) per Equity Share of Rs.2/- each27.72		18.48	
Tax on Dividend		4.60	3.14
		58.15	44.73
Balance Carried Over to Balance Sheet		**389.71**	**335.16**
Earnings per Share of Rs. 2/- each - Basic - (in Rs.)		6.08	2.85
- Diluted - (in Rs.)		6.06	2.85
(Refer Note 15 of Schedule 18)			
Significant Accounting Policies	17		
Notes on Accounts	18		

The Schedules referred to above form an integral part of the Consolidated Profit and Loss account.

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

On behalf of the Board

Geetha Suryanarayanan
Partner

M M Murugappan
Chairman

Chennai
1st May 2010

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Consolidated Cash Flow Statement

Rs. in Crores

	Year Ended 31.03.2010	Year Ended 31.03.2009
A. Cash Flow from Operating Activities:		
Net Profit Before Tax	**166.23**	**61.48**
Adjustments for :		
Depreciation	88.52	79.69
Interest	185.28	212.31
Loss on Sale of Assets (Net)	16.15	15.98
Profit on Sale of Investments/Mutual Fund Business (Net)	(22.41)	(54.22)
Provision For Doubtful Debts And Advances (Net)	(9.19)	19.98
Provision For Contingencies	–	0.80
Bad Debts Written off	4.03	3.15
Advances Written off	–	0.60
Provision for Doubtful Advances	0.52	–
Provision for Diminution in value of investments	(0.05)	–
Unrealised Losses on Foreign Currency Borrowings (Net)	0.74	4.03
Reserve for Un Expired Risk (Incl. Terrorism Pool UPR)	52.35	–
Interest and Dividend Income	(65.01)	(63.79)
Operating Profit before Working Capital Changes	**417.16**	**280.01**
Adjustments for :		
Increase in Inventories	(57.59)	(11.91)
(Increase) / Decrease in Sundry Debtors / Receivables under Financing Activity	(398.26)	301.78
Decrease in Loans and Advances	(63.74)	(65.46)
Increase in Current Liabilities and Provisions (Including Capital Creditors)	51.14	328.74
Cash (Used) / from Operating Activities	**(51.29)**	**833.16**
Direct Taxes Paid (Net)	(60.76)	(31.51)
Net Cash (Used) / from Operating Activities	**(112.05)**	**801.65**
B. Cash Flow from Investing Activities:		
Capital Expenditure (Including Capital Work In Progress)	(108.14)	(110.68)
Sale of Fixed Assets	64.61	3.42
Investments in Subsidiary	(43.59)	–
Investments in Preference Shares in Cholamandalam DBS Finance Limited (CDFL)	–	(57.20)
Purchase of Investments	(1622.04)	(1415.79)
Proceeds from Sale of Own Shares held through Trust	–	32.93
Sale of Investments	1380.38	1146.50
Short Term Fixed Deposits Placed with Bank	(17.00)	–
Withdrawal of Short Term Fixed Deposits Placed with Bank	17.00	–
Interest Received	47.04	50.92
Dividend on Own Shares held through Trust	0.44	0.44
Dividend Received	1.37	11.25
Net Cash Used in Investing Activities	**(279.93)**	**(338.21)**
C. Cash Flow from Financing Activities:		
Proceeds from exercise of Employees Stock Option	0.01	–
Borrowings	392.09	117.67
Repayments of Borrowings	(55.82)	(38.88)
Interest Paid	(200.14)	(213.26)
Dividends Paid (Including Dividend Tax)	(21.80)	(29.13
Proceeds from issue of Shares	32.50	–
Net Cash (Used) / From Financing Activities	**146.84**	**(163.60)**
Net Increase in Cash and Cash Equivalents [A+B+C]	**(245.14)**	**299.84**
Cash and Cash Equivalents at the Beginning of the Year	**506.50**	**207.43**
Cash and Cash Equivalents of Subsidiary Acquired during the Year	**0.93**	**–**
Cash and Cash Equivalents of Joint Venture Divested during the Year	**–**	**(0.77)**
Cash and Cash Equivalents as at End of the Year	**262.29**	**506.50**

Note : 1. Capital Expenditure includes and Interest Paid excludes Rs. 1.10 Cr. (Previous Year Rs. 1.52 Cr.) of Interest Capitalised.

2. In the case of a Joint Venture (CDFL), Cash and Cash Equivalents includes Current Investments (net of lien) Rs. 55.78 Cr. (Previous Year Rs. 42.54 Cr.) and excludes balance in current accounts held for Unpaid Dividends Rs. 0.12 Cr. (Previous Year Rs. 0.16 Cr.), Bank Deposits with maturity more than three months Rs. 0.13 Cr. (Previous Year Rs. 61.35 Cr.) and Bank Deposits under lien Rs. 182.98 Cr. (Previous Year Rs. 201.30 Cr.)

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

On behalf of the Board

Geetha Suryanarayanan
Partner

M M Murugappan
Chairman

Chennai
1st May 2010

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Schedules Forming Part of the Consolidated Balance Sheet

Rs. in Crores

	As at 31.03.2010	As at 31.03.2009
01 - SHARE CAPITAL		
Authorised		
21,50,00,000 Equity Shares of Rs.2 each	43.00	43.00
Issued, Subscribed and Paid-up		
18,47,81,000 (Previous Year 18,47,80,000) Equity Shares of Rs. 2 each fully paid up	36.95	36.95
	36.95	**36.95**

	As at 31.03.2009	Additions	Deductions	As at 31.03.2010
02 - RESERVES AND SURPLUS				
Capital Reserve	0.27			0.27
Capital Reserve on Consolidation	24.84			24.84
Capital Redemption Reserve (Refer Note 1 Below)	6.15			6.15
Debenture Redemption Reserve	2.50	10.83		13.33
Securities Premium (Refer Note 2 Below)	122.86	0.01		122.87
Hedge Reserve Account (Refer Note 13 of Schedule 18)	(35.05)		(30.61)	(4.44)
General Reserve	292.16	15.00		307.16
Contingency Reserve for Unexpired Risk	5.61			5.61
Foreign Currency Translation Reserve	1.77	5.09		6.86
Securities Premium - Share in Joint Venture	58.45			58.45
Adjustments on Consolidation	(155.55)	(7.66)		(163.21)
	324.01	23.27	(30.61)	377.89
Balance in Profit and Loss Account	335.16			389.71
Total Reserves	**659.17**			**767.60**

1. Represents the amount transferred for a sum equal to the nominal value of the Shares at the time of Buy-back.
2. Represents the amount transferred to Securities Premium in the current year on account of proceeds received from an employee pursuant to the exercise of his option under the Employees Stock Option Scheme Rs.54,800/-

	As at 31.03.2010	As at 31.03.2009
03 - SECURED LOANS		
Debentures		
8.50% Privately Placed Non Convertible Debentures	50.00	–
8.60% Privately Placed Non Convertible Debentures	50.00	–
11.70% Privately Placed Non Convertible Debentures	50.00	50.00
Loans and Advances from Banks		
Foreign Currency Term Loans	52.59	77.28
External Commercial Borrowing	43.46	–
Rupee Term Loans		
From The Hongkong and Shanghai Banking Corporation Ltd.	–	50.00
From Bank of Nova Scotia (BNS)	50.00	–
From State Bank of India	30.00	30.00
	80.00	80.00
Cash Credit and Other Borrowings	197.43	84.69
Others - Finance Lease (Refer Note 14 of Schedule 18)	1.12	1.71
Share in Joint Ventures	1216.75	1148.54
	1741.35	**1442.22**

