INDIA

GAINING MOMENTUM...

Tube Investments of India Limited • Annual Report 2010-11

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

GAINING MOMENTUM

is clearly showcased in our ability to embrace continuous business change, improve what we do and expand what we offer.

Gaining Momentum.
Through our everlasting zeal in driving operational efficiencies.

At TI, we challenged the conventional and questioned the predictable in our single-minded pursuit towards enhancing productivity across all business segments. ➔

Bicycles business

The fiscal 2010-11 represented a milestone year for our bicycles business; we manufactured and marketed 4 million bicycles, the highest in our six decades of existence. Correspondingly, the business reported its highest revenue at ₹1,121 cr, a year-on-year growth of 18 percent.

This feat was possible through an alteration of business sub-systems, resulting in a seamless blend between vendors on the one hand and distribution network on the other.

Engineering business

India's automotive sector grew exponentially in 2010-11 and our engineering business capitalised on this development by reporting its highest capacity utilisation through productivity enhancement and scale-up across the manufacturing, design and technology functions. This business reported its highest revenue at ₹1,195 cr, representing a year-on-year growth of 34 percent.

Without resting on its laurels, this business took up the challenge to better its own productivity norms with the able support of its committed workforce.

Metal formed products business

Even as India's two-wheeler industry grew 26 percent in 2010-11, TI's automotive chains sales grew by 30 percent. TI's car doorframe volume doubled in five years (a million sets sold for the first time). The result was that this business reported its highest-ever revenue at ₹775 cr, representing a year-on-year growth of 34 percent.

The user industry's exceptional growth in 2010-11, brought the best out of this business in maximising productivity with the single-minded devotion to meet customer needs in a timely manner.

GAINING MOMENTUM

Gaining Momentum.
Through our deep passion in redefining our business.

At TI, we recognise that India has swiftly integrated with global businesses. To capitalise on emerging opportunities, counter competitive pressures and remain responsive to realities, we address value chain integration to tap synergic opportunities across business verticals. ➔

Bicycles business

This business redefined its distribution network, providing customers with an enriched buying experience. We aesthetically designed our retail stores to make buying TI's bicycles enjoyable. Our super premium Track & Trail retail stores offer renowned foreign bicycle brands to Indian customers. We also offer fitness solutions for the health-conscious and a range of electric scooters for the environment-conscious.

TI's business strategy – fine balance between 'transport' and 'leisure', paid rich dividends. Apart from revolutionising buying experience, TI actively shifted its customers to higher-end products, through innovative designs, using new-age materials. This business expects to further increase its presence in high-end products and markets through proactive investments in design and manufacturing technology.

Engineering business

TI is well-known for precision welded tubes, and primarily caters to automotive customers. TI is poised to redefine its strategy, with a greater thrust on manipulated, ready-to-use tubes and components, with a view to move up the value chain. This business is in the process of redefining its product range and processes, in order to provide value proposition to customers, through ‘value-added and value-engineered’ (VAVE) products. There is a conscious effort to broaden the customer base, with enhanced prominence on non-automotive customers and applications.

Metal formed products business

This business is evolving into a complete transmission system supplier from a traditional automotive and industrial chains manufacturer. It enhanced its presence in fine blanked products and expects to increase its market share. Sedis, the Company’s French subsidiary, will provide access to cutting-edge technology and global reach. While the Company is a significant player in the roll-formed car doorframes market, it forayed into the railway wagon segment and expects to capitalise on its metal forming capabilities in infrastructure and other emerging segments.

GAINING MOMENTUM

Gaining Momentum. Through our unwavering focus in enriching capacities and capabilities.

At TI, we embarked on various corporate initiatives to enhance investment in capacities and capabilities across our businesses. ➔

Bicycles business

TI plans to establish greenfield facilities for cycle manufacture, to better service the eastern and southern markets. TI also plans to invest in design and manufacturing technology, to support the focus on high-end products and markets. TI will also continue its strategy to invest in its brands and retail formats, to provide enhanced reach to customers. Additionally, TI is continuously investing in 'cycling' as a strategic differentiator.

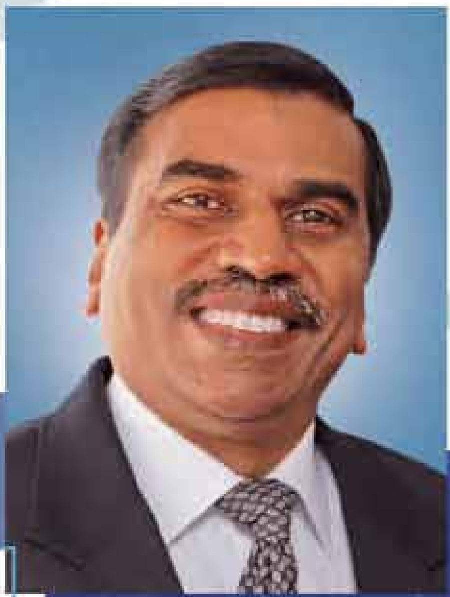
Engineering business

TI undertook steps to establish greenfield facilities in the northern and southern regions in proximity with the customers in order to provide better service to them. The new facilities will not just provide additional capacities, but also enhance capabilities to manufacture a variety of tubes, including stainless steel tubes.

Metal formed products business

TI is in the process of setting up a new chain manufacturing facility in the southern region, apart from expanding its capacity at existing locations. Encouraged by demand, TI plans to enhance its fine blanking capacities. Leveraging from the overseas subsidiary, TI is investing in technology, with a view to provide superior products and technical services to the Indian and overseas markets.

GAINING MOMENTUM



TI has gained the necessary momentum to take the enterprise into its next growth trajectory

Dear Shareholders,

The year 2010-11 was the first time ever that we crossed ₹3,000 cr in revenue, with the cycles and engineering divisions crossing the ₹1,000 cr mark each. The Company also posted its highest-ever operating profit.

We plan to take this performance ahead through a number of initiatives, so that our previous year achievements become the platform from which larger and more enduring initiatives emerge.

I believe that an inspired team and appropriate capital investments can make this happen.

The team

A team inspired is a team invincible. TI's team of employees, ably led by Mr. L. Ramkumar, our Managing Director and the Management Committee, is well positioned to enhance the momentum gained in recent years towards greater achievements.

Investments

At TI, we are on the threshold of making our largest-ever investments in additional capacities and new capabilities. These investments will encompass completely new concepts that should result in our achieving more challenging goals. Going ahead, our R&D spend and application engineering emphasis will grow significantly. We will collaborate with research institutions and forge synergies with a variety of partners to take our businesses ahead. We will extend our presence into knowledge-centric areas and venture into new step-outs, with the confidence of making things happen.

Directors

Mr. Pradeep V. Bhide joined the Board in October 2010. The Board is further enriched by his presence and I take this opportunity to welcome him. The members of the Board are a source of strength and encouragement to the Company's management team and to me personally. I deeply value their wisdom and counsel and thank them for their active involvement and participation.

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

Yours sincerely,

M M Murugappan

M. M. Murugappan

MANAGING DIRECTOR'S MESSAGE

Gaining momentum by building capacities and capabilities

Dear Shareholders,

We, at TI, are very pleased to report to you another year of significant growth in sales and profitability across all business segments. This growth, achieved through a combination of helpful market conditions as well as sweating the assets of all the businesses, laid the foundation and enhanced the momentum with which we seek to create the future.

Bicycles

During the year 2010-11, TI's bicycle business continued to grow faster than the market and we crossed a sale of 4 million bicycles. We continued to derive the benefits of new product introductions in the higher value-added segments that was supported ably by our ground level activities and an expansion in retail initiatives. We also grew by 39 percent in the fitness segment and we see potential for a much higher growth rate in this segment in the years to come. The electric scooters segment saw an industry-wide consolidation arising from the exit of a number of players, due to the exacting quality and service expectations of the customer. With active support from the government in terms of subsidies to the industry and TI's emphasis on sustained quality and service, it is expected that product off-take will improve in the coming year.

Engineering

The growth in the automotive sector, comprising two-wheelers, passenger cars and commercial vehicles contributed a significant portion of the division's sales, helping it grow by 34 percent in terms of topline. We continue to maintain a leadership position in the value-added tube segment with new product offerings as well as providing new tubular solutions. Scaling-up of capacities built during the year, better utilisation of existing capacities and our plans to enhance capacities further will help us stay ahead of competition.

Metal formed products

The growth in the two-wheeler industry and the after market helped the chains business to achieve 30 percent growth in volume terms. The industrial chain growth was helped not only by sales growth in the domestic market but also by higher sales to our quality-conscious overseas customers. The passenger car industry growth and our dominant position in terms of our market share helped the growth of the doorframe business by 17 percent, in terms of volume. In the railway sector, another area of focus for us, our turnover grew by 39 percent.

Financiere C10 SAS, the Company's subsidiary in France, which owns Sedis, a renowned European industrial chain manufacturer, ended the year 2010 with a 7 percent growth in turnover. The teams consisting of employees from TI and Sedis are working on various synergetic projects to leverage technology, brands and market access for both the companies.

People

At TI, we are immensely proud of our people, who are our primary growth engine, enabling us to gain momentum. I have no doubt that their dedication, commitment and sincerity will take us to newer heights and help us achieve the goals that we have set for ourselves.

We look forward to another exciting year during which we will be leveraging our enhanced capacities and capabilities to help us to accelerate the momentum that we have gained.

Yours sincerely,

L. Ramkumar

10 Year Financials

₹ in Crores

	10-11	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03	01-02
OPERATING RESULTS										
Sales (including excise duty)	**3129.99**	2453.65	2212.22	1908.23	1761.84	1584.18	1562.58	1257.34	1197.13	1074.47
Profit before depreciation, Interest and tax (PBDIT)	**370.82**	225.07	170.33	157.88	256.99	307.09	178.50	147.39	105.82	98.53
Profit before interest and tax (PBIT)	**301.72**	158.26	111.21	104.73	206.60	258.53	140.69	117.79	77.65	70.72
Profit before tax (PBT)	**241.30**	129.50	83.02	83.44	195.31	245.63	126.18	105.30	62.45	55.34
Profit after tax (PAT)	**169.66**	81.21	72.18	56.50	155.78	182.93	98.55	82.49	45.89	36.27
Earnings Per Share (₹)*	**9.14**	4.39	3.91	3.06	8.43	49.50	26.67	22.32	19.46	14.73
Dividend Per Share (₹)*	**3.00**	1.50	1.00	1.00	1.50	23.50	7.00	10.00	9.00	5.50
Book Value Per Share (₹)*	**53.40**	44.21	39.88	38.86	35.49	143.98	121.28	202.39	163.46	137.55
SOURCES AND APPLICATION OF FUNDS										
SOURCES OF FUNDS										
Share capital	**37.13**	36.95	36.95	36.95	36.95	36.95	36.95	18.47	18.47	24.62
Reserves and Surplus	**954.27**	779.95	700.00	681.02	618.90	495.15	411.24	376.83	315.18	347.01
Net worth	**991.40**	816.90	736.95	717.97	655.85	532.10	448.19	395.30	333.65	371.63
Debt	**723.80**	705.82	399.76	327.50	206.45	244.30	228.12	215.64	262.20	174.25
Deferred Tax Liability (Net)	**51.76**	41.31	45.77	42.64	41.83	41.50	32.71	31.79	31.98	35.82
Funds employed	**1766.96**	1564.03	1182.48	1088.11	904.13	817.90	709.02	642.73	627.83	581.70
APPLICATION OF FUNDS										
Gross fixed assets	**1105.75**	1028.09	964.02	861.91	734.06	626.01	566.43	432.30	406.08	418.72
Accumulated Depreciation	**544.91**	500.46	449.87	400.43	369.82	324.44	282.96	206.65	180.75	175.46
Net fixed assets	**560.84**	527.63	514.15	461.48	364.24	301.57	283.47	225.65	225.33	243.26
Capital Work-in-Progress	**31.21**	42.93	29.68	57.31	105.54	80.49	21.42	13.66	2.93	2.14
Investments	**910.55**	749.44	454.35	316.95	190.55	235.86	189.71	204.17	174.55	97.13
Net Current Assets	**264.36**	244.03	184.30	252.37	243.80	199.98	214.42	177.82	193.32	206.21
Deferred Revenue Expenditure	**–**	–	–	–	–	–	–	21.43	31.70	32.96
Net Assets Employed	**1766.96**	1564.03	1182.48	1088.11	904.13	817.90	709.02	642.73	627.83	581.70
RATIOS										
PBDIT to Sales (%)	**11.85**	9.17	7.70	8.27	14.59	19.38	11.42	11.72	8.84	9.17
PBIT to Sales (%)	**9.64**	6.45	5.03	5.49	11.73	16.32	9.00	9.37	6.49	6.58
PBT to sales (%)	**7.71**	5.28	3.75	4.37	11.09	15.51	8.08	8.37	5.22	5.15
PAT to Sales (%)	**5.42**	3.31	3.26	2.96	8.84	11.55	6.31	6.56	3.83	3.38
Interest Cover (times)	**6.14**	7.83	6.04	7.42	22.76	23.81	12.30	11.80	6.96	6.40
ROCE (%) #	**17.08**	10.12	9.40	9.62	22.85	31.61	19.84	18.33	12.37	12.16
Return on net worth (%) (+)	**17.11**	9.94	9.79	7.87	23.75	34.38	21.99	22.06	15.20	10.71
Total Debt Equity Ratio (+)	**0.73**	0.86	0.54	0.46	0.31	0.46	0.51	0.58	0.87	0.51
Long Term Debt Equity Ratio (+)	**0.47**	0.61	0.32	0.24	0.13	0.25	0.29	0.32	0.49	0.35
Sales / Fixed Assets (times)	**5.58**	4.65	4.30	4.14	4.84	5.25	5.51	5.57	5.31	4.42
Net Working Capital Turnover (times)	**11.84**	10.05	12.00	7.56	7.23	7.92	7.29	7.07	6.19	5.21

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

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

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

Corporate Information

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

Directors' Profile

Mr. M M Murugappan, Chairman

Mr. M M Murugappan (55 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 (55 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 31 years of rich and varied experience in management including 19 years in the Company itself in various capacities.