Schedules Forming Part of the Consolidated Balance Sheet

Rs. in Crores

	As at 31.03.2010	As at 31.03.2009
04 - UNSECURED LOANS		
Short Term Loans & Advances from Banks		
Foreign Currency Loans	34.12	31.15
Cash Credit and Other Borrowings	25.00	59.54
Inter Corporate Borrowing	150.00	–
Other Loans & Advances		
Sales Tax Deferral	23.90	25.67
Share in Joint Ventures	475.21	518.97
	708.23	635.33

	Gross Block at Cost					Depreciation / Amortisation					Net Block	
	As at 31.03.2009	Additions on Acquisition	Additions (Note 1)	Deletions	As at 31.03.2010	As at 31.03.2009	Additions on Acquisition	Additions (Note 2)	Deletions	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
05 - FIXED ASSETS												
Land (Freehold)	28.26	3.98	1.90	0.93	33.21	–	0.08	–	–	0.08	33.13	28.26
Land (Leasehold) (Note 3)	0.73	–	–	–	0.73	0.06	–	0.01	–	0.07	0.66	0.67
Buildings												
– Research & Development	0.37	–	–	–	0.37	0.06	–	0.01	–	0.07	0.30	0.31
– Others (Notes 4 & 5)	139.80	25.07	8.45	4.28	169.04	34.73	22.32	6.94	3.59	60.40	108.64	105.07
Plant & Machinery												
– Research & Development	8.56	–	1.25	–	9.81	2.30	–	0.59	–	2.89	6.92	6.26
– Others	823.20	97.50	72.34	56.98	936.06	418.15	75.98	67.00	29.27	531.86	404.20	405.05
Railway Siding	0.21	–	–	–	0.21	0.16	–	0.02	–	0.18	0.03	0.05
Intangible Assets												
– Computer Software	10.54	–	4.57	–	15.11	5.17	–	3.36	–	8.53	6.58	5.37
– Others	–	4.93	–	–	4.93	–	2.73	–	–	2.73	2.20	–
Improvement to Premises (Leasehold and Owned)	10.25	–	0.49	7.29	3.45	3.40	–	1.42	3.18	1.64	1.81	6.85
Furniture & Fixtures												
– Research & Development	0.02	–	–	–	0.02	0.01	–	–	–	0.01	0.01	0.01
– Others	14.19	–	1.03	3.16	12.06	10.89	–	1.32	1.57	10.64	1.42	3.30
Vehicles	8.66	–	2.11	2.17	8.60	4.16	–	1.78	1.47	4.47	4.13	4.50
Leased Information Technology Equipment	2.45	–	–	–	2.45	0.76	–	0.61	–	1.37	1.08	1.69
TOTAL	1047.24	131.48	92.14	74.81	1196.05	479.85	101.11	83.06	39.08	624.94	571.11	567.39
PREVIOUS YEAR	923.21	–	136.80	12.77	1047.24	418.79	–	70.99	9.93	479.85	567.39	504.42

Notes:

1. Additions to Gross Block includes Interest Capitalised amounting to Rs. 1.10 Cr. (Previous Year Rs. 0.92 Cr).
2. Additions to Depreciation includes depreciation amounting to Rs. 7.30 Cr. (Previous Year Rs. 0.68 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. 3.60 Cr. (Previous Year Rs. 3.65 Cr.) constructed on Leasehold Land.
5. Net Block of Buildings includes Rs. 0.94 Cr. (Previous Year Rs. 0.97 Cr.) being the cost of Buildings situated on Land allotted by the Government, the title of which is in the process of being transferred to the Company.

Schedules Forming Part of the Consolidated Balance Sheet

Rs. in Crores

	As at 31.03.2010	As at 31.03.2009
06 - INVESTMENTS		
Long Term Investments (At Cost)		
Trade Investments:		
Government Securities	164.71	126.31
1% Fully Convertible Cumulative Preference Shares in a Joint Venture (Refer Note 1 Below)	57.20	57.20
Non-Trade Investments:		
Equity Shares (Fully paid) - Quoted (Refer Note 2 Below)	8.11	8.60
Equity Shares (Fully paid) - Unquoted	0.85	0.40
Debentures, Bonds and Bank Deposits	139.66	69.53
Investments in Infrastructure and Social Sector Bonds	96.90	35.05
Others	6.38	–
Total - Long Term	**473.81**	**297.09**
Investments - Current (At Cost)		
Equity Shares (Fully paid) - Quoted (Refer Note 5 of Schedule 18)	3.19	3.19
Bonds & Treasury Bills	14.96	10.04
Fixed Deposits with Banks	103.42	67.62
Corporate Bonds	14.98	24.98
Money Market Instruments	29.92	23.20
Mutual Funds	191.53	–
Total - Short Term	**358.00**	**129.03**
Share in Joint Ventures (Refer Note 3 Below)	53.88	99.30
	885.69	**525.42**
Aggregate Cost of Quoted Investments	11.30	11.79
Market Value of Quoted Investments	42.44	20.60
Notes:		
1. The Preference Shares are convertible into Equity Shares in the Joint Venture, Cholamandalam DBS Finance Limited (CDFL), within 18 months from the date of allotment. The amount of Rs. 57.20 Cr. represents the Investment of Rs. 150 Cr. by the Company in the Preference Share Capital of CDFL less the Group's Proportionate Share of Rs. 92.80 Cr. in the Preference Share Capital of CDFL.		
2. Net of provision for diminution in the value of Investments Rs. 1.10 Cr. (Previous Year Rs. 0.60 Cr.)		
3. Includes Lien Marked Investments in Mutual Fund Units of Rs. NIL (Previous Year Rs. 46.40 Cr.)		
07 - INVENTORIES		
(Lower of Cost (Net of Allowances) and estimated Net Realisable Value)		
Raw Materials	162.82	102.68
Work - in - Process	69.21	39.79
Finished Goods	99.80	86.34
Stores and Spare Parts	3.95	4.26
Materials - in - Transit	4.38	3.73
	340.16	**236.80**
08 - SUNDRY DEBTORS		
(Unsecured, Considered Good unless otherwise stated)		
Outstanding for Over Six Months		
Considered Good	3.53	4.25
Considered Doubtful	8.39	12.55
	11.92	**16.80**
Others		
Considered Good	358.92	238.73
	370.84	**255.53**
Less : Provision for Doubtful Debts	8.39	12.55
	362.45	**242.98**
Share in Joint Ventures	4.56	2.65
	367.01	**245.63**