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

Maj. Gen. (Retd.) E J Kochekkan (60 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 Vishist 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 (68 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 the Managing Director of Wartsila India Limited. He is on the Board of various companies including Blue Star Limited and ESAB India Limited.

Mr. Pradeep V Bhide, Non-Executive Director

Mr. Pradeep V Bhide, I.A.S. (Retd.) (60 years), is a Graduate in Science and Law. He also holds a Masters degree in Business Administration with specialisation in Financial Management. He joined the Board in October, 2010. In a career spanning 37 years in the Indian Administrative Service, Mr. Bhide has held senior positions at the State and Central levels. He is on the Board of various companies including GlaxoSmithKline Pharmaceuticals Limited and NOCIL Limited.

Mr. S Sandilya, Non-Executive Director

Mr. S Sandilya (63 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 Parrys Sugar Industries Limited.

Mr. N Srinivasan, Non-Executive Director

Mr. N Srinivasan (53 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 and Finance Company Limited and Cholamandalam MS General Insurance Company Limited.

Mr. R Srinivasan, Non-Executive Director

Mr. R Srinivasan (69 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 Indian economy is estimated to have recorded a growth of 8.5% during 2010-11 following on the 7.3% growth achieved in the previous year, clearly emphasising that India's high growth is sustainable in this phase of development. Most of the developed economies, however, recorded low growth rates; consequently, the global business environment remained weak for a major part of the year under review. Positive signals from the developed economies emerged only in the last quarter of the year, which augurs well for the future of the global economy.

The Company faced a new kind of challenge during the year; at least two of its businesses encountered capacity constraints in the wake of a surge in demand. This challenge spurred the team to stretch all its resources to the maximum, resulting in the Company posting its best performance to date. The favourable economic environment in the country and high demand from the user segments of the Company helped it post a turnover of ₹3130 crores and an operating profit of ₹221 crores, a growth of 28% and 30% respectively, over the previous year.

BUSINESS REVIEW

Bicycles / Components / Electric Scooters

TI's Presence

The Bicycles/Components/Electric scooters division of the Company comprises of bicycles of the standard and special variety including alloy bikes and specialty performance bikes, bicycle components sold as spares, fitness equipment (motorised tread mills, elliptical, recumbent bikes etc.) and Electric scooters.

Industry Scenario

The bicycle industry in India grew at a higher rate of 9% in 2010-11 on account of increasing individual incomes and higher aspiration levels of the middle income group. Growth in the "specials segment" (Sport Light Roadster, mountain terrain bikes and children's bicycles) was higher than in the "standard segment". The Company was swift in identifying the potential for growth in the high end bicycles market. The high growth levels have vindicated the progressive positioning of the Company in this segment.

The Company and three other players cater to over 90% of the Indian bicycle market; regional players and imports account for the rest. The Company enjoys an overall market share of close to 30% while continuing to lead the specials segment with a dominant market share.

The fitness equipment business in the country normally caters to the home and commercial segments. The Company's fitness business is presently restricted to the home segment, which comprises of six national players, importers and regional players. This segment is estimated at about ₹400 crores, growing by 13% annually.

The size of the nascent Indian Electric scooters industry was estimated at about 40,000 scooters in 2010-11 as against 60,000 scooters in the previous year. There has been a significant consolidation in the industry with a number of regional players/importers vacating their position due to their inability to meet the exacting quality and service requirements of the customer. This has reduced the customers' confidence in product reliability, affecting overall industry penetration. By the close of 2010-11, there were only three major national players left in this segment. It is expected that the sustained focus of the national players on product quality and service coupled with government support and rising fuel prices will improve the off-take of this product in the years ahead.

Review of Performance

During the year under review, the division recorded a growth of 12% in the volume of bicycles sold to the trade channel. Bicycles sold by the Company crossed 4 Million in 2010-11, even as State Governments purchased a lower quantity than before. The business also crossed ₹1000 crores in turnover in 2010-11. The Profit before Interest and Tax grew by 14% over the previous year, despite competitive market conditions and rising input costs, particularly steel. This improvement was made possible due to the focus on the special, premium and performance bikes segments, market activation initiatives and the various steps taken by the Company to promote "Cycling". The Company continues to be the front runner in terms of providing quality products through specialised outlets, which offer the customer the best purchasing experience. As of date, the Company has 647 retail outlets, contributing 25% of the total revenue from this segment.

During the year, the Company strengthened its position in the industry through a number of timely launches viz.:

- Introduced a bicycle with a carbon frame, for the first time in the country, designed and manufactured at the Company's plant. These bikes, launched under the "Montra" brand, were benchmarked with global performance bikes and positioned for the urban health and fitness conscious segment.
- Introduced the "GT" range of bicycles - an entry level bike in the premium segment.
- Introduced the "Mongoose" range of bicycles in the BMX segment.

These and other models introduced during the year under review met with good customer response and accounted for 23% of the Company's revenues.

The fitness industry in India continues to grow strongly with increasing awareness on health and fitness. The business grew its turnover by nearly 39% over the previous year. Given the rapid growth in this industry, the prospects for the Company's products offered through its retail outlets as well as through its exclusive outlets appear buoyant.

The sale of Electric scooters was lower than the previous year, due to a demand contraction. This trend is expected to be reversed consequent to the concessions announced by the Central Government during the last quarter of 2010-11 and the rising price of petrol.

Engineering

TI's Presence

The Engineering division of the Company comprises of cold rolled steel strips and precision steel tubes viz., Cold Drawn Welded tubes (CDW), Electric Resistance Welded tubes (ERW) and value-added tubular components. These products cater to the growing requirements of the automotive, boiler, bicycles and general engineering industries.

Industry Scenario

For the second successive year, the Indian automotive industry reported high growth, despite high interest rates and rising prices due to increasing input costs. All sectors of the industry performed creditably; the two wheeler segment grew 26% and passenger cars by 30%. A large portion of this growth came from the rural sector, where a combination of favourable monsoons, higher output and higher price realisation for agricultural products translated into higher disposable incomes. Increased production by the industry was thus quickly absorbed. The Company augmented its production capacity by deploying equipment brought back from Tubular Precision Products (Suzhou) Co Ltd., China. Most industry players in the CDW segment are operating at full capacity; new capacities are expected to be added in the foreseeable future.

Global markets reported growth, though small. Fears of a sovereign debt crisis in some of the European economies and the overhang of the crisis in the American markets pegged growth down. The advanced economies, however, posted encouraging growth in the last calendar quarter and the first quarter of this calendar year, inspiring optimism for 2011.

The Cold Rolled Steel Strips segment is dominated by integrated steel manufacturers. The Company continues to be a niche player focusing on special grades, catering to diverse applications in various sizes and grades. The Company continues to lead this segment in South India.

Review of Performance

During the year under review, volumes grew 16%, turnover was up by 34% and this division crossed ₹1000 crores in sales during the year. The export of tubes grew 15% largely catalyzed by robust growth coming out of Asia. The Company maintained its leadership position in the domestic value-added tubes segment with a market share of around 48%. Sales of tubular components grew 40% in volume terms, marking yet another year of the Company's performance as a reliable and quality supplier of tubular components to the automobile industry.

Service levels to customers, a key thrust area, improved across all plants through higher efficiency levels and better throughput. Higher volume and better operating efficiencies led to an improvement in the Profit before Interest and Tax by 32%. A new four-year wage settlement with the employees' Union was concluded in the mother plant, strengthening productivity levels.

Metal Formed Products

TI's presence

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

Industry scenario

Your Company is one of the three major players manufacturing roller chains in India. For the second successive year, the two-wheeler industry grew over 25%, despite higher interest rates, catalyzed by higher demand from rural and semi-urban India, sustained by higher disposable incomes. Following increasing sales of two wheelers, the replacement market for automotive chains continued to grow significantly. The industrial chains segment too continued to grow in line with the country's industrial growth.

There are currently two established roll-formed car doorframe manufacturers in India. India continues to be a clear leader in the export of small cars for the global market. The success of the models for which doorframes are supplied directly impacts fortunes in this business. With the proliferation in the number of models, the choice before the customer is wide, adding to the risk of a model not being successful.

The Government of India intends to raise the share of goods transported by the Indian Railways, catalyzing the demand for additional wagons. Your Company, another national player and a few regional players cater to the growing demand.

Review of Performance

Strong volume growth was witnessed in the domestic market for car doorframes, automotive and industrial chains on the back of good growth in the user industries, and higher exports. This contributed to the higher growth in turnover of this segment by 34% and profit before interest and tax by 26%. Though the European economies have not revived in full, demand from the Company's customers in these economies was higher on account of the superior quality and value proposition provided by the products of the Company. Demand from overseas customers and the French subsidiary of the Company increased during the year. The Company enhanced capacity and productivity in addressing the growing automotive chain requirements of Original Equipment Manufacturers and the replacement market. Because of the growth of the passenger car industry by 30% and particularly of those models for which doorframes are manufactured by the Company, the doorframe segment grew by 17% in volume terms. The product range in the railway sections business was enhanced with the commencement of the manufacture of wall and roof assemblies for passenger coaches. Riding on the growth of the passenger car industry and the better response to some of the models for which doorframes are manufactured by the Company, the doorframe segment grew by 17% in volume terms.

FINANCIAL REVIEW

Profits and Profitability

Prices of key raw materials like steel remained volatile during the year under review. High inflation accentuated by high oil prices arising out of the political unrest in the Middle East and North Africa increased input costs significantly. The Company's focus on cost reduction through operational efficiencies and partial pass through of the cost increases enabled it to maintain the operating margin, before exceptional items at 7.4%. During 2009-10, the Company had provided for the likely diminution in the value of its investment in Tubular Precision Products (Suzhou) Co Ltd, the overseas subsidiary in China. This subsidiary complied with all statutory requirements as applicable in China for winding up and a formal winding up communication was received in March, 2011. During the current financial year, the Company earned a non-recurring income of ₹20.60 crores from the sale of some of its land and building. Riding on the back of improved performance of all the business segments of the Company and the strengthened working capital management, the cash generated from operations was 70% higher, at ₹257 crores, during the year as compared to the previous year.

Capital Expenditure

The Company augmented its automotive and industrial chains manufacturing capacity to meet the increased demand from the key user segments. Capital investments were also made in balancing equipment to increase the output of some of the tube plants. The Company continued to invest in contemporary technologies, with a view to provide state-of-the-art products. The Company maintained its policy of charging depreciation on certain assets in line with the estimated useful life, resulting in a higher charge of depreciation. The Company has identified opportunities for growth and hopes to invest in a new range of value added tubes in the near future.

Interest Cost

The introduction of the "base rate" concept, high inflation and increased interest rates impacted borrowing costs. As a result, the average cost of borrowed funds climbed up to 7.8% in 2010-11 from 6.6% in the previous year.

TII Shareholding Trust

Arising out of the amalgamation of TIDC India Ltd with the Company, the TII Shareholding Trust was vested with 1,01,51,870 equity shares of the Company. Out of this, 57,50,000 shares were sold in 2007-08. During the year, the remaining 44,01,870 shares were sold at an average price of ₹140.78 per share. This resulted in a gain of ₹58.77 crores, which has been credited to the Securities Premium Account.

INTERNAL CONTROL SYSTEMS

The Company has extensive internal control systems in position to mitigate operational risks. The Internal Audit team periodically evaluates the adequacy and effectiveness of these internal controls, recommends improvements and also reviews adherence to policies, based on which corrective action is taken to address gaps, if any. Capital and revenue expenditure are monitored and controlled with reference to approved budgets. Investment decisions are subject to formal detailed evaluation and approval as per the Company's Delegation of Authority mechanism. Review of capital expenditure undertaken with reference to benefits forecasted is carried out. Physical verification of assets is periodically undertaken. The Audit Committee reviews the significant internal audit observations and overall functioning of the internal audit on a periodical basis.

GLOBAL DEPOSITORY RECEIPTS

Considering that there was no trading in the Company's Global Depository Receipts (GDRs) in the last three years, an application was made to the Luxembourg Stock Exchange (LSE) seeking delisting/withdrawal of trading of the GDRs. LSE advised the Company that the GDRs would stand delisted/withdrawn for trading with effect from 18th May, 2011.

By Order of the Board

Chennai
2nd May, 2011

L Ramkumar
Managing Director

INDIA

Enterprise Risk Analysis and Management

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

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

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

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

A. Bicycles

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

B. Engineering

Risk	Why considered as Risk	Mitigation Plan / Counter Measure
User Industry Concentration Risk	• Significant exposure to auto sector • Lag in pass through of input cost changes • Demand declining in global markets	• Introduction of new products catering to non-auto users • New products/applications to existing/new customers • Leverage application engineering skills for tubular solutions • Drive operational efficiencies vigorously
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 • Move to products with higher value addition
Competition Risk	• Competition from integrated steel mills • New entrants with financial strength • Imports	• Consistent quality and timely delivery • Project range of offering leveraging all businesses of the Company • Innovate on products, process and applications • Leveraging metallurgy skills • Enhancing competitiveness • Lock-in with customers

C. Metal Formed Products

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

D. General

Risk	Why considered as Risk	Mitigation Plan / Counter Measure
HR Risk	• Ability to attract talent, especially people with domain knowledge for new projects • Retention of talent	• Corporate Brand Building • Robust recruitment process • Structured induction and on the job training • Coaching and team building • Individual career and development plan • Continuous engagement with 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 • Secure Network Architecture • Infrastructure Redundancies & Disaster recovery mechanism • Audit of controls

On behalf of the Board

Chennai
2nd May, 2011

L Ramkumar
Managing Director

General Shareholder Information

Registered Office

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

Annual General Meeting

Day : Monday

Date : 1st August, 2011

Time : 4.00 P.M.

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

Tentative Financial Calendar

Annual General Meeting – 1st August, 2011

Financial reporting for the first quarter ending 30th June, 2011 – 1st August, 2011

Financial reporting for the second quarter ending 30th September, 2011 – 2nd November, 2011

Financial reporting for the third quarter ending 31st December, 2011 – January/February, 2012

Financial reporting for the year ending 31st March, 2012 – April/May, 2012.

Book Closure for Dividend

Friday, the 15th July, 2011 to Monday, the 1st August, 2011 (both days inclusive)

Dividend

The Board of Directors has recommended the payment of a final dividend of ₹1.50 per equity share of ₹2 each. The dividend on equity shares will be paid to those members, whose names appear in the Register of Members as on Monday, 1st August, 2011 and the same will be paid on or before Friday, 5th August, 2011. During the year, the Company paid an interim dividend of ₹1.50 per equity share of ₹2 each.

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

Instructions to Shareholders

(a) Shareholders holding shares in physical form

Requests for change of address must be sent to the Company's Registrar & Transfer Agent viz., M/s. Karvy Computershare Private Ltd, not later than 11th July, 2011 to enable them to forward the dividend warrants to the latest address of Members. Members are also advised to intimate M/s. Karvy Computershare Private Ltd the details of their bank account to enable incorporation of the same on dividend warrants. This would help prevent any fraudulent encashment of dividend warrants.

(b) Shareholders holding shares in demat form

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

For those shareholders, who have already registered their Bank account numbers for receiving dividend through Electronic Clearing Services ("ECS"), but the concerned Bank/Branch has not implemented CBS, dividend payment, in such cases, will continue to be made through ECS facility.

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

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

Listing on Stock Exchanges and Stock Code

Equity Shares

National Stock Exchange - TUBEINVEST

Bombay Stock Exchange - 504973

Listing fee for the year ended 31st March, 2011 has been paid to all the stock exchanges in time.

Application for voluntary delisting of Equity Shares from the Madras Stock Exchange Ltd

In due compliance with the provisions of the SEBI (Delisting of Equity Shares) Regulations, 2009, the Company had made an application, in June 2010, to the Madras Stock Exchange Ltd., ("MSE") for voluntary delisting of its Equity Shares (Stock Code: TIN). The application is pending MSE's formal approval. The delisting would not adversely affect investors as the Company's shares would continue to be listed on the National Stock Exchange of India Ltd ("NSE") and the Bombay Stock Exchange Ltd ("BSE"), which have nationwide terminals.

Global Depository Receipts

Luxembourg Stock Exchange

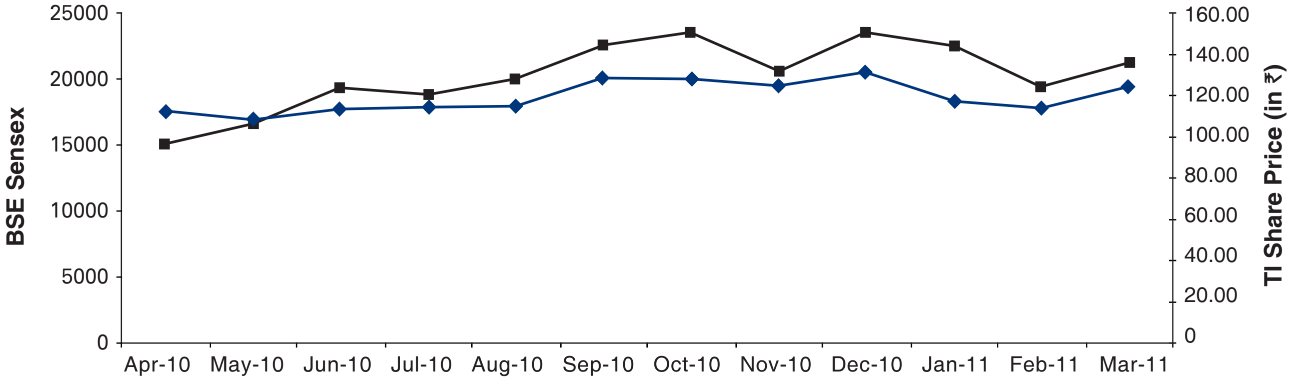
Considering that there was no trading in the Company's Global Depository Receipts ("GDRs") in the last three years, an application was made to the Luxembourg Stock Exchange ("LSE") seeking delisting/withdrawal of trading of the GDRs. LSE has confirmed that the delisting of the GDRs will be effective 18th May, 2011.

Market Price Data and Comparison

Monthly high and low price of the equity shares of the Company during 2010-11 are as follows:

Month	National Stock Exchange		Bombay Stock Exchange	
	HIGH ₹	LOW ₹	HIGH ₹	LOW ₹
April, 2010	98.90	76.00	98.90	75.05
May, 2010	115.80	92.00	115.45	91.80
June, 2010	126.50	97.05	126.40	96.55
July, 2010	134.70	120.00	134.70	120.20
August, 2010	141.40	116.00	141.50	120.50
September, 2010	152.85	126.50	153.00	126.25
October, 2010	164.60	141.85	164.65	141.30
November, 2010	159.90	121.50	160.00	123.00
December, 2010	157.40	130.00	157.40	129.45
January, 2011	155.20	132.20	155.00	136.00
February, 2011	147.85	123.75	146.75	123.05
March, 2011	138.90	115.30	138.00	116.00

TI Share Price Movement Vs. BSE Sensex



	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
BSE Sensex	17559	16945	17701	17868	17971	20069	20032	19521	20509	18328	17823	19445
TI Share Price	96.35	106.5	123.85	120.65	128.15	144.35	150.7	131.85	150.4	143.85	124.3	136.05

Note: Closing BSE Sensex & TI share price in BSE are as on the last trading day of each month during 2010-11

BSE Sensex — TI Share Price

Registrar and Share Transfer Agent

Karvy Computershare Private Ltd
Plot No: 17-24 Vittal Rao Nagar
Madhapur, Hyderabad – 500 081
einward.ris@karvy.com and vlakshmi@karvy.com
Phone No : 040 - 44655000 / 44655117
Fax : 040 - 23420814
Contact Person : Mrs. Varalakshmi - Senior 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 Chairman/ Managing Director to approve transfers/transmissions of shares.

Shareholding Pattern as on 31st March, 2011

	Category	No. of shares held	% of shareholding
A	Promoter Group	8,95,94,690	48.26
B	Non-Promoter Holding		
	1 Institutional Investors		
	a) Mutual Funds and UTI	1,98,87,223	10.71
	b) Banks, Financial Institutions, Insurance Companies	69,47,716	3.74
	c) Foreign Institutional Investors & Foreign Bodies	1,19,57,422	6.44
	2 Others		
	a) Private Corporate Bodies	1,35,80,341	7.31
	b) Indian Public	3,59,68,801	19.37
	c) NRI	12,00,108	0.65
	d) Bank of New York Mellon (Depository for GDR holders)	65,30,630	3.52
	Grand Total	**18,56,66,931**	**100.00**

Distribution of Shareholding as on 31st March, 2011

Category	No. of holders	% to Total	No. of shares	% to Total
1 - 5000	22,318	95.70	1,42,23,068	7.66
5001 - 10000	459	1.97	33,18,895	1.79
10001 - 20000	213	0.91	30,41,375	1.64
20001 - 30000	74	0.32	18,38,701	0.99
30001 - 40000	40	0.17	13,55,532	0.73
40001 - 50000	34	0.14	15,42,509	0.83
50001 - 100000	58	0.25	42,66,402	2.30
above 100000	126	0.54	15,60,80,449	84.06
Total	**23,322**	**100.00**	**18,56,66,931**	**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 & Share Transfer Agent viz., M/s. Karvy Computershare Pvt Ltd.

Dematerialisation of Shares

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

GDR Details

As at 31st March, 2011, 65,30,630 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.

Resolutions passed by Postal Ballot

In May, 2010, two Special Resolutions under Section 372A of the Companies Act, 1956 for the investment of (a) ₹150 crores in 1% Fully Convertible Cumulative Preference Shares ("FCCPS") of Cholamandalam DBS Finance Ltd. [presently, Cholamandalam Investment and Finance Company Ltd ("CIFCL")] and (b) ₹25 crores in the equity shares of Financiere C10 SAS ("FC 10"), the Company's subsidiary in France, were passed by postal ballot.

The shareholders approved the resolutions with requisite majority.

The voting details of the above postal ballot were as follows:

Resolution No. 1: Investment of ₹150 crores in 1% FCCPS of CIFCL

Number of valid votes	11,41,86,264 votes
Number of votes in favour	11,40,26,043 votes
Number of votes against	1,60,221 votes

Resolution No. 2: Investment of ₹25 crores in the equity shares of FC 10

Number of valid votes	11,41,86,264 votes
Number of votes in favour	11,40,94,296 votes
Number of votes against	91,968 votes

In December, 2010, a Special Resolution under Section 372A of the Companies Act, 1956 for the purchase of 15 lakh equity shares of ₹10 each of CIFCL was passed by postal ballot. The shareholders approved the resolution with requisite majority.

The voting details of the above postal ballot were as follows:

Number of valid votes	10,59,34,737 votes
Number of votes in favour	10,58,10,254 votes
Number of votes against	1,24,483 votes

The aforementioned voting under postal ballots was conducted by Mr. R Sridharan of Messrs. R Sridharan & Associates, Company Secretaries, as Scrutiniser, as per the procedure laid down in Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

Unclaimed Physical Shares

Shareholders holding shares in physical form are requested to note that in terms of the amendment to Clause 5A of the Listing Agreement with the Stock Exchanges, all physical shares remaining unclaimed are required to be dematerialised and transferred to an unclaimed suspense account to be opened by the Company. Before transferring the unclaimed shares to the account, at least three reminders are required to be sent to the respective shareholders.

In terms of the amendment, the first reminder was sent to 2,750 shareholders holding 27,76,770 equity shares, who are still in possession of the Company's old share certificates of ₹10 face value.The new Share Certificates of ₹2 face value in respect of these shareholders are lying with the Company's Registrar & Share Transfer Agent viz., Karvy Computershare Pvt Ltd., due to non-surrender of the old certificates, despite the Company's request to them in this regard (The Company had, in 2006, sub-divided each equity share of ₹10 face value into 5 equity shares of ₹2 each). In terms of the amended Clause, after two more reminders to be sent shortly, the unclaimed shares, if any, will be transferred by the Company to the unclaimed suspense account; the voting rights on the shares outstanding in the suspense account will remain frozen till the rightful owner of such shares claims the shares.