Schedules Forming Part of the Consolidated Balance Sheet

Rs. in Crores

	As at 31.03.2010	As at 31.03.2009
09 - CASH AND BANK BALANCES		
Cash and Cheques on Hand	7.29	4.89
Balance with Scheduled Banks		
- Current Accounts	18.63	13.40
- Unpaid Dividend Accounts	1.29	1.23
Balance with Unscheduled Bank		
- HSBC Bank, USA, N.A.	0.07	0.06
Share in Joint Ventures (Refer Note Below)	235.01	486.92
	262.29	**506.50**
Note:		
Includes Lien Marked Deposits	182.98	201.30
10 - LOANS AND ADVANCES		
Advances Recoverable in Cash or in Kind or for Value to be Received		
(a) Considered Good *	186.71	162.17
(b) Considered Doubtful	0.22	0.22
	186.93	**162.39**
Less : Provision for Doubtful Advances	0.22	0.22
	186.71	162.17
Sundry Deposits #	17.01	15.34
Balance with Customs, Excise and Sales Tax Authorities	9.72	12.53
Advance Income Taxes Paid	176.19	121.38
Less : Provision for Income Tax	135.51	84.45
	40.68	**36.93**
Share in Joint Ventures	91.28	77.40
	345.40	**304.37**
* Includes Receivable from Terrorism Pool (Refer Note 8(a) of Schedule 18)	23.55	18.08
* Includes Receivable from IMTPIP (Refer Note 8(b) of Schedule 18)	–	9.35
# Includes Lien Marked Deposits.	1.09	1.06
11 - CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Acceptances	114.82	124.09
Sundry Creditors *	507.07	384.80
Advances and Deposits from Customers / Others	21.15	13.91
Unpaid Dividend	1.29	1.23
Other Provisions	0.89	–
Other Liabilities	26.66	8.45
Interest Accrued but Not Due	3.17	1.78
Share in Joint Ventures	101.03	111.42
	776.08	**645.68**
Provisions		
Provision for Compensated Absences	20.12	16.18
Provision for Warranties (Refer Note 6 (i) of Schedule 18)	0.46	0.45
Reserve for Unexpired Risk	261.85	209.50
Provisions for Premium Deficiency	1.28	–
Provisions for Contingencies (Refer Note 6 (ii) of Schedule 18)	1.50	1.50
Provision for Fringe Benefit Tax [Net of Advance Tax Rs. 3.11 Cr. (Previous Year Rs. 4.60 Cr)]	0.35	0.24
Provision for Wealth Tax	0.06	0.05
Dividend - Proposed	27.72	18.48
Dividend Tax	4.60	3.14
Share in Joint Ventures (Refer Note 6(iii) of Schedule 18)	134.46	135.71
	452.40	**385.25**
* Includes payable to IMTPIP (Refer Note 8(b) of Schedule 18)	3.04	–

Schedules Forming Part of the Consolidated Profit and Loss Account

Rs. in Crores

	Year Ended 31.03.2010	Year Ended 31.03.2009
12 - OTHER INCOME		
Interest and Dividend Income	37.72	44.65
Royalty Income	0.43	0.22
Profit on Sale of Assets (Net)	–	0.25
Provision for Doubtful Debts no longer required written back (Net)	0.13	–
Profit on Sale of Investments (Net)	18.48	1.88
Miscellaneous Income	16.52	8.42
Share in Joint Ventures	7.00	7.59
	80.28	**63.01**
13 - RAW MATERIALS CONSUMED (NET)		
Raw Materials Consumed	1469.48	1448.49
Less : Scrap Sales	94.66	100.82
	1374.82	**1347.67**
Share in Joint Ventures	–	3.85
Raw Materials Consumed (Net)	**1374.82**	**1351.52**
14 - ACCRETION TO STOCK		
Opening Stock		
Work-in-Process	39.79	34.84
Finished Stock	86.34	68.85
	126.13	**103.69**
Closing Stock		
Work-in-Process	51.55	39.79
Finished Stock	85.12	86.34
	136.67	**126.13**
Share in Joint Ventures	–	(0.43)
Accretion to Stock	**(10.54)**	**(22.87)**
15 - EMPLOYEE COST		
Salaries, Wages and Bonus	207.23	177.48
Contribution to Provident and Other Funds	9.01	8.71
Welfare Expenses	17.32	16.02
Share in Joint Ventures	30.75	37.19
	264.31	**239.40**

Schedules Forming Part of the Consolidated Profit and Loss Account

Rs. in Crores

	Year Ended 31.03.2010	Year Ended 31.03.2009
16 - OPERATING AND OTHER COSTS		
Consumption of Stores and Spares	101.11	91.19
Freight and Carriage Inwards	28.40	22.90
Sub Contract Charges	34.53	28.22
Power and Fuel	77.87	69.86
Rent	6.60	5.22
Repairs to Buildings	1.76	1.18
Repairs to Machinery	34.95	28.24
Insurance	2.34	2.48
Rates and Taxes	15.49	15.18
Travelling and Conveyance	17.51	17.46
Printing, Stationery and Communication	11.10	10.65
Freight, Delivery and Shipping Charges	65.20	53.65
Discounts / Incentives on Sales	23.64	16.93
Advertisement and Publicity	39.70	29.49
Bad Debts Written Off	4.03	3.15
Less : Provision Released	4.03	3.15
	–	–
Provision for Doubtful Debts	–	0.49
Provision for Inventory	–	2.64
Loss on Sale of Assets	1.36	–
Advances Written Off	–	0.60
Provision for Diminution in the Value of Investments	0.50	0.60
Auditors' Remuneration (Including for Other Auditors) (Refer Note 17 of Schedule 18)	0.49	0.50
Company Directors' Remuneration (Including Company Managing Director's Remuneration)	1.76	1.66
Loss on Exchange Fluctuation (Net) #	13.02	36.25
Provision for Contingencies (Refer Note 6 (ii) of Schedule 18)	–	0.80
Other Expenses	135.04	92.10
Share in Joint Ventures	80.92	112.52
	693.29	**640.81**
# Includes Loss on discontinued Cash Flow Hedges.	2.78	6.60

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 (Collectively referred to as 'the Group').

   (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 for which the financial statements as on the reporting date are not available and hence, the same have been consolidated based on the latest available Financial Statements. Refer Note 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. The carrying value of Goodwill is tested for impairment as at the end of each reporting period.

   (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 consists 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 in the Net Profit for the year of the Consolidated Subsidiaries 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 2010	As at 31st March 2009
Cholamandalam MS General Insurance Company Limited (CMSGICL)	Subsidiary	31st March	India	74.00%	74.00%
TI Financial Holdings Limited (TIFHL)	Subsidiary	31st March	India	100.00%	100.00%
TICI Motors (Wuxi) Company Limited	Subsidiary (Refer Note (i) below)	31st December	China	100.00%	–
Financiere C10 S.A.S	Subsidiary (Refer Note (ii) below)	31st December	France	77.13%	–
Tubular Precision Products (Suzhou) Company Ltd (TPPSCL)	Subsidiary (Refer Note (iii) below)	31st December	China	100.00%	100.00%
Cholamandalam DBS Finance Limited (CDFL)	Joint Venture	31st March	India	30.93%	30.93%
Cholamandalam MS Risk Services Limited (CMSRSL)	Joint Venture	31st March	India	49.50%	49.50%

Notes:

(i) TICI Motors (Wuxi) Company Limited was incorporated as a 100% Subsidiary company with effect from 24th December 2009.

(ii) Financiere C10 S.A.S was acquired on 12th February 2010 and became a Subsidiary effective that date.

(iii) Tubular Precision Products (Suzhou) Company Ltd is under Liquidation.

17 - STATEMENT OF ACCOUNTING POLICIES (Contd.)

3. Significant Accounting Policies

(i) Accounting Convention

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

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, circulars / notifications issued by IRDA from time to time, the applicable Accounting Standards notified by the Central Government of India under the Companies (Accounting Standard) Rules,2006 and the requirements of the Companies Act, 1956, to the extent applicable.

One of the Company's Joint Ventures (CDFL), follows prudential norms for income recognition, asset classification and provisioning of 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 the 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/contingencies, 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

(iii) Fixed Assets and Depreciation / Amortisation

a. Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes related taxes, duties, freight, insurance, etc. attributable to the acquisition and installation of the fixed assets but excludes duties and taxes that are recoverable from tax authorities.