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

Date of AGM	Whether any Special Resolution was passed	Particulars
31.07.2008	No	Not applicable
29.07.2009	Yes	Payment of remuneration by way of commission to non-whole time Directors of the Company for a period of 5 years from 1st April, 2009
29.07.2010	No	Not applicable

General Body Meeting

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

Year	Date	Time	Venue
2007-08	31.07.2008	4.00 P.M.	T T K Auditorium, The Music Academy T T K Road, Chennai 600 014
2008-09	29.07.2009	4.00 P.M.	Same as above
2009-10	29.07.2010	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 and Takeovers) Regulations, 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 and Finance Company Ltd and its subsidiaries
8. Coromandel Engineering Company Ltd
9. AMM Arunachalam & Sons Pvt Ltd
10. AMM Vellayan Sons Pvt Ltd
11. MM Muthiah Sons Pvt Ltd
12. Murugappa & Sons
13. Kadamane Estates Company
14. Yelnoorkhan Group Estates
15. AMM Foundation
16. Murugappa Education & Medical Foundation
17. MM Muthiah Research Foundation
18. AR Lakshmi Achi Trust
19. Presmet Pvt Ltd
20. M V Murugappan and family
21. M V Subbiah and family
22. M A Alagappan and family
23. A Vellayan and family
24. V Arunachalam and family
25. M M Murugappan and family
26. M M Muthiah 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) - 4229 2900

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

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

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

TI Metal Forming
Plot No.245 Sector 3,
Growth Centre
Bawal, Rewari Dist, Haryana 123 501
Tel : (01284) - 260707, 264106
09812 03851
Fax: (01284) - 264426

TI Metal Forming
Chennai - Tiruvallur High Road
Tiruninravur 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
Fax : (044) - 2639 0856

TI Metal Forming
Gat No.312
Sable Wadi Bahul Post
Chakan-Shikrapur Road
Khed Taluk, Pune 410 501
Tel : (02135) - 202146

TI Metal Forming
Khasra No. 222, Gangnouli Village
Tehsil - Laksar, Haridwar
Uttarakhand 247 663
Tel : 092194 01388

TI Metal Forming
Khasra No. 227, Gangnouli Village
Tehsil - Laksar, Haridwar
Uttarakhand 247 663
Tel : 092194 01389

TI Metal Forming
Tata Motors Ltd. Vendors Park
Plot No. C11, Survey No. 1
North Kotpura, Sanand,
Viroch Nagar Post
Ahmedabad, Gujarat - 382 170
Tel : 092280 21343 / 092280 21179

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

TIDC India
Ambattur
Chennai 600 053
Tel : (040) - 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
Gangnouli,
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
Tel : (044) – 42286711
Fax : (044) – 42110404

For all matters relating to investor services:
Karvy Computershare Private Ltd.
Plot No. 17-24 Vittal Rao Nagar
Madhapur
Hyderabad 500 081
e-mail : einward.ris@karvy.com and vlakshmi@karvy.com
Tel : (040) – 4465 5000/4465 5117
Fax: (040) – 2342 0814
Contact Person – Mrs. Varalakshmi – Senior Manager

INDIA

Report on Corporate Governance

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

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

Board of Directors

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

The Board consists of 8 members with knowledge and experience in different fields viz., engineering, manufacturing, finance and business management. Other than Mr. M M Murugappan, Chairman (Promoter, non-executive), Mr. L Ramkumar, Managing Director (executive), Mr. N Srinivasan, Director (non-executive), and Mr. Pradeep V Bhide, Director (non-executive), the remaining are independent Directors. None of the Directors are related to each other. The Company ensures that timely and relevant information is made available to all the Directors in order to facilitate their effective participation and contribution during meetings and discussions.

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

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

There were 6 meetings of the Board during the financial year 2010–11. The dates of the Board meetings, attendance and the number of Directorships/Committee memberships held by the Directors as on 31st March, 2011 are given in **Table 1** of the annexure to this Report.

Audit Committee

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

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

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

The Committee met four times during the year ended 31st March, 2011. The composition of the Audit Committee and the attendance of each member at these meetings are given in **Table 2** of the annexure to this Report.

Remuneration to Directors

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

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

The compensation to the non-executive Directors takes the form of commission on profits. Though the shareholders have approved payment of commission up to one per cent of the net profits of the Company for each year calculated as per the provisions of Companies Act, 1956, the actual commission paid to the Directors is restricted to a fixed sum. The sum is reviewed periodically taking into consideration various factors such as performance of the Company, time devoted by the Directors in attending to the affairs and business of the Company and the extent of responsibilities cast on the Directors under various laws and other relevant factors. 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 and Nomination Committee is to recommend to the Board the appointment/ re-appointment of the executive and non-executive Directors. The Committee has further been vested with the authority to determine the periodic increments in salary and annual incentive of the Executive Directors. The increments and incentive of the Managing Director are determined on the basis of a balanced score card with its three components viz., company financials, company score card and strategic business unit scores being given appropriate weightage.

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

The members elect one amongst themselves as the Chairman for each meeting. The Committee met four times during the year ended 31st March, 2011. The composition of the Committee and the attendance of each member at these meetings are given in **Table 3** of the annexure to this Report.

The details of remuneration paid/payable to the Managing Director and to the non-executive Directors, for the financial year ended 31st March, 2011, are given in **Table 4** and **Table 5** of the annexure to this Report.

Subsidiary Companies

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

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

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

Dissemination of Information

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

Investors' Service

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

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

Mr. M M Murugappan, a non-executive Director, is the Chairman of the Shareholders'/Investors' Grievance Committee. The Committee met twice during the year ended 31st March, 2011. The composition of the Committee and attendance of its members at the meetings are given in **Table 6** of the annexure to this Report.

The Company received 35 complaints during the year ended 31st March, 2011 and all of them were resolved to the satisfaction of the investors. There were no pending complaints as at 31st March, 2011.

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

Statutory Compliance

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

Internal Control

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

Whistle Blower Policy

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

Compliance of Corporate Governance Norms

The Company has complied with all the mandatory requirements of corporate governance norms during the financial year. A half-yearly newsletter from the Managing Director highlighting the significant achievements was sent to all the shareholders of the Company along with the financial results for the half-year ended 30th September, 2010.

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

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

Other Disclosures

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

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

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

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

General Shareholder Information

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

On behalf of the Board

Chennai
2nd May, 2011

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, 2011, as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

Chennai
2nd May, 2011

L Ramkumar
Managing Director

INDIA

Annexure to the **Corporate Governance Report**

(A) Board Meeting Dates and Attendance

The Board of Directors met six times during the financial year 2010-11. The dates of the Board meetings were 1st May, 2010, 29th July, 2010, 28th October, 2010, 16th November, 2010, 29th January, 2011 and 31st March, 2011.

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, 2011 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, 2011
1.	Mr. M M Murugappan	6(6)	8(5)	4(3)	Present	13,07,275
2.	Maj. Gen. (Retd.) E J Kochekkan	5(6)	Nil	Nil	Present	–
3.	Mr. Pradeep Mallick	5(6)	7(2)	8(2)	Present	–
4.	Mr. L Ramkumar	6(6)	2(1)	Nil	Present	1,30,856
5.	Mr. R Srinivasan	6(6)	11	7(3)	Present	–
6.	Mr. N Srinivasan	6(6)	6(1)	4	Present	45,161
7.	Mr. S Sandilya	5(6)	4(2)	4(2)	Present	–
8.	Dr. D Jayavarthanavelu[c]	- (1)	Not applicable	Not applicable	Not applicable	Not applicable
9.	Mr. Amal Ganguli[d]	2(2)	Not applicable	Not applicable	Present	Not applicable
10.	Mr. Pradeep V Bhide[e]	4(4)	5	1	Not applicable	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 Shareholders' / Investors' Grievance Committee.

(c) Dr. D Jayavarthanavelu expired on 11th June, 2010.

(d) Mr. Amal Ganguli retired on 29th July, 2010.

(e) Mr. Pradeep V Bhide was co-opted as an Additional Director w.e.f. 28th October, 2010.

(B) Composition of Audit Committee and Attendance

The Committee met four times during the year ended 31st March, 2011. The composition of the Audit Committee and the attendance of each member at these meetings are as follows:

TABLE 2

Name of the Member	Number of meetings attended (number of meetings held)
Mr. S Sandilya	4 (4)
Mr. Pradeep Mallick	4 (4)
Mr. R Srinivasan	4 (4)
Mr. Amal Ganguli[a]	2 (2)

(a) Mr. Amal Ganguli, Member, retired on 29th July, 2010.

(C) Composition of Compensation & Nomination Committee and Attendance

The Committee met four times during the year ended 31st March, 2011. The composition of the Compensation & Nomination Committee and the attendance of each member at these meetings are as follows:

TABLE 3

Name of the Member	Number of meetings attended (Number of meetings held)
Mr. R Srinivasan	4(4)
Mr. S Sandilya[a]	2(2)
Mr. M M Murugappan	4(4)
Mr. Amal Ganguli[b]	2(2)

(a) Mr. S Sandilya was appointed as a Member w.e.f. 28th October, 2010.

(b) Mr. Amal Ganguli, Member, retired on 29th July, 2010.

(D) Remuneration of Managing Director

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

TABLE 4 **(Amount in ₹)**

Name of the Managing Director	Salary	Incentive [a]	Allowance	Perquisites & Contributions [b]	Total
Mr. L Ramkumar	41,73,480	41,73,480	95,17,449	12,65,596	1,91,30,005

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

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

(E) Remuneration of Non-Executive Directors

The details of commission provided for / sitting fees paid to non-executive Directors for the year ended 31st March, 2011 are as follows:

TABLE 5 **(Amount in ₹)**

Name of the Director	Commission[a]	Sitting fees	Total
Mr. M M Murugappan	5,00,000	1,60,000	6,60,000
Maj. Gen. (Retd.) E J Kochekkan	5,00,000	75,000	5,75,000
Mr. Pradeep Mallick	5,00,000	1,35,000	6,35,000
Mr. R Srinivasan	5,00,000	1,90,000	6,90,000
Mr. N Srinivasan	5,00,000	1,20,000	6,20,000
Mr. S Sandilya	5,00,000	1,55,000	6,55,000
Dr. D Jayavarthanavelu *(pro rata)*	98,630	Nil	98,630
Mr. Amal Ganguli *(pro rata)*	1,64,384	80,000	2,44,384
Mr. Pradeep V Bhide *(pro rata)*	2,10,959	60,000	2,70,959

(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 Shareholders'/Investors' Grievance Committee and Attendance

The Committee met twice during the year ended 31st March, 2011. 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
2nd May, 2011

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, 2011 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)

Chennai
2nd May 2011

INDIA

Directors' Report

Dear Shareholders,

The Board of Directors is pleased to present the performance of your Company for the year ended 31st March, 2011.

Financial Highlights

₹ in crores

	2010-11	2009-10
Gross sales and processing charges	3129.99	2453.65
Less : Excise duty on sales	163.82	108.01
Net sales and processing charges	**2966.17**	**2345.64**
Operating Profit before depreciation and interest	**350.22**	**265.02**
Less: Interest	60.42	28.76
Depreciation	69.10	66.81
Operating Profit before tax and Exceptional Items	**220.70**	**169.45**
Add: Profit on sale of land and building	20.60	–
Less: Provision for loss on liquidation of Overseas Subsidiary	–	39.95
Profit before tax	**241.30**	**129.50**
Less: Provision for taxation	71.64	48.29
Profit after tax	**169.66**	**81.21**
Add: Surplus brought forward	334.61	311.11
Less: Final Dividend including tax on Dividend for 2009-10	0.02	–
Add: Dividend on own shares held through Trust	0.66	0.44
Profit available for appropriation	504.91	392.76
Less: Transfer to General Reserve	25.00	15.00
Transfer to Debenture Redemption Reserve	23.34	10.83
Interim Dividend – ₹1.50 per share of ₹2 each (Previous year ₹Nil)	27.84	–
Tax on Interim Dividend (Net)	3.66	–
Final Dividend – Proposed @ ₹1.50 per Equity Share (Previous year ₹1.50 per share) of ₹2 each	27.85	27.72
Tax on Final Dividend	4.52	4.60
Balance carried to Balance Sheet	**392.70**	**334.61**

Review of Performance

The Company performed well during the year 2010-11, crossing the ₹3000 crore mark in gross revenue terms, for the very first time. All the business segments of the Company registered a double digit growth and maintained their profitability despite a sustained period of high costs. Strong consumer demand contributed to the robust volume growth in all the product lines of the Company. The operating profit before depreciation and interest for the year 2010-11 at ₹350 crores, was up by 32% over the previous year. Together with an extraordinary income of ₹21 crores on sale of land and building, the Company's Profit before Tax for 2010-11 was ₹241 crores, a growth of 109% over the previous year.

The **Bicycles division** of the Company crossed ₹1000 crores in sales for the first time, reporting a revenue of ₹1121 crores in 2010-11, a growth of 18% over the previous year. It was only four years ago that the division crossed the ₹500 crore mark in revenue – a fine example of how customer insight-led product development, operational excellence and superior service can spur faster growth.

The year also marked the introduction of the first indigenous carbon fibre bicycle and launch of the internationally renowned 'GT' and 'Mongoose' brand cycles in the domestic market. These products complement our range of premium products and give us a position at all price points in the premium segment.