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 fixed 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 equipments are depreciated over three years on the basis of Management's evaluation of the useful life of these assets, which results in depreciation being charged at rates higher than those specified under the Companies Act, 1956.

   Certain fixed assets are treated as Continuous Process Plants based on technical evaluation done by the Management and are depreciated at the applicable rates.

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

d. Depreciation on fixed assets for the below mentioned Subsidiary and Joint Venture is provided based on the Straight Line Method (SLM) at the rates and in the manner prescribed in the Schedule XIV of the Companies Act,

17 - STATEMENT OF ACCOUNTING POLICIES (Contd.)

1956 except for the following based on the Management's assessment of the estimated useful life of these assets.

	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
- Stock Exchange Membership Card	–	15 Years
Vehicles	4 Years	5 Years
Office Equipment	4 Years	5 Years
Electrical Fittings	4 Years	–
Improvement to Premises	Primary Lease Period or 5 Years, whichever is lower	Primary Lease Period or 5 Years, whichever is lower
Buildings	–	20 Years
Furniture Fittings	5 Years	5 Years

e. In respect of one of the Subsidiaries (Financierie C10), 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
Software	3 Years
Buildings	15 to 40 Years
Equipment	8 to 20 Years
Tools	3 Years
Fittings and Installation	10 Years
Transport Equipment	4 Years
Furniture and Office Equipment	10 Years
Computer Equipment	3 Years

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

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

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

i. In one of the Company’s Joint Ventures (CDFL), Fixed Assets are stated at cost less accumulated depreciation except Bombay Stock Exchange Membership Card (Intangible Assets) which is recorded at Fair Value. Cost includes taxes, duties, freight, incidental expenses related to the acquisition and installation of the asset.

(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 one of the Subsidiaries (CMSGICL) -

   i. Investments maturing within twelve months from the date of Balance Sheet and investments held with the specific intention to dispose off within twelve months from the date of Balance Sheet are classified as short-term investments. Investments other than short term are classified as long-term investments.

17 - STATEMENT OF ACCOUNTING POLICIES (Contd.)

ii. 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".

iii. 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.

iv. Units of mutual funds are valued at the Net Assets Value (NAV). The change in the value is credited/ (debited) to the "Fair Value Change Account"

(v) Inventories

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

b. Work-in-process and finished goods are valued at lower of weighted average cost (net of allowances) and estimated net realisable value. Cost includes all direct costs and 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 case of the Joint Venture (CDFL), closing stock of shares and securities is valued at lower of cost and market value.

(vi) Revenue Recognition

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

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 recognised on time proportion basis.

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

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

(ii) Reserve for Unexpired Risk, representing that part of the premium written that is attributable and allocable to the subsequent accounting period(s), is calculated principally on "Day Basis" subject to a minimum of 50 percent of the net premium written during the preceding twelve months in the case of Fire, Marine (Cargo) and Miscellaneous business and 100 percent for Marine (Hull) business. In the case of health line of business, in terms of IRDS Circular dated 24th March 2009, the Reserve for Unexpired Risk is calculated on "Day Basis" only.

(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.

17 - STATEMENT OF ACCOUNTING POLICIES (Contd.)

(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 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 bilateral assignment of receivables, the difference between the book value of the assets assigned and the sale consideration is taken to revenue after netting off incidental expenses to be incurred, provision for contingent losses arising from credit enhancements (if cash collateral is provided) and costs to be incurred in servicing the contracts.

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

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

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

(vi) Trusteeship fees are accounted on an accrual basis in accordance with the Trust Deed and are dependent on the net asset value as recorded by the schemes of DCS Chola Mutual Fund.

(vii) Dividend income from units of mutual fund is accounted when the right to receive the income is established.

(vii) Receivables Under Financing 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.

(viii) Employee Benefits

I. Defined Contribution Plan

a. Superannuation

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

b. Provident Fund

In the case of one of the Subsidiaries (CMSGICL), fixed contributions to the provident fund are recognised in the Accounts on actual cost to CMSGICL.

In the case of one of the Joint Ventures (CDFL), Contributions to the Regional Provident Fund Commissioner to secure retiral benefits in respect of Employee's Provident Fund, Employee's Pension Fund, based on the statutory provisions as per the Employee Provident Fund Scheme, are charged to revenue.

II. Defined Benefit Plan

a. Gratuity

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

17 - STATEMENT OF ACCOUNTING POLICIES (Contd.)

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, one of its Subsidiaries (CMSGICL) 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 Subsidiaries and its Joint Ventures, short term employee benefits include 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 for/ expensed in the period in which the liability arises.

VI. Employee's Provident Fund – TPPSCL

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) 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.

(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.

17 - STATEMENT OF ACCOUNTING POLICIES (Contd.)

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. If any of these events occur or if a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised under shareholders' funds is transferred to the Profit and Loss account for the year.

Joint Venture (CDFL)

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

(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.

(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

I. The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.

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

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

IV. Segments assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets and liabilities represent the assets and liabilities that relate to the 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 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

18 - NOTES TO ACCOUNTS

1. Contingent Liabilities and Commitments

Rs. in Crores

	Particulars	As at 31.03.2010	As at 31.03.2009
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for		
	I. Capital Expenditure	33.64	15.95
	II. Investments	324.08	55.50
b)	Disputed Income-Tax demands from A.Y. 1993-94 to 2006-07 under appeal / remand pending before various appellate/ assessing authorities which has been deposited. The Management is of the opinion that the above demands are not sustainable.	27.94	28.05
c)	Disputed Excise demand amounting to Rs. 1.62 Cr. (Previous Year Rs. 2.30 Cr.) and penalty of Rs. 1.22 Cr. (Previous Year Rs. 1.22 Cr.) pertaining to financial years 1999-00 to 2004-05 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.	2.84	3.52
d)	Cases decided in favour of the Company against which the department has gone on appeal		
	- Income Tax	2.55	0.31
	- Excise	0.86	0.21
e)	Bills Drawn on Customers and Discounted with Banks by the company	–	0.40
f)	Outstanding Export obligation under EPCG / Advance License Scheme. The Company is confident of meeting its obligations under the Schemes.	42.78	75.28
g)	Guarantee favouring HSBC Bank (China Co Ltd.) Suzhou China to secure borrowing by Tubular Precision Products (Suzhou) Co. Ltd., subsidiary of the Company.	–	11.13
h)	Claims against the Company not acknowledged as debt.	–	0.89
i)	Counter Guarantee Provided by one of the Subsidiaries/one of the Joint Ventures	37.16	3.57
j)	Sales Tax Pending before Appellate Authorities in respect of which one of the Subsidiaries/one of the Joint Ventures is on appeal and expects to succeed based on decision in earlier years	1.43	1.46
k)	Disputed claims against one of the Joint Ventures lodged by various parties pending litigation (to the extent quantifiable)	2.64	1.97
l)	Cases decided in favour of one of the Subsidiaries/ one of the Joint Ventures against which the department has gone on appeal - Income Tax	26.54	14.87
m)	Disputed Income Tax Demands in respect of one of the Subsidiaries/one of the Joint Ventures	0.37	3.22
n)	Claims, under policies, not acknowledged as debts in one of the Joint Ventures - in respect of a disputed claim under a fire policy.	Refer Note (a) below	Refer Note (a) below

Notes:

a) CMSGICL is in receipt of a claim intimation for a fire loss from one of its customers which, in the opinion of the management, is not admissible on account of violation of express terms and conditions of the policy. This view is substantiated by the Joint Surveyors' report and is also supported by legal opinion and accordingly the Company has repudiated the claim. The said claim, if provided for, would increase the net incurred claims upto Rs. 2.04 Cr.

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

c) Also Refer Note 6 Below.

18 - NOTES TO ACCOUNTS (Contd.)

2. Subsidiaries

   a) The overseas subsidiary in China is under liquidation. All revenue up to the date of liquidation has been considered. Assets and Liabilities have been consolidated based on the liquidation accounts as at the Balance Sheet date.

   b) A subsidiary was acquired on 12th February 2010 in France. Since the financial year for the subsidiary ends on 31st December 2010, transactions subsequent to the date of acquisition have not been consolidated. All assets, liabilities and goodwill arising on Consolidation have been considered based on the latest audited Balance Sheet as at 31st December 2009. No significant transactions are events have occured between this day and the date of acquisition.

3. Contingency Reserve for Unexpired Risks

   Subsidiary -CMSGICL

   (a) Pursuant to IRDA Circular No. IRDA / F&A / CIR / 49 / Mar-09 dated 24th March 2009, CMSGICL has created the Reserve for Unexpired Risks as at the end of the accounting period based on the 1/365 method and the excess of the amounts as determined under Section 64 V(1) (ii) (b) over the amounts determined under the 1/ 365 method (net of tax) has been credited to the Contingency Reserve for Unexpired Risks as an appropriation of profits.

   However, for the year ended 31st March 2010, CMSGICL has considered the health line of business as a part of the Miscellaneous business and accordingly, the requirement for creation of Contingency Reserve has not arisen.

   In terms of the above said Circular, the Contingency Reserve for Unexpired Risks is not available for distribution to Shareholders and its utilization at any future date would require prior approval of IRDA.

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

   The balance in the Capital Work-in-Progress (including Capital Advances) account as at 31st March 2010 includes Interest on borrowings amounting to Rs. Nil. (Previous Year Rs. 0.60 Cr.)

5. Own Shares held through Trust

   Investments include Rs. 3.19 Cr. (Previous Year Rs. 3.19 Cr.) shares in the Company held through a Trust.

   In accordance with the Scheme of Arrangement, approved by the Honourable 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 vested in a Trust, namely, TII Shareholding Trust, created for the purpose.

   The Trust had sold 57,50,000 Equity Shares of Rs.2 each and the Net Surplus on Sale of Shares was credited to the Securities Premium Account.

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

   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, is credited back to the Profit and Loss Account on receipt of the same from the Trust.

6. Provisions

   (i) Warranties - Company

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

Particulars	2009-10	2008-09
Opening Balance	0.45	0.37
Add: Provision created during the year	0.89	0.41
Less: Utilised during the year	0.88	0.33
Closing Balance	0.46	0.45

   Provision for Warranties is estimated based on past experience and technical estimates and is expected to be settled over the next 12 months.

18 - NOTES TO ACCOUNTS (Contd.)

(ii) Contingencies- Company

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

Rs. in Crores

Particulars	2009-10	2008-09
Opening Balance	1.50	0.70
Add: Provision created during the year	NIL	0.80
Less: Utilised during the year	NIL	NIL
Closing Balance	1.50	1.50

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.

(iii) Share in Joint Ventures

The amount of Rs. 134.46 Cr. (Previous Year Rs. 135.71 Cr.) includes the share in certain provisions pertaining to CDFL, the details of which are given below:

Particulars	Provision for Standard Assets	Provision for Non-Performing Assets	Provision for Credit Enhancements and Servicing Costs on Assets Derecognised	Provision for Contested Service Tax
Opening Balance	61.87	61.22	10.45	0.21
Add: Provision Created during the year	–	72.75	7.46	–
Less: Utilised/ Reversed during the year	52.59	29.29	3.34	–
Closing Balance	9.28	104.68	14.57	0.21

7. Deferred Tax

The Deferred Tax position as at 31st March 2010 has arisen on account of the following:

Company

Nature - (Asset) / Liability	As at 31.03.2010	As at 31.03.2009
Deferred Tax Liabilities		
Difference between depreciation as per Books of Account and the Income Tax Act, 1961	59.61	55.74
Total (A)	**59.61**	**55.74**
Deferred Tax Assets		
Deferred Revenue Expenses	(1.53)	(1.05)
Provision for Doubtful Debts / Advances	(4.58)	(4.34)
Capital loss on liquidation of subsidiary	(7.70)	–
Others	(4.49)	(4.58)
Total (B)	**(18.30)**	**(9.97)**
Net Deferred Tax Liability (A-B)	**41.31**	**45.77**

18 - NOTES TO ACCOUNTS (Contd.)

Rs. in Crores

Subsidiary - CMSGICL

Nature - (Asset) / Liability	As at 31.03.2010	As at 31.03.2009
Deferred Tax Liabilities		
Difference between the depreciation of assets as per Books of Account and the Income Tax Act, 1961	0.11	0.28
Timing Difference on Unexpired Premium Reserves between Books of Account and the Income Tax Act, 1961	0.92	1.91
Total (A)	**1.03**	**2.19**
Deferred Tax Assets		
Provision for Compensated Absences & Other Employee Benefits	(1.02)	(0.99)
Others	(0.35)	(0.47)
Total (B)	**(1.37)**	**(1.46)**
Net Deferred Tax Liability / (Asset) (A-B)	**(0.34)**	**0.73**
Subsidiary – Financiere C10		
Nature - (Asset) / Liability		
Deferred Tax Liabilities		
Others	1.20	–
Total (A)	**1.20**	**–**
Deferred Tax Assets		
Others	(0.06)	–
Total (B)	**(0.06)**	**–**
Net Deferred Tax Liability / (Asset) (A-B)	**1.14**	**–**
Share in Joint Ventures		
Nature - (Asset) / Liability		
Deferred Tax Liabilities		
Difference between the depreciation as per Books of Account and the Income Tax Act, 1961	0.29	0.83
Unamortised Miscellaneous Expenditure	3.12	1.52
Total Deferred Tax Liability (A)	**3.41**	**2.35**
Deferred Tax Assets		
Provision for Standard Assets	(3.08)	(21.03)
Provision for Non-Performing Assets	(33.90)	(20.81)
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	(4.84)	(3.55)
Provision for Repossessed Stock	(0.85)	(1.43)
Income Derecognised on Non-Performing Assets	(6.21)	
Difference between the depreciation as per Books of Account and the Income Tax Act, 1961	(0.60)	–
Others	(2.79)	(3.27)
Total Deferred Tax Asset (B)	**(52.27)**	**(50.09)**
Net Deferred Tax Asset (A-B)	**(48.86)**	**(47.74)**

8. Subsidiary - CMSGICL

(a) Terrorism Pool:

Premium received from customers on account of Terrorism cover has been ceded to General Insurance Corporation of India (GIC) Terrorism Pool Account. The Company's share in the Terrorism Pool Account with GIC, based on the statements of account received during the current year for the period upto 31st December 2009 has been accounted under the respective heads as follows:

18 - NOTES TO ACCOUNTS (Contd.)

a) Premium Inwards - Premium on Reinsurance Accepted
b) Claims - under Claims Paid and Claims Outstanding
c) Management Expenses - under Operating Expenses Related to Insurance Business

(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.