During the year, 78 new models were introduced and these were received well. Sale of new models contributed 23% to the division's revenue for the year.

With a slew of premium products, the number of outlets selling the division's products increased too. Currently, 647 outlets retail the Bicycle division's entire range of products, of which 175 sell exclusively the division's branded products.

In the Electric Scooters segment, lesser number of vehicles was sold during the year owing to a contraction in demand. Considering the difficult market conditions, the Company restructured the operations and further controlled its costs. With the incentives announced by the Government of India for the development and sale of electric vehicles in the country and rising fuel prices, renewed consumer interest is being witnessed for these products. It may, however, take a longer time for these products to gain acceptance and establish a position for themselves in the market place. The Wholly Foreign Owned Enterprise set up by the Company in China to source components for Electric scooters is expected to help the performance of this business going forward.

Overall, the division reported a profit before interest and tax of ₹78 crores, representing a growth of 14% over the previous year, made possible by the growth in volume, better product mix, control over cost and keeping the funds employed in the business, low.

The **Engineering division** of the Company too had a very good year, clocking a turnover of ₹1195 crores, a growth of 34% over the previous year. The growth in this division over the last two years, has been high, riding largely on the growth of the Auto industry in the country. Having come out of the recession in early 2009, all segments of the Auto industry have grown significantly in the last two years, thanks to the policies of the Government of India. Being a key supplier of tubes to all segments of this industry, the Engineering division was able to register a growth of 21% in the value-added tubes segment and an overall growth of 20% in tubes. In the cold rolled steel strips segment too, the division grew 7%, despite the dominance of large integrated mills. The growth numbers of this division would have been higher but for the fact that capacities were fully taken up and some requirements of customers could not be met.

The product range in the tubes segment is being augmented and plans are afoot to introduce new products. The division will have to invest in new capacities to meet the growing demand in the auto sector. Substantial investments are expected to be made in the current financial year.

This division reported a profit before interest and tax of ₹113 crores, a growth of 32% over the previous year, contributed by better product mix, higher volume and a combination of internal operating efficiencies besides partial pass through of cost increases. The funds employed were also kept at around the same level as the previous year, despite the higher activity, yielding a higher return on the capital employed.

In the **Metal Formed Products division**, all product lines grew at a higher rate, except the sections for railway wagons. The Automotive chains segment grew by 30%, which was higher than the growth of 26% registered by the two wheeler segment of the Auto industry, resulting in an improvement in the market share. Here again, constraints were faced in meeting in full the requirements of customers despite having increased capacity and productivity. In Industrial chains, the segment grew 11% in the domestic market and 60% in the export market. This was enabled by the strong industrial growth and the revival of demand from overseas customers. In the Fine Blanked products segment, significant progress was achieved with the commercialisation of the new products developed, resulting in a growth of 138%. This has also helped de-risk some of the revenue streams as the user base has been expanded. With the launch of more products, this segment offers good potential for growth.

Supply of car doorframes grew 17% in line with industry growth. This segment too achieved a landmark in that the figure of 1 Million sets of car doorframes sold in a year was crossed for the first time, the volume having doubled in just five years. Full fledged operations commenced at the re-located car doorframe facility at Sanand in Gujarat. On the railway products, growth was marginal in the supply of sections for wagons. Supply of side and end walls for passenger coaches commenced during the year. A new facility at Uttarakhand became fully operational during the year.

The division recorded a turnover of ₹775 crores, a growth of 34% over the previous year. Profit before interest and tax grew by 26% with high volume growth from key product lines. The margin, however, was slightly impacted due to extra costs incurred to service customers on time, entry of a regional player in the wagons business resulting in intense price pressure and an inability to pass on cost increases fully. The return on capital employed remained healthy, despite the significant investments made recently in creating additional capacity and establishing state-of-the-art facilities.

Management Discussion and Analysis

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

Dividend

The Board of Directors is pleased to recommend a final dividend of ₹1.50 per equity share of ₹2 each. The Company has already paid an interim dividend of ₹1.50 per share, making a total dividend of ₹3 per share for the financial year 2010-11.

Subsidiary Companies

Cholamandalam Investment and Finance Co Ltd

Cholamandalam Investment and Finance Co Ltd (CIFCL), a subsidiary of the Company (60.56% equity holding), has reported a consolidated gross income of ₹1222 crores (previous year: ₹956 crores) and consolidated profit before tax of ₹123 crores (previous year: ₹57 crores) in the financial year 2010-11. During the year under review, CIFCL refocused on its core businesses viz., vehicle finance, home equity and business finance, which enabled a strong performance. The profit for the year is after reckoning ₹227 crores for the potential delinquencies in the personal loan segment and exceptional items in a subsidiary and ₹21 crores on account of additional provision on all standard assets in compliance with the new provisioning norms introduced by the Reserve Bank of India in January 2011.

Cholamandalam MS General Insurance Co Ltd

Cholamandalam MS General Insurance Co Ltd (CMSGICL), a joint venture with Mitsui Sumitomo Insurance Company Ltd, Japan, achieved a Gross Written Premium of ₹968 crores during 2010-11 (previous year ₹785 crores), registering a growth of 23%. The General Insurance industry in India offers good potential for growth as penetration is low in this sector. However, there is intense competition amongst the players in this industry. The industry hence, continues to reel under the pressure of inadequate premium pricing seriously impacting underwriting profitability. While CMSGICL attained an operating profit before tax of ₹38.8 crores in its eighth full year of operations, it reported a net loss of ₹22.6 crores after providing for an amount of ₹61.4 crores on account of the increased provisioning on Indian Motor Third Party Insurance Pool mandated by IRDA. With the recent announcement by the Regulator for increase in the premium rates of motor third party liability insurance by 60-70% coupled with the establishment of a mechanism for an annual review of these rates, the future motor pool losses are expected to be contained and thereby, improve CMSGICL's profitability.

Tubular Precision Products (Suzhou) Co Ltd

Tubular Precision Products (Suzhou) Co Ltd, the Chinese subsidiary for manufacture of precision cold drawn welded steel tubes was not profitable in view of difficult market conditions and hence, it was decided to liquidate the company in the year 2009-10. After complying with the legal formalities and with the receipt of requisite clearances from the Chinese authorities, the subsidiary was liquidated effective 29th March, 2011. The provision for diminution in value of the investment made during 2009-10 has been adequate to cover the loss on liquidation.

Financiere C10 SAS

Financiere C10 SAS, France, the holding company of Sedis SAS and S2CI, both in France and Sedis Co Ltd in UK achieved a consolidated turnover of Euro 27.9 million for the financial year 2010, a growth of 4.3% over the previous year. This growth was achieved even as the European economy is slowly emerging from the recession. Profit before tax was Euro 0.5 million, an increase of 39% over the previous year. While, Sedis SAS is a pioneer in the manufacture of Industrial and Engineering Class Chains with two manufacturing plants in France, S2CI and Sedis Co Ltd are distribution companies. The brand 'Sedis' has a strong equity and the company has a presence in almost 100 countries through its vast distribution and sales network.

TICI Motors (Wuxi) Co Ltd

TICI Motors (Wuxi) Co Ltd is a wholly-owned subsidiary established in China during 2009-10 to facilitate the operation of Electric scooters and Bicycles business.

TICI Motors (Wuxi) Co Ltd, in its first year of operations, made a loss of ₹1.02 crores.

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

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

Directors

Your Directors regret to inform the sad demise of Dr. D Jayavarthanavelu, Director, on 11th June, 2010. The Board places on record its deep sense of appreciation of the valuable contribution made by Dr. Jayavarthanavelu to the Company's growth during his long association as a Director, since July 1997.

Messrs. Pradeep Mallick and S Sandilya will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Mr. Pradeep V Bhide was appointed as an Additional Director with effect from 28th October, 2010. A resolution under Section 257 of the Companies Act, 1956 for the appointment of Mr. Pradeep V Bhide as a Director is being placed before the shareholders at the ensuing Annual General Meeting for their approval.

Corporate Governance

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

Human Resources

Your Company recognises the crucial role of human resources in realising its corporate objectives and the need to retain and nurture talent. The Company is taking several initiatives to build organisational capability through continuous upgradation of technical, functional and managerial competencies. International exposure is also being provided to select employees, including operators, to learn global best practices from vendors/ associates, subsidiary companies etc., so that such practices can be assimilated in the Company's businesses.

During the year, the Company continued to hire talent from premier engineering colleges and business schools in order to build a talent pipeline to facilitate sustainable future growth. The teams to manage the Company's long-term projects in its business verticals were also identified.

Further, a number of leadership initiatives like ‘in class’ training programmes, one-on-one coaching, feedback sessions etc., were taken during the year. Some of the potential business leaders of the Company attended leadership development programmes organised by leading business institutes/schools viz., IIM-Ahmedabad and Ross Michigan Business School.

Various programmes involving the employees and their families were organised during the year. Enthusiastic participation of employees was witnessed in programmes like Small Group Activities, Cross Functional Teams, Kaizens, 5s etc.

The Company had 3150 permanent employees on its rolls, as on 31st March, 2011. Industrial relations continued to remain cordial during the period under review. Long-term wage settlements were reached with workmen in respect of the Company’s factories at Avadi, Ambattur and Nashik.

Employees’ Stock Option Scheme

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

Social Commitment

As a corporate citizen, your Company is committed to the conduct of its business with a strong sense of social responsibility. Every year, the Company has been contributing a small portion of its profits for the promotion of worthy causes like education, healthcare, scientific research etc. This year too, a sum of ₹3.09 crores was contributed to various organisations engaged in the aforesaid fields and to others.

Auditors

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

Mr. V Kalyanaraman and Mr. D Narayanan have been appointed as the Cost Auditors for auditing the cost accounting records maintained by the Company relating to Tubes and Cycles respectively for the financial year ending 31st March, 2012.

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

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

On behalf of the Board

Chennai
2nd May, 2011

M M Murugappan
Chairman

Directors' Responsibility Statement

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

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

- in the preparation of the Profit and Loss Account for the financial year ended 31st March, 2011 and the Balance Sheet as at that date ("financial statements") applicable Accounting Standards have been followed.
- appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such system of internal controls its inherent limitations should be recognised. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The Audit Committee meets at regular intervals to review the internal audit function.
- the financial statements have been prepared on a going concern basis.
- the financial statements have been audited by Messrs. Deloitte Haskins & Sells, Statutory Auditors and their report is appended thereto.

On behalf of the Board

Chennai
2nd May, 2011

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

	2010-11	2009-10
1 Electricity		
(a) Purchased		
Units (kWh)	3,70,30,047	3,15,78,400
Total Amount (₹ Crores)	21.67	18.52
Rate/unit (₹)	5.85	5.86
(b) Own Generation through Diesel Generator		
Unit (kWh)	41,13,057	38,12,356
Units per Litre of Diesel Oil (kWh)	2.84	2.70
Cost per unit (₹)	13.87	12.34
(c) Own Generation through Furnace Oil Generator		
Units (kWh)	2,31,16,577	1,80,31,118
Units per litre of furnace oil (kWh)	4.03	3.97
Cost per unit (₹)	6.29	5.50
(d) Own generation through windmills (units)	4,00,996	4,26,556
2 Furnace Oil		
Quantity (kilo litres)	5,741	4,543
Total Amount (₹ Crores)	14.55	9.91
Average Rate/kilo litre (₹)	25,343	21,819
Consumption per unit of production (kWh per tonne)		
A. Strips & Tubes	239	239
B. Metal Form	245	267

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 Bicycles business, the changes in the painting and heating processes resulted in considerable saving in energy cost in all the three plants. The other notable energy saving measures was in the areas of phosphate plant and replacement of motors with lower horse power.

In the Engineering business, the heating system for certain manufacturing processes were converted from furnace oil to hot water generators to provide consistent saving in energy cost. Installation of solid state welder and elimination of electric heater in furnace oil tank has also yielded savings in cost. The business also undertook measures to put to effective use motor blower, coolant, raw water pump etc, by replacement/installation of energy efficient equipment.

In the Metal Formed Products business, the timely action to get additional power from the State Government for the Company's plant at Ambattur, resulted in reduced usage of diesel generator sets and considerable saving in the usage of high cost diesel fuel. This business also installed fuel efficient appliances, energy efficient lamps, motors etc., to save on power cost.

Research and Development (R&D)

In continuing its efforts to develop application oriented technologies through the Nano Functional Materials Centre at Indian Institute of Technology, Madras, the Company is in the process of evaluating Nano Crystalline Diamond coating on cold forming tool applications as also Nano Material additives to metal forming lubricants for enhanced wear resistance.

The Company continues to participate at the Advanced Steel Products and Processing Research Center at the Colorado School of Mines, USA to pursue studies in metal joining and metal forming techniques using various grades of stainless steel.

Partnering with the R&D of customers in automotive and industrial sectors, the Company is at the cutting edge of new product development for various applications. Your Company is being viewed by most Original Equipment Manufacturers (OEMs) as the "Partner of Choice" for new developments.