GIC has provided Unaudited, Provisional financial statements of the IMTPIP for the period from 1st March 2009 to 28th February 2010 and the company's share of the respective components of revenues and expenses have been accordingly incorporated in the financial statements. The loss being the Company's share in the arrangement after considering all the income and expenses for the twelve months ended 28th February 2010 is Rs 14.56 Cr. (Previous year Rs.13.22 Cr). The Company's share of the respective components of revenues and expenses for March 2010 will be accounted in the ensuing financial year .

In line with the decision of the General Insurance Council, the Subsidiary's share of the respective components of revenues and expenses for March 2010 will be accounted in the ensuing financial year.

9. Joint Ventures - CDFL

(a) Assets De-recognised

Rs. in Crores

Particulars	As at 31.03.2010	As at 31.03.2009
Assets De-recognised (Note (i) below) –		
On Securitisation (Note (ii) below)		
On Bilateral Assignment of Receivables	523.05	518.46
Bank Deposits provided as Collateral		
For Credit Enhancements	180.01	80.72
For Liquidity Support	18.24	109.54
For Interest Rate Changes from Specified Rate	4.32	5.22

Notes:

i. During the current year, the Gujarat High Court, in the case of Kotak Mahindra Bank vs O.L of M/s APS Star India Limited, held that Banks are prohibited from transferring or purchasing debts. Consequent to the above, the petitioners have filed a Special Leave Petition (SLP) with the Supreme Court. In its interim order, the Supreme Court has held that in the event of dismissal of the SLP, the assignment deals entered into by Banks would be deemed not to have materialized.

However, CDFL is hopeful of a favourable outcome to the aforesaid Special Leave Petition (SLP) filed in the Supreme Court given that such deals are widely prevalent in the banking and financial services industry and the Reserve Bank of India has itself issued specific guidelines in respect of Securitization transactions and hence, no adjustments to the financial statements have been considered necessary at this stage by the Management in this regard.

(b) Other Exceptional Item

Particulars	31.03.2010	31.03.2009
Profit on Sale of land and building	6.43	-
Loss on Sale of securities	(2.15)	(4.99)
Profit on Sale of subsidiaries (Net)	9.52	-
Total Exceptional Items (Net)	**13.80**	**(4.99)**

18 - NOTES TO ACCOUNTS (Contd.)

10. Segment Information

(A) PRIMARY SEGMENT

Rs. in Crores

	CYCLES/ COMPONENTS/ E SCOOTERS		ENGINEERING		METAL FORMED PRODUCTS		INSURANCE		OTHER FINANCIAL SERVICES		OTHERS		ELIMINATIONS		CONSOLIDATED TOTAL	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUE																
External Sales	946.11	722.42	827.51	866.32	576.51	482.44	457.95	382.04	289.04	346.90	4.06	2.95			3101.18	2803.07
Inter-Segment Sales			67.38	96.12	0.06	0.36	4.34	3.32					(71.78)	(99.80)	0.00	0.00
Other Operating Income	6.64	2.68	2.36	2.71	3.61	8.28	57.24	33.43	5.37	(0.84)	0.03	0.01			75.25	46.27
Unallocated Corporate Income															0.23	0.45
Total Revenue	**952.75**	**725.10**	**897.25**	**965.15**	**580.18**	**491.08**	**519.53**	**418.79**	**294.41**	**346.06**	**4.09**	**2.96**	**(71.78)**	**(99.80)**	**3176.66**	**2849.79**
Unallocated Corporate Expenses															99.99	138.74
RESULT																
Operating Profit	69.14	29.16	59.01	3.35	80.32	51.01	1.85	11.85	21.59	(14.81)	0.96	0.73			332.86	220.03
Profit / (Loss) on Sale of Assets	(0.42)	0.01	(0.88)	0.41	0.10	0.01									(1.20)	0.43
Net Operating Profit	**68.72**	**29.17**	**58.13**	**3.76**	**80.42**	**51.02**	**1.85**	**11.85**	**21.59**	**(14.81)**	**0.96**	**0.73**	**-**	**-**	**331.66**	**220.46**
Dividend Income															1.37	4.79
Interest Expense															(185.28)	(212.31)
Income Taxes															(53.35)	(7.05)
Profit on Sale of Investments															18.48	48.54
Minority Interest in Net Income															(0.62)	(1.82)
Net Profit	**68.72**	**29.17**	**58.13**	**3.76**	**80.42**	**51.02**	**1.85**	**11.85**	**21.59**	**(14.81)**	**0.96**	**0.73**	**-**	**-**	**112.26**	**52.61**
Other Information																
Segment Assets	264.16	190.47	530.82	488.94	589.45	420.98	751.35	536.64	2159.33	2134.10	3.21	2.55	(18.15)	(17.77)	4280.17	3755.91
Unallocated Corporate Assets															326.94	134.96
Total Assets	**264.16**	**190.47**	**530.82**	**488.94**	**589.45**	**420.98**	**751.35**	**536.64**	**2159.33**	**2134.10**	**3.21**	**2.55**	**(18.15)**	**(17.77)**	**4607.11**	**3890.87**
Segment Liabilities	164.23	134.69	146.32	132.53	171.77	81.43	470.86	387.41	1926.68	1914.16	0.77	0.51	(18.15)	(17.77)	2862.48	2632.96
Unallocated Corporate Liabilities															57.96	65.48
Total Liabilities	**164.23**	**134.69**	**146.32**	**132.53**	**171.77**	**81.43**	**470.86**	**387.41**	**1926.68**	**1914.16**	**0.77**	**0.51**	**(18.15)**	**(17.77)**	**2920.44**	**2698.44**
Capital Expenditure	9.59	6.32	34.45	23.30	50.27	63.32	9.65	13.68	2.05	4.50	0.06	0.13			106.07	111.25
Unallocated Corporate Capital Expenditure															2.07	(0.57)
Depreciation	6.68	5.76	33.00	30.08	30.29	24.65	11.38	8.50	5.31	8.20	0.15	0.12			86.81	77.31
Unallocated Corporate Depreciation															1.71	2.38

18 - NOTES TO ACCOUNTS (Contd.)

(B) SECONDARY SEGMENT

Rs. in Crores

	2009-10	2008-09
1) Revenue by Geographic Market		
India	3060.31	2657.65
Rest of The World	116.35	192.14
TOTAL	**3176.66**	**2849.79**
2) Segment Assets by Geographic Market		
India	4461.48	3851.01
Rest of The World	145.63	39.86
TOTAL	**4607.11**	**3890.87**
3) Capital Expenditure		
India	108.14	110.68
Rest of The World	–	–
TOTAL	**108.14**	**110.68**

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

(a) List of Related Parties

I. Company having Substantial Interest in Voting Power in

Cholamandalam MS General Insurance Company Limited
Mitsui Sumitomo Insurance Company Limited.

II. Joint Venture Companies

Cholamandalam DBS Finance Limited

Cholamandalam MS Risk Services Limited

III. Key Management Personnel (KMP)

In Tube Investments of India Limited
Mr. L Ramkumar – Managing Director

In Cholamandalam MS General Insurance Company Limited

Mr. Yu Kitai – Whole-time Director

Mr. S.S. Gopalarathnam – Managing Director

Note: Related party relationships are as identified by the Management.

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

Transaction	Related Party	2009-10	2008-09
Rentals Received / Recovered	Mitsui Sumitomo Insurance Company Limited.	0.55	0.37
	Cholamandalam DBS Finance Limited	–	0.01
Interest Income	Cholamandalam DBS Finance Limited	–	1.59
Rentals Paid	Cholamandalam DBS Finance Limited	0.72	0.10
Management Expenses	Mitsui Sumitomo Insurance Company Limited.		
(a) Paid/Payable		0.65	0.66
(b) Recovery		0.01	0.02
Reinsurance Ceded	Mitsui Sumitomo Insurance Company Limited.	76.54	59.33
Reinsurance Commission Received	Mitsui Sumitomo Insurance Company Limited.	14.21	16.89

Schedules Forming Part of the Consolidated Accounts

18 - NOTES TO ACCOUNTS (Contd.)

Rs. in Crores

Transaction	Related Party	2009-10	2008-09
Reinsurance Recovery on claims	Mitsui Sumitomo Insurance Company Limited.	57.35	53.20
Sales and Services	Borg Warner Morse TEC Murugappa Private Limited	–	0.38
Reimbursement of Expenses	Cholamandalam DBS Finance Limited	0.06	0.03
Recovery of Expenses	Cholamandalam DBS Finance Limited	–	0.07
Sale of Shares	Cholamandalam DBS Finance Limited	0.02	–
Purchase of Fixed Assets	Cholamandalam DBS Finance Limited	0.10	–
Subscription to Preference Shares	Cholamandalam DBS Finance Limited	–	57.20
Remuneration	KMP of CMSGICL	–	0.86
Balance at Year End			
Receivable (Net) –Due from other Entities Carrying on Insurance Business	Mitsui Sumitomo Insurance Company Limited	2.92	1.88
Payable	Cholamandalam DBS Finance Limited	0.27	0.13

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

12. Employee Benefits

a. Gratuity

Details of Actuarial Valuation	2009-10	2008-09
Change in Benefit Obligation		
Projected Benefit Obligation as at Year Beginning	18.14	17.38
Service Cost	1.49	1.49
Interest Cost	1.46	1.32
Actuarial (Gains) / Losses	(1.01)	(0.38)
Benefits Paid	(1.54)	(1.65)
Other Adjustments	–	(0.02)
Projected Benefit Obligation as at Year End	**18.54**	**18.14**
Change in Plan Assets		
Fair Value of Plan Assets as at Year Beginning	18.75	17.15
Expected Return on Plan Assets	1.73	1.38
Employer's Contribution	1.07	1.69
Benefits Paid	(1.54)	(1.65)
Surplus on Transfer of Equitable Interest out	–	0.02
Actuarial Gains / (Losses)	–	0.16
Fair Value of Plan Assets as at Year End	**20.01**	**18.75**
Amounts Recognised in the Balance Sheet		
Projected Benefit Obligation at the Year End	18.54	18.14
Fair Value of the Plan Assets at the Year End	20.01	18.75

18 - NOTES TO ACCOUNTS (Contd.)

Rs. in Crores

Details of Actuarial Valuation	2009-10	2008-09
Asset / (Liability) Recognised in the Balance Sheet	**1.47**	**0.61**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	1.49	1.49
Interest on Obligation	1.46	1.32
Expected Return on Plan Assets	(1.73)	(1.38)
Net Actuarial (Gains) / Losses Recognised in the Year	(1.01)	(0.56)
Net Cost Recognised in the Profit and Loss Account	**0.21**	**0.87**
Assumptions		
Discount Rate	8.00%	8.00%
Future Salary Increase (%)	5.00%	5.00%
Attrition Rate	1 to 3%	1 to 3%
Expected Rate of Return on Plan Assets	8.00 to 9.50%	8.00%

Notes:

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

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

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

b. Provident Fund

The Company's Provident Fund is exempted under Section 17 of the Employees' Provident Fund Act, 1952. Conditions for the grant of exemption 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

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

Assumptions for Actuarial Valuation	2009-10	2008-09
Discount Rate	8.00%	8.00%
Future Salary Increase (%)	5.00%	5.00%
Attrition Rate	1 to 3%	1 to 3%
Expected Rate of Return on Plan Assets	8.00%	8.00%

13. 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 2010, the Company has recognised Mark to Market (MTM) Losses of Rs. 4.44 Cr. (Previous Year Rs. 35.05 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.

18 - NOTES TO ACCOUNTS (Contd.)

The MTM net loss on undesignated / ineffective forward contracts amounting to Rs. 2.78 Cr. (Previous Year Rs. 6.42 Cr.) has been recognised in the Profit & Loss Account.

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

Rs. in Crores

Particulars	2009-10	2008-09
Balance as at Beginning of the Year	(35.05)	(3.03)
Net Movement for the Year	30.61	(32.02)
Balance as at End of the Year	(4.44)	(35.05

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

Joint Venture - CDFL

In the case of one of the Joint Ventures (CDFL), the Group's Share of the MTM net gain/loss on undesignated / ineffective forward contracts amounting to gain of Rs. 0.18 Cr. (Previous Year Rs.1.53 Cr) has been recognised in the Profit & Loss Account.

14. Lease Commitments -Subsidiary - CMSGICL

a. 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:

Particulars	31st March 2010	31st March 2009
Total Commitments towards Minimum Lease Payments	1.21	1.93
Less: Future Liability on Interest Account	(0.09)	(0.22)
Present Value of Minimum Lease Payments	1.12	1.71
Minimum Lease Payments		
- Not later than one year	0.73	0.73
- Later than one year but not later than five years	0.48	1.21

b. Operating Lease Commitments

i Office space and residential accommodation generally for a period of 5 years with option to renew and with escalation in rent once in three years. Lease rent for the year ended 31 March 2010 amounted to Rs. 9.13 Cr. (Previous Year - Rs. 5.65 Cr.)

ii. Information Technology hardware, Branch Infrastructure (Furniture & Fixtures, Office and Electrical equipments) for a period of 4 years and are renewable at the option of the Company Rentals for the period ended 31st March 2010 amounted to Rs. 0.04 Cr. (Previous Year Rs. Nil)

Particulars	31st March 2010	31st March 2009
Minimum Lease payments not later than one year	7.39	Nil
Later than one year but not later than five years	12.34	Nil

15. Earnings Per Share

Particulars		2009-2010	2008-2009
Profit after Taxation - Rs. in Crores		112.26	52.61
Weighted Average Number of Shares	- Basic	18,47,80,038	18,47,80,038
	- Diluted	18,53,50,522	18,47,85,198
Earning Per Share of Rs.2/- each	- Basic	6.08	2.85
	- Diluted	6.06	2.85

16. Stock Options

Company

The Company has 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 2010 is 28,81,054 (Previous Year 33,34,332) and each Option is exercisable into One Equity Share of Rs. 2/- face value.

18 - NOTES TO ACCOUNTS (Contd.)