Expenditure on R & D	₹ in crores
Capital expenditure	0.07
Recurring	8.81
Total	**8.88**
Total R&D expenditure as a % of total turnover	0.30%

Technology Absorption, Adaptation and Innovation

The Company has made significant strides in an effort to maintain leadership position in its premium product segments, with several initiatives aimed at technology assimilation and enhancement of performance.

The Company has recently put in place an Innovations Group, housed at the IIT Madras Research Park. This Group will focus attention on innovative approaches to manufacturing technology and bring in cutting edge work. Integrating these approaches is expected to deliver breakthrough product opportunities to the Company.

The Company continues to enjoy robust support from academic institutions in India and overseas research bodies such as the Advanced Steel Processing and Products Research Center, USA and the Warwick Manufacturing Group, UK.

Foreign Exchange Earnings and Outgo

		₹ in crores
i)	Foreign exchange earnings (CIF Value)	166.08
ii)	Foreign exchange outgo	302.75

On behalf of the Board

Chennai
2nd May, 2011

M M Murugappan
Chairman

Annexure to the **Directors' Report**

Employees Stock Option Scheme

	Nature of Disclosure	Particulars	
(a)	Options granted	44,61,540 Options have been granted so far in seven tranches i.e. on 31st October, 2007, 31st January, 2008, 24th March, 2008, 31st July, 2008, 31st October, 2008, 30th January, 2009 and 29th January, 2011. Each Option would be exercisable for one equity share of a face value of ₹2 each, fully paid up, on payment of the requisite exercise price to the Company.	
(b)	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 and Nomination Committee.	
(c)	Options vested	16,94,880	
(d)	Options exercised	9,04,533 (includes 17,602 Options exercised pending allotment)	
(e)	The total number of shares arising as a result of exercise of Option	9,04,533 (includes 17,602 Options exercised pending allotment)	
(f)	Options lapsed/cancelled	12,06,640	
(g)	Variation of terms of Option	No variation has been done	
(h)	Money realised by exercise of Options	₹5,11,92,548	
(i)	Total number of Options in force	23,50,367	
(j)	i. Details of Options granted to Senior Management Personnel	*Name and Designation*	*No. of Options granted*
		L Ramkumar *Managing Director*	3,10,260
		A Rajeshwara Rao *President – TPI*	71,800
		A Suryanarayan *President - Diversification & New Projects*	89,760
		D Raghuram *President - TICI*	1,27,760
		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 R&D*	89,760
		N Prasad *Sr. Vice President - HR*	69,000
		K R Srinivasan *Vice President - TIMF*	53,280
	ii. Any other employee who received a grant in any one year of Options amounting to 5% or more of Options granted during that year	*Name of the Employees*	*No. of Options granted during 2008-09*
		Shanmugam N	30,600
		Sairam S	30,600
		Babu G	30,600
		Senthilvel K	38,200
		Mohan Kalyanaraman	30,600
		Krishnamurthy	30,600
		Ravikumar D	30,600
		Subrahmanya U	38,200
		Jayaraman B	30,600
		Manoj Kotwani	30,600
		Augustine Justine	27,000
		Sharad K Sharda	27,000
		Ravichannthar S R	28,100

	Nature of Disclosure	Particulars	
		Name of the Employees	*No. of Options granted during 2010-11*
		K K Paul	86,200
		Siladitya Chaudhuri	38,000
	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 20	₹9.11	
(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 lower by ₹0.75 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 higher by ₹0.75 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 higher by ₹0.02.	
(m)	i. Weighted Average exercise price of Options granted	₹67.99	
	ii. Weighted average fair value of Options granted	₹23.76	
(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	7.69%	
	(b) Expected life of the Option	3.91 years	
	(c) Expected volatility	42.64%	
	(d) Expected dividend yields	3.18%	
	(e) Price of the underlying share in market at the time of Option grant	₹67.99	

On behalf of the Board

Chennai
2nd May, 2011

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, 2011.

Name	Designation	Gross Remune-ration (₹)	Qualification & Experience (years in brackets)	Date of Commencement of Employment	Age	Last Employer	Last Designation
Balasubramanian K	Sr. Vice President & Chief Financial Officer	61,71,754	B.Sc., ACA (33)	02.09.1991	56	Price Waterhouse Liberia & Ghana	Senior Consultant
Ramachandran P	Sr. Vice President - TIDC India	62,92,050	B.Tech, PG Dip in Mgt (28)	23.11.1989	52	Asian Paints Ltd	Branch Manager
Rajeshwara Rao A	President - Tube Products of India	85,73,714	B.Sc., M.A. (PM & IR) (38)	16.01.1985	59	Ashok Leyland Ltd	Asst. Manager (Employment)
Raghuram D	President - TI Cycles & BSA Motors	83,56,617	B.Tech, MS & Ph.D. in Mech Engg (22)	12.02.2004	43	EMEA i2 Technologies	Director (Customer Support & Services)
Sajiv K Menon	Executive on Deputation	64,32,170	B.Tech & PGDM (29)	10.07.2006	51	Parry Enterprises India Ltd	Vice President
Shyam C Raman	Executive on Deputation	73,86,816	B.E., PGDM (IIM) (23)	01.02.2008	48	Cholamandalam DBS Finance Ltd	Vice President - HR
Suryanarayan A	President - Diversification & New Projects	69,15,203	B.Com, ACA, AICWA (35)	25.11.1976	58	—	—
Paul K K	Sr. Vice President - Sales & Marketing - Tube Products of India	61,57,111	B.Sc (Hons), MBA-Marketing (31)	07.12.2009	54	Nitco Ltd	Chief Operating Officer

Notes

1. Remuneration includes Salary, Allowances and Taxable Value of Perquisites and Company's contribution to Provident, Gratuity & Super Annuation Funds. Payments made under Voluntary Retirement have not been considered being a one time payment.
2. Nature of employment : The above employees were whole-time employees of the Company during the year ended 31st March, 2011 and the nature of their employment was contractual.
3. Conditions of employment provide for termination of service by either party upon giving 3 months' notice.
4. None of the above employees is related to the Directors of the Company.
5. No employee of the Company is covered by the provisions of Section 217(2A)(a)(iii) of the Companies Act, 1956.

On behalf of the Board

M M Murugappan
Chairman

Chennai
2nd May, 2011

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, 2011, 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 that:

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

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

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

   (iv) in our opinion, the Balance Sheet, the 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;

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

      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

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

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

5. On the basis of the written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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 : 2nd May, 2011

Annexure to the **Auditor's Report**

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

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

(ii) In respect of its fixed assets:

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, the discrepancies noticed on such verification, which were not material, were appropriately dealt with in the books of account.

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

(iii) In respect of its inventory:

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

(b) In our opinion and according to the information and 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 the discrepancies noticed on verification between the physical stocks and the book records, which were not material having regard to the size of the operations of the Company, have been appropriately dealt with in the books of account.

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

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

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

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

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

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

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

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 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, 2011 on account of disputes are given below:

Name of Statute	Nature of the Dues	Amount involved (₹ in Crores)	Period to which the Amount Relates	Forum where Dispute is Pending
Local Sales Tax Laws - Various States	Sales Tax #	0.00	2000-01	Sales Tax Appellate Tribunal
	Sales Tax	0.11	2003-04	Sales Tax Appellate Tribunal
	Sales Tax	0.09	2002-03, 2003-04, 2004-05 & 2010-11	Deputy Commissioner (Appeals)
	Sales Tax	0.01	2005-06 & 2006-07	Deputy Commissioner (Appeals)
	Sales Tax	0.03	2009-10 & 2010-11	Deputy Commissioner (Appeals)
	Sales Tax	0.05	2005-06	Joint Commissioner
Central Sales Tax Act, 1956	Sales Tax	0.37	1990-91, 1991-92, 1999-00 & 2001-02	Sales Tax Appellate Tribunal
	Sales Tax	1.15	2002-03	Joint Commissioner (Appeals)
	Sales Tax	0.38	1999-00, 2003-04, 2004-05 & 2005-06	Joint Commissioner (Appeals)
	Sales Tax	0.11	2005-06 & 2006-07	Deputy Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	1.22	2000-01 to 2005-06	Customs, Excise & Service Tax Appellate Tribunal
	Penalty	1.22	2000-01 to 2005-06	Customs, Excise & 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 & Service Tax Tribunal
	Service Tax	0.16	1999-00 to 2004-05	Customs, Excise & Service Tax Tribunal
Income Tax Act, 1961	Income Tax	6.05	2007-08 to 2010-11	Commissioner (Appeals)

Amount involved is ₹8,562/.

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

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

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

(xiii) According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 8.75% debentures of ₹150 Crores each having a face value of ₹1 Crore. The Company has created security in respect of the debentures issued.

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

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

Geetha Suryanarayanan
Partner
(Membership No.29519)

Place : Chennai
Date : 2nd May, 2011

INDIA

Balance Sheet

	Schedule	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
Sources of Funds			
Shareholders' Funds			
(a) Share Capital	1	37.13	36.95
(b) Reserves and Surplus	2	954.27	779.95
		991.40	**816.90**
Loan Funds			
(a) Secured Loans	3	614.54	472.80
(b) Unsecured Loans	4	109.26	233.02
		723.80	**705.82**
Deferred Tax Liability (Net) (Refer Note 8 of Schedule 18)		51.76	41.31
		1766.96	**1564.03**
Application of Funds			
Fixed Assets			
Gross Block	5	1105.75	1028.09
Less : Accumulated Depreciation / Amortisation		544.91	500.46
Net Block		**560.84**	**527.63**
Capital Work-in-Progress (including Capital Advances)		31.21	42.93
		592.05	**570.56**
Investments	6	**910.55**	**749.44**
Current Assets, Loans and Advances			
(a) Inventories	7	387.69	294.39
(b) Sundry Debtors	8	373.37	325.78
(c) Cash and Bank Balances	9	13.64	8.62
(d) Loans and Advances	10	107.92	99.36
		882.62	**728.15**
Less : Current Liabilities and Provisions	11		
(a) Current Liabilities		564.67	436.72
(b) Provisions		53.59	47.40
		618.26	**484.12**
Net Current Assets		**264.36**	**244.03**
		1766.96	**1564.03**
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
2nd May 2011

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

INDIA

Profit and Loss Account

	Schedule	Year Ended 31.03.2011 ₹ in Crores	Year Ended 31.03.2010 ₹ in Crores
Income			
Sales and Processing Charges		3129.99	2453.65
Less : Excise Duty on Sales		163.82	108.01
Net Sales and Processing Charges		**2966.17**	**2345.64**
Other Income	12	25.72	16.28
		2991.89	**2361.92**
Expenditure			
Raw Materials Consumed (Net)	13	1711.59	1362.23
Purchase of Traded Goods		136.43	69.38
Accretion to Stock	14	(47.52)	(11.95)
Employee Cost	15	241.63	178.06
Operating and Other Costs	16	599.54	499.18
Depreciation/Amortisation		69.10	66.81
Interest - Debentures and Fixed Loans		46.08	18.31
- Others		14.34	10.45
		60.42	28.76
		2771.19	**2192.47**
Profit Before Exceptional Items and Taxes		**220.70**	**169.45**
Exceptional Items			
Profit on Sale of Land and Building		20.60	–
Provision for Loss on Liquidation of Overseas Subsidiary		–	(39.95)
Profit Before Taxes		**241.30**	**129.50**
Provision for Taxation			
Income Tax			
- Current Year		66.80	56.91
- Prior Years		(5.61)	(4.16)
Deferred Tax (Net) (Refer Note 8 of Schedule 18)		10.45	(4.46)
		71.64	**48.29**
Profit After Taxes		**169.66**	**81.21**
Add : Balance Brought Forward from Previous Year		334.61	311.11
Less : Final Dividend including Tax on Dividend for 2009-10 (Refer Note 2(c) of Schedule 18)		0.02	–
Add : Dividend on Own Shares held through Trust (Refer Note 3 of Schedule 18)		0.66	0.44
Profit Available for Appropriation		**504.91**	**392.76**
Appropriations:			
Transfer to General Reserve		25.00	15.00
Transfer to Debenture Redemption Reserve		23.34	10.83
Interim Dividend @ ₹1.50 (Previous Year Nil) per Equity Share of ₹2/- each		27.84	–
Tax on Interim Dividend (Net)		3.66	–
Dividend Proposed - Final @ ₹1.50 (Previous Year ₹1.50) per Equity Share of ₹2/- each		27.85	27.72
Tax on Final Dividend		4.52	4.60
		112.21	**58.15**
Balance Carried Over to Balance Sheet		**392.70**	**334.61**
Earnings per Share of ₹2/- each - Basic - (in ₹)		9.16	4.39
- Diluted - (in ₹)		9.11	4.38
(Refer Note 20 of Schedule 18)			
Significant Accounting Policies	17		
Notes on Accounts	18		