Particulars	Date of Grant	Exercise Price (Rs)	Options Granted	Options Vested	Options Cancelled / lapsed	Options Exercised & allotted	Options Exercised, pending allotment	Options Outstanding at the End of the Year	Vesting (subject to continuous association with the Company and performance rating parameters)
Grant 1	31 Oct. 07	62.85	6,00,120	3,88,030	2,12,090	–	2,000	3,86,030	31.10.08 – 100%
Grant 2	31 Jan. 08	66.10	1,05,460	81,324	24,136	–	–	81,324	31.01.09 – 100%
Grant 3	24 Mar. 08	56.80	26,55,260	4,51,276	6,50,920	1,000	8,208	19,95,132	31.10.09 – 25% 31.10.10 – 37.5% 31.10.11 – 37.5%
Grant 4	31 Jul. 08	44.45	3,86,900	54,712	47,148	–	–	3,39,752	31.07.09 – 20% 31.07.10 – 20% 31.07.11 – 30% 31.07.12 – 30%
Grant 5	31 Oct. 08	24.25	54,000	8,640	2,160	–	–	51,840	31.10.09 – 20% 31.10.10 – 20% 31.10.11 – 30% 31.10.12 – 30%
Grant 6	30 Jan. 09	31.05	28,100	4,496	1,124	–	–	26,976	30.01.10 – 20% 30.01.11 – 20% 30.01.12 – 30% 30.01.13 – 30%

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 2010 is 19,04,162 (Previous Year 9,42,093) and each option is exercisable into one share.

Particulars	Date of Grant		Exercise Price (Rs)		Options Granted during the Year		Options Forfeited / Lapsed during the Year	Options Outstanding at the End of the Year		Vesting Commences on
	Original	Corporate Action Adjustment	Original	Corporate Action Adjustment	Original	Corporate Action Adjustment		Vested	Yet to Vest	
Grant 1	30 Jul. 07	25 Jan. 08	193.40	178.70	7,65,900	54,433	5,63,559	93,710	1,63,064	30 Jul. 08
Grant 2	24 Oct. 07		149.90		70,400		70,400	–	–	24 Oct. 08
Grant 3	25 Jan. 08		262.20		1,62,800		1,05,640	20,800	36,360	25 Jan. 09
Grant 4	25 Apr. 08		191.80		4,68,740		2,25,800	44,780	198,160	25 Apr. 09
Grant 5	30 Jul. 08		105.00		10,070		291	1,723	8,056	30 Jul. 09
Grant 6	24 Oct. 08		37.70		65,600		33,620	5,740	26,240	24 Oct. 09

Schedules Forming Part of the Consolidated Accounts

18 - NOTES TO ACCOUNTS (Contd.)

Fair Value Methodology

In the case of the Company, and its Joint Ventures 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.

17. Auditors' Remuneration (Including for other Auditors)

Rs. in Crores

Particulars	2009-10	2008-09
Statutory Audit	0.38	0.38
Tax Audit & Other Services	0.09	0.10
Service Tax (Net of Input Credit Availed)	0.02	0.01
Reimbursement of Expenses	0.00	0.01
Sub-Total	**0.49**	**0.50**
Share in Joint Venture	0.16	0.16
Total	**0.65**	**0.66**

18. Change in shareholding of CDFL

Consequent to the purchase of 1,75,82,000 shares of CDFL from DBS Bank Ltd., Singapore on 8th April 2010, CDFL ceased to be Joint Venture and became a Subsidiary of the Company effective that date.

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

Signatures to Schedules 1 to 18

On behalf of the Board

M M Murugappan
Chairman

Chennai 1st May 2010	**S Suresh** Company Secretary	**K Balasubramanian** Chief Financial Officer	**L Ramkumar** Managing Director

Information on Subsidiaries

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

Rs. in Crores

		TI Financial Holdings Limited		Tubular Precision Products (Suzhou) Company Limited		Cholamandalam MS General Insurance Company Limited		Financiere C 10 S.A.S.	Sedis	S2CI	Sedis Co. Ltd.
		For the Year ended Mar '10	For the Period ended Mar '09	For the Period ended Mar '10	For the Year ended Dec '08	For the Year ended Mar '10	For the Year ended Mar '09	For the Year ended Dec '09	For the Year ended Dec '09	For the Year ended Dec '09	For the Year ended Dec '09
1	Capital	0.07	0.07	34.86	34.86	266.96	141.96	20.37	39.42	0.28	0.10
2	Reserves & Surplus (adjusted for debit balance in P&L Account, where applicable)	(0.03)	(0.03)	(39.95)	(16.35)	12.41	4.83	26.86	8.84	2.06	2.65
3	Total Assets (Fixed Assets + Current Assets + Deferred Tax Asset + Misc. Expenditure not written off)	0.04	0.07	0.22	31.11	179.20	171.88	5.40	105.15	6.55	5.72
4	Total Liabilities (Debts + Current Liabilities + Deferred Tax Liability)	–	0.03	5.31	12.60	471.98	389.85	22.92	59.98	4.45	2.97
5	Investments	–	–	–	–	572.15	364.76	64.75	3.09	0.24	–
6	Total Income	–	–	4.48	5.54	520.97	424.17	–	–	–	–
7	Profit Before Tax	–	(0.03)	(27.62)	(13.53)	1.85	11.85	–	–	–	–
8	Provision for Tax	–	–	–	–	(0.55)	4.86	–	–	–	–
9	Profit After Tax	–	(0.03)	(27.62)	(13.53)	2.40	6.99	–	–	–	–
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	–	–	–	–	164.51	126.06	–	–	–	–
	Debentures and Bonds	–	–	–	–	139.66	69.54	–	–	–	–
	Infrastructure and Social Sector Bonds	–	–	–	–	96.90	35.05	–	–	–	–
	Other than Approved Investments- Equity shares (Net of Fair Value Change)	–	–	–	–	7.79	8.28	–	–	–	–
	Other Investments	–	–	–	–	–	–	64.75	3.09	0.24	–
	Total (A)	–	–	–	–	**408.86**	**238.93**	**64.75**	**3.09**	**0.24**	–
	Short Term Investments										
	Fixed Deposit with Banks	–	–	–	–	103.42	67.62	–	–	–	–
	Corporate Bonds	–	–	–	–	14.98	24.97	–	–	–	–
	Money market instruments	–	–	–	–	29.92	23.20	–	–	–	–
	Government Securities and Government Guaranteed Bonds including Treasury Bills	–	–	–	–	14.96	–	–	–	–	–
	Mutual Funds	–	–	–	–	0.01	–	–	–	–	–
	Investments in Infrastructure and Social Sector Bonds	–	–	–	–	–	10.04	–	–	–	–
	Total (B)	–	–	–	–	**163.29**	**125.83**	–	–	–	–
	Total (A) + (B)	–	–	–	–	**572.15**	**364.76**	**64.75**	**3.09**	**0.24**	–

On behalf of the Board

Chennai
1st May 2010

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

M M Murugappan
Chairman

The Ministry of Corporate Affairs, Government of India has vide its letters No.47/58/2010-CL-III dated 8th April, 2010 and No.47/58/2010-CL-III dated 17th May, 2010 exempted the Company from furnishing the annual report of Company's subsidiaries namely, Cholamandalam MS General Insurance Company Limited (CMSGICL), Tubular Precision Products (Suzhou) Company Ltd (TPP), TI Financial Holdings Ltd (TIFHL), TICI Motors (Wuxi) Co Ltd (TMWCL), Financiere C 10 S.A.S. (FC 10), Sedis, Societe De Commercialisation De Composants Industriels - S2CI, SARL (S2CI) and Sedis Co. Ltd. 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, TPP, TIFHL and FC 10 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.

Note:

The above information has been furnished as required by the Ministry of Corporate Affairs whilst granting exemption under Section 212 of the Companies Act, 1956. As stipulated therein, in case of overseas subsidiaries, the Indian Rupee equivalent of the figures given in foreign currency as on 31.03.2010 has been used.

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