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

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
2nd May 2011

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

INDIA

Cash Flow Statement

		Year Ended 31.03.2011 ₹ in Crores	Year Ended 31.03.2010 ₹ in Crores
A.	**Cash Flow from Operating Activities:**		
	Net Profit Before Tax	**241.30**	**129.50**
	Adjustments for :		
	Depreciation / Amortisation	69.10	66.81
	Interest	60.42	28.76
	(Profit) / Loss on Assets Sold / Discarded (Net)	(17.77)	1.36
	Profit on Sale of Investments (Net)	(0.01)	(0.02)
	Provision For Doubtful Debts And Advances (Net)	1.05	(4.16)
	Bad Debts Written off	0.97	4.03
	Provision For Doubtful Debts no longer required written back (Net)	(0.09)	5.18
	Provision For Diminution in Value of Investments	0.09	34.77
	Liabilities no longer required written back	(0.31)	–
	Unrealised Losses on Foreign Currency Borrowings (Net)	1.43	0.74
	Interest Income	(1.33)	(1.55)
	Dividend Income	(9.03)	(1.37)
	Operating Profit before Working Capital Changes	**345.82**	**264.05**
	Adjustments for :		
	Increase in Inventories	(93.30)	(60.58)
	Increase in Sundry Debtors	(49.83)	(81.68)
	Increase in Loans and Advances	(6.80)	(23.21)
	Increase in Current Liabilities and Provisions (Including Capital Creditors)	126.76	106.90
	Cash Generated From Operations	**322.65**	**205.48**
	Direct Taxes Paid (Net)	(65.69)	(53.93)
	Net Cash Flow from Operating Activities	**256.96**	**151.55**
B.	**Cash Flow from Investing Activities:**		
	Capital Expenditure (Including Capital Work-in-Progress)	(86.77)	(96.38)
	Sale of Fixed Assets	13.95	1.48
	Investments in Subsidiaries	(338.01)	(137.94)
	Purchase of Other Investments	(17.96)	(191.98)
	Proceeds from Sale of Own Shares held through Trust	61.96	–
	Sale of Investments	191.59	0.08
	Short Term Fixed Deposits placed with Bank	–	(17.00)
	Withdrawal of Short Term Fixed Deposits placed with Bank	–	17.00
	Interest Received	1.19	1.50
	Dividend on Own Shares held through Trust	0.66	0.44
	Dividend Received	9.03	1.37
	Net Cash Used in Investing Activities	**(164.36)**	**(421.43)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds from exercise of Employees Stock Option	5.12	0.01
	Borrowings	337.96	367.78
	Repayment of Borrowings	(318.65)	(52.43)
	Interest Paid	(48.62)	(27.37)
	Dividends Paid (Including Dividend Tax) - Net	(63.49)	(21.56)
	Receipt of Industrial Promotion Subsidy	0.10	–
	Net Cash (Used) / From Financing Activities	**(87.58)**	**266.43**
	Net Increase / (Decrease) in Cash and Cash Equivalents [A+B+C]	**5.02**	**(3.45)**
	Cash and Cash Equivalents at the Beginning of the Year	**8.62**	**12.07**
	Cash and Cash Equivalents as at End of the Year	**13.64**	**8.62**

Note: Capital Expenditure includes and Interest Paid excludes ₹ Nil (Previous Year - ₹1.10 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
2nd May 2011

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Schedules forming part of the Balance Sheet

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
01 - Share Capital		
Authorised		
21,50,00,000 Equity Shares of ₹2 each	43.00	43.00
Issued, Subscribed and Paid-up		
18,56,66,931 Equity Shares of ₹2 each fully paid up (Previous year 18,47,81,000 Equity Shares of ₹2 each fully paid up)	37.13	36.95
(1) Of the above:		
(a) 10,78,910 Shares of ₹10 each (Before Sub division of Shares) were issued for consideration other than cash.		
(b) 2,73,11,792 Shares of ₹10 each (Before Sub division of Shares) were issued as Bonus Shares by capitalisation of Reserves.		
(c) 10,620 Shares of ₹10 each (Before Sub division of Shares) were issued to the erstwhile Share holders of TIDC India Limited on account of Amalgamation		
(d) 8,86,931 Shares of ₹2 each have been allotted to employees, to date, 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 ₹10 each (Before Sub division of Shares) which were bought back at a price of ₹100 per Share from the Share holders pursuant to the offer for Buy-back of Shares.		
(3) Also Refer Note 2 of Schedule 18.		
	37.13	**36.95**

	As at 31.03.2010 ₹ in Crores	Additions	Deductions	As at 31.03.2011 ₹ in Crores
02 - Reserves and Surplus				
Capital Reserve*	0.27	0.10		0.37
Capital Redemption Reserve#	6.15			6.15
Debenture Redemption Reserve	13.33	23.34		36.67
Securities Premium$	122.87	63.71		186.58
Hedge Reserve Account (Refer Note 22 of Schedule 18)	(4.44)		4.08	(0.36)
General Reserve	307.16	25.00		332.16
	445.34	**112.15**	**4.08**	**561.57**
Balance in Profit and Loss Account	334.61			392.70
Total Reserves	**779.95**			**954.27**

* Addition represents amount received as Industrial Promotion Subsidy from the Government of Maharashtra.

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

$ Additions relate to:

- Proceeds received from the employees pursuant to the exercise of options under the Employees Stock Option Scheme — ₹ 4.94 Cr.
- Profit on sale of TII Shareholding Trust Shares (Refer Note 3 of Schedule 18) — ₹ 58.77 Cr.

INDIA

Schedules forming part of the Balance Sheet

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
03 - Secured Loans		
Debentures		
8.50% Privately Placed Non Convertible Debentures (Note 1)	50.00	50.00
8.60% Privately Placed Non Convertible Debentures (Note 2)	50.00	50.00
8.75% Privately Placed Non Convertible Debentures (Note 3)	150.00	–
11.70% Privately Placed Non Convertible Debentures (Note 4)	50.00	50.00
Loans and Advances from Banks		
Foreign Currency Term Loans	–	52.59
External Commercial Borrowing (Note 5)	43.46	43.46
Rupee Term Loans		
- From Bank of Nova Scotia	–	50.00
- From State Bank of India	–	30.00
- From State Bank of India (Note 6)	100.00	–
	100.00	**80.00**
Cash Credit and Other Borrowings (Note 7)	171.08	146.75
	614.54	**472.80**
Repayable within one year	171.08	279.34

(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 27 November 2014. The Debentures also carry a put and call option at the end of three years from the date of allotment, i.e., on 27 November 2012.

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

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

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

(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 State Bank of India is secured by a *pari passu* first charge on all the Plant & Machinery of the Company.

(7) Cash Credit and Other Borrowings from Banks, which includes foreign currency borrowings of ₹86.15 Cr. (Previous Year ₹78.56 Cr.), are secured by a *pari passu* first charge on inventories and book debts.

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
04 - Unsecured Loans		
Short Term Loans & Advances from Banks		
Foreign Currency Loans	–	34.12
Cash Credit and Other Borrowings	87.30	25.00
Inter Corporate Borrowing	–	150.00
Other Loans & Advances		
Sales Tax Deferral	21.96	23.90
	109.26	**233.02**
Repayable within one year	90.19	211.49

Schedules forming part of the Balance Sheet

	Gross Block at Cost				Depreciation / Amortisation				Net Block	
	As at 31.03.2010 ₹ in Crores	Additions (Note 1) ₹ in Crores	Deletions ₹ in Crores	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores	Additions (Note 2) ₹ in Crores	Deletions ₹ in Crores	As at 31.03.2011 ₹ in Crores	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
05 - Fixed Assets										
Land (Freehold)	29.23	0.74	0.36	29.61	–	–	–	–	29.61	29.23
Land (Leasehold) (Note 3)	0.73	0.41	–	1.14	0.07	0.03	–	0.10	1.04	0.66
Buildings										
– Research & Development	0.37	–	–	0.37	0.07	0.01	–	0.08	0.29	0.30
– Others (Notes 4 & 5)	142.57	19.05	0.82	160.80	38.62	4.91	0.40	43.13	117.67	103.95
Plant & Machinery										
– Research & Development	9.81	0.07	–	9.88	2.89	0.65	–	3.54	6.34	6.92
– Others	827.73	84.38	25.70	886.41	445.99	61.59	21.98	485.60	400.81	381.74
Railway Siding	0.21	–	–	0.21	0.18	0.01	–	0.19	0.02	0.03
Furniture & Fixtures										
– Research & Development	0.02	–	–	0.02	0.01	–	–	0.01	0.01	0.01
– Others	10.72	0.48	1.03	10.17	8.97	0.43	0.93	8.47	1.70	1.75
Vehicles	6.70	2.05	1.61	7.14	3.66	1.47	1.34	3.79	3.35	3.04
TOTAL	**1028.09**	**107.18**	**29.52**	**1105.75**	**500.46**	**69.10**	**24.65**	**544.91**	**560.84**	**527.63**
PREVIOUS YEAR	**964.02**	**83.13**	**19.06**	**1028.09**	**449.87**	**66.81**	**16.22**	**500.46**	**527.63**	**514.15**

Notes:

1. Additions to Gross Block includes Interest Capitalised amounting to ₹ Nil (Previous Year ₹1.10 Cr.).
2. Additions to Depreciation includes depreciation amounting to ₹2.97 Cr. (Previous Year ₹7.30 Cr.) charged additionally on certain assets.
3. Amortisation of Leasehold Land for the year is ₹2,87,487 (Previous Year ₹72,851).
4. Net Block of Buildings includes Improvement to Buildings ₹3.35 Cr. (Previous Year ₹3.60 Cr.) constructed on Leasehold Land.
5. Net Block of Buildings includes ₹0.92 Cr. (Previous Year ₹0.94 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

	Nominal Value (₹) / Unit	Number				Amount			
		As at 31.03.2010	Acquired	Sold / Written off	As at 31.03.2011	As at 31.03.2010 ₹ in Crores	Acquired ₹ in Crores	Sold / Written off ₹ in Crores	As at 31.03.2011 ₹ in Crores
06 - Investments									
Investments - Long Term (At Cost)									
Subsidiary Companies:									
Equity Shares (Fully Paid) - Quoted									
Cholamandalam Investment & Finance Co. Ltd. (Note 1)	10	2,05,42,448	5,16,90,571		7,22,33,019	159.22	486.61		645.83
Preference Shares (Fully Paid) - Unquoted									
1% Fully Convertible Cumulative Preference Shares of Cholamandalam Investment & Finance Co Ltd. (Note 1)	100	1,50,00,000		1,50,00,000		150.00		150.0	–
Equity Shares (Fully Paid) - Unquoted									
Cholamandalam MS General Insurance Company Ltd.	10	19,75,49,900			19,75,49,900	197.55			197.55
Tubular Precision Products (Suzhou) Co. Ltd. (Note 2)						34.86		34.86	–
TI Financial Holdings Ltd.	10	70,000			70,000	0.07			0.07
TICI Motors (Wuxi) Company Ltd. (Note 3)						1.85	1.40		3.25
Financiere C10 SAS (Note 4)	Euro 15	1,72,712			1,72,712	43.59			43.59
Trade Investments:									
Equity Shares (Fully Paid) - Quoted									
LG Balakrishnan & Bros. Ltd. (Cost - ₹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
Non-Trade Investments:									
Equity Shares (Fully Paid) - Quoted									
Carborundum Universal Ltd (Cost - ₹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 ₹1 only)	10	50,000			50,000				
Bombay Mercantile Co-op. Ltd. (Cost ₹5,000 only)	10	500			500				
Southern Energy Development Corporation Ltd.	10	70,000			70,000	0.07			0.07
Murugappa Management Services Ltd.	100	42,677			42,677	0.78			0.78
TI Cycles of India Co-operative Canteen Ltd. (Cost - ₹250 only)	5	50			50				
TI Diamond-Miller Co-operative Canteen Ltd. (Cost - ₹100 only)	5	20			20				
Andheri Sarabjit Co-operative Housing Society Ltd. (Cost - ₹250 only)	50	5			5				
Chennai Willingdon Corporate Foundation (Cost - ₹100 only)	10	10			10				

	Nominal Value (₹) / Unit	Number: As at 31.03.2010	Number: Acquired	Number: Sold / Written off	Number: As at 31.03.2011	Amount: As at 31.03.2010 ₹ in Crores	Amount: Acquired ₹ in Crores	Amount: Sold / Written off ₹ in Crores	Amount: As at 31.03.2011 ₹ in Crores
06 - Investments *(Contd.)*									
Others - Unquoted									
Government of India Securities						0.20		0.06	0.14
Total - Long Term						**589.50**	**488.01**	**184.92**	**892.59**
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	73,975	5,01,197	73,975	50.12	7.40	50.12	7.40
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	–
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	1000		3,538		3,538		0.35		0.35
HSBC Floating Rate - Long Term Plan - Institutional Option - Weekly Dividend	10		1,02,07,835		1,02,07,835		10.21		10.21
Total - Current						**194.71**	**17.96**	**194.71**	**17.96**
Less: Provision for Diminution in Value of Investments (Note 2)						34.77		34.77	
Total Investments						**749.44**	**505.97**	**344.86**	**910.55**
			Quoted						
			- Cost			162.73			646.15
			- Market Value			227.26			1265.04
			Unquoted						
			- Cost			586.71			264.40

Note 1 : The Preference Shares held in the company were converted into 1,63,04,348 Equity Shares in May 2010 at ₹92 per share totalling to ₹150.00 Cr.

Note 2 : Liquidation of Tubular Precision Products (Suzhou) Co. Ltd has been completed. Loss on Liquidation of ₹34.86 Cr. has been adjusted against the Provision of ₹34.77 Cr. made in 2009-10.

Note 3 : During the year, the Company invested a further sum of ₹1.40 Cr. in TICI Motors (Wuxi) Company Ltd., a 100 % Overseas Subsidiary. The registered capital of the company is USD 0.8 Million of which USD 0.7 Million is subscribed.

Note 4 : During 2009-10, the Company acquired 1,72,712 shares of Euro 15 each in Financiere C10 SAS, a company incorporated in France. This represents 77.13% of the capital of the company. The remaining 51,208 shares will be purchased before 28 February 2013.

Note 5 : Own Shares held through Trust were sold and the profit of ₹58.77 Cr was credited to the Securities Premium account.(Refer Note 3 of Schedule 18).

Note 6 : During the year, the Company has invested an aggregate of ₹820.89 Cr. (Previous Year ₹1017.10 Cr.) and sold an aggregate of ₹994.45 Cr. (Previous Year ₹825.58 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

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
07 - Inventories		
(Lower of Cost (Net of Allowances) and estimated Net Realisable Value)		
Raw Materials	190.55	149.39
Work - in - Process	64.38	51.55
Finished Goods	119.81	85.12
Stores and Spare Parts	4.16	3.95
Materials - in - Transit	8.79	4.38
	387.69	**294.39**
08 - Sundry Debtors		
(Unsecured, Considered Good unless otherwise stated)		
Outstanding for Over Six Months		
Considered Good	12.89	3.53
Considered Doubtful	9.66	8.39
	22.55	**11.92**
Others		
Considered Good *	360.48	322.25
	383.03	**334.17**
Less : Provision for Doubtful Debts	9.66	8.39
	373.37	**325.78**
* Includes Dues from Subsidiaries		
- Financiere C10 SAS	1.49	–
- S2CI	0.75	–
- Sedis SAS	2.62	–
09 - Cash and Bank Balances		
Cash and Cheques on Hand #	0.12	0.10
Balance with Scheduled Banks		
- Current Accounts	11.87	7.16
- Unpaid Dividend Accounts	1.64	1.29
Balance with Unscheduled Bank *		
- HSBC Bank, USA, N.A.	0.01	0.07
	13.64	**8.62**
# Includes Cheques on Hand	0.01	0.01
* Maximum Amount Outstanding at any point in time during the Year	0.07	0.17

Schedules forming part of the Balance Sheet

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
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 *@	45.86	44.67
(b) Considered Doubtful #	–	5.40
	45.86	**50.07**
Less : Provision for Doubtful Advances #	–	5.40
	45.86	**44.67**
Sundry Deposits		
(a) With Subsidiary - Cholamandalam MS General Insurance Co. Ltd.*	0.03	0.03
(b) With Others	13.08	11.25
Balance with Customs, Excise and Sales Tax Authorities	9.93	8.69
Fringe Benefit Tax Paid [Net of Provision ₹1.55 Cr.]	0.02	–
Advance Income Tax Paid	168.46	161.80
Less : Provision for Taxation	129.46	127.08
	39.00	**34.72**
	107.92	**99.36**
@ Includes		
- Dues from Cholamandalam MS General Insurance Co. Ltd.	1.70	–
- Share application money paid to TI Financial Holdings Ltd., wholly owned subsidiary, pending allotment	0.04	–
# Includes Dues from Tubular Precision Products (Suzhou) Co. Ltd. [Maximum Amount Outstanding at any time during the year ₹5.18 Cr (Previous Year ₹16.77 Cr.)]	–	5.18
* Maximum Amount Outstanding at any time during the Year	0.03	0.27
11 - Current Liabilities and Provisions		
Current Liabilities		
Acceptances	60.27	114.82
Sundry Creditors		
– Dues to Micro Enterprises & Small Enterprises (Refer Note 4 of Schedule 18)	0.45	0.73
– Others	465.21	298.22
	465.66	**298.95**
Advances and Deposits from Customers / Others	7.28	7.23
Dues to Directors	0.78	0.55
Unpaid Dividends	1.64	1.29
Other Liabilities	14.07	10.71
Interest Accrued but Not Due	14.97	3.17
	564.67	**436.72**
Provisions		
Provision for Compensated Absences	18.02	12.71
Provision for Warranties (Refer Note 5 (a) of Schedule 18)	1.63	0.46
Provision for Contingencies (Refer Note 5 (b) of Schedule 18)	1.50	1.50
Provision for Fringe Benefit Tax [Net of Advance Tax (Previous Year ₹3.11 Cr.)]	–	0.35
Provision for Wealth Tax	0.07	0.06
Dividend - Proposed	27.85	27.72
Dividend Tax	4.52	4.60
	53.59	**47.40**
	618.26	**484.12**
Amounts to be Credited to Investor Education and Protection Fund towards: Unpaid Dividends	Nil	Nil

INDIA

Schedules forming part of the Profit and Loss Account

	Year Ended 31.03.2011 ₹ in Crores	Year Ended 31.03.2010 ₹ in Crores
12 - Other Income		
Dividend @		
Trade	0.18	0.00
Non Trade	8.85	1.37
	9.03	**1.37**
Interest Income *		
Statutory Authorities	1.28	0.77
Government Securities	0.02	0.02
Employee Loans	0.01	0.02
Other Deposits	0.02	0.74
	1.33	**1.55**
Royalty Income	0.32	0.43
Provision for Doubtful Debts no longer required written back (Net)	–	0.13
Provision for Advances no longer required written back (Net of Advances Written Off ₹5.09 Cr.)	0.09	–
Liabilities no longer payable written back	0.31	–
Profit on Sale of Investments (Net)	0.01	0.02
Miscellaneous Income #	14.63	12.78
	25.72	**16.28**
* Includes Tax Deducted at Source	0.14	0.05
# Includes Management Fees from Overseas Subsidiary	1.49	–
@ Comprises ₹7.18 Cr. (Previous Year ₹0.38 Cr.) dividend from Long Term Investments and ₹1.85 Cr. (Previous Year ₹0.99 Cr.) from Current Investments		

	Year Ended 31.03.2011 ₹ in Crores	Year Ended 31.03.2010 ₹ in Crores
13 - Raw Materials Consumed (Net)		
Raw Materials Consumed	1841.71	1456.89
Less : Scrap Sales (Net of Excise Duty)	130.12	94.66
Raw Materials Consumed (Net)	**1711.59**	**1362.23**

	Year Ended 31.03.2011 ₹ in Crores	Year Ended 31.03.2010 ₹ in Crores
14 - Accretion to Stock		
Opening Stock		
Work-in-Process	51.55	39.32
Finished Stock	85.12	85.40
	136.67	**124.72**
Closing Stock		
Work-in-Process	64.38	51.55
Finished Stock	119.81	85.12
	184.19	**136.67**
Accretion to Stock	**(47.52)**	**(11.95)**

	Year Ended 31.03.2011 ₹ in Crores	Year Ended 31.03.2010 ₹ in Crores
15 - Employee Cost		
Salaries, Wages and Bonus	198.23	151.90
Contribution to Provident and Other Funds (Refer Note 17(a)(iv) of Schedule 18)	19.33	9.01
Welfare Expenses	24.07	17.15
	241.63	**178.06**

Schedules forming part of the Profit and Loss Account

	Year Ended 31.03.2011 ₹ in Crores	Year Ended 31.03.2010 ₹ in Crores
16 - Operating and Other Costs		
Consumption of Stores and Spares	123.05	101.11
Freight and Carriage Inwards	38.06	28.40
Conversion Charges	53.76	34.53
Power and Fuel *	101.68	75.58
Rent	8.04	6.54
Repairs to Buildings	0.81	1.02
Repairs to Machinery	43.57	34.95
Insurance	2.82	2.34
Rates and Taxes	6.44	6.08
Travelling and Conveyance	12.68	12.01
Printing, Stationery and Communication	4.95	4.90
Freight, Delivery and Shipping Charges	81.92	65.20
Discounts / Incentives on Sales	30.57	23.64
Advertisement and Publicity	26.92	37.48
Bad Debts Written Off	0.97	4.03
Less : Provision Released	0.97	4.03
	–	–
Provision for Doubtful Debts	2.24	–
Advances Written Off	0.22	–
Less : Provision Released	0.22	–
	–	–
Loss on Sale of Assets	2.83	1.36
Investment Written Off	34.86	–
Less : Provision Released	34.77	–
	0.09	**–**
Auditors' Remuneration (Refer Note 9 of Schedule 18)	0.46	0.32
Directors' Remuneration		
Managing Director (Refer Note 15 of Schedule 18)	1.91	1.40
Non Whole Time Directors	0.35	0.24
Sitting Fees	0.10	0.12
	2.36	**1.76**
Loss on Exchange Fluctuation (Net) #	6.79	13.00
Other Expenses (Refer Note 6 of Schedule 18)	49.50	48.96
	599.54	**499.18**
* Includes Stores Consumed	65.91	44.88
# Includes Loss on Discontinued Cash Flow Hedges	–	2.78

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, provision for warranties, 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**

   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.

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

   Depreciation on fixed assets other than those given below are depreciated under the straight line method at the rates specified under Schedule XIV of the Companies Act, 1956.

Description of assets	Basis of depreciation
Special tools and special purpose machines used in door frame products	4 Years
Furniture and fixtures	5 Years
Motor cars	4 Years
Data processing equipment	3 Years
Lease hold land / improvements	Over the primary lease period

   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.

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

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.

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

Schedules forming part of the Accounts

17 - Significant Accounting Policies *(Contd.)*

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 contributions 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. Operating Leases

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

10. Foreign Currency Transactions

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

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

Schedules forming part of the Accounts

17 - Significant Accounting Policies *(Contd.)*

11. Derivative Instruments and Hedge Accounting

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

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

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

12. 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.

13. 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.

14. 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.

15. Segment Accounting

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

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

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

d. 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.

16. 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

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
1. Commitments and Contingent Liabilities		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
i. Capital Expenditure	39.58	26.54
ii. Investments	14.51	324.08
b) Disputed Income-Tax demands from A.Y. 1993-94 to 2007-08 under appeal/ remand pending before various appellate/assessing authorities against which ₹26.25 Cr. (Previous Year ₹27.94 Cr.) has been deposited. The Balance of ₹6.05 Cr. (Previous Year ₹ Nil) is not deposited for which rectification petitions/appeals have been filed. The Management is of the opinion that the above demands are not sustainable.	32.31	27.94
c) Disputed Excise demand amounting to ₹1.62 Cr. (Previous Year ₹1.62 Cr.) and penalty of ₹1.22 Cr. (Previous Year ₹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	2.84
d) Cases decided in favour of the Company against which the department has gone on an appeal		
i. Income Tax	3.28	2.55
ii. Excise	0.84	0.86
e) Export obligation under EPCG/Advance License Scheme not yet fulfilled.	13.97	42.78
The Company is confident of meeting its obligations under the Schemes within the Stipulated Period.		

Note:

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

Also Refer Note 5 below.

2. Share Capital

a) Status on GDRs

The aggregate number of Global Depository Receipts (GDRs) outstanding as at 31 March 2011 is 65,30,630 (Previous Year 1,05,63,960) each representing one Equity Share of ₹2 face value. The GDRs are listed 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 31 March 2011 is 23,50,367 (Previous Year 28,81,054) and each Option is exercisable into One Equity Share of ₹2 face value.

Schedules forming part of the Accounts

18 - Notes on Accounts *(Contd.)*

Particulars	Date of Grant	Exercise Price (₹)	Options Granted	Options Vested	Options Cancelled/ lapsed	Options Exercised & allotted	Options Excercised, pending allotment	Options Outstanding at the End of the Year	Vesting (subject to continuous association with the Company and performance rating parameters)
Grant 1	31 Oct. 07	62.85	6,00,120	89,598	2,19,246	2,91,276	6,210	83,388	31.10.08 – 100%
Grant 2	31 Jan. 08	66.10	1,05,460	22,730	24,136	58,594	–	22,730	31.01.09 – 100%
Grant 3	24 Mar. 08	56.80	26,55,260	6,19,627	8,98,502	4,54,249	11,392	12,91,117	31.10.09 – 25% 31.10.10 – 37.5% 31.10.11 – 37.5%
Grant 4	31 Jul. 08	44.45	3,86,900	58,392	58,188	56,540	–	2,72,172	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	–	4,320	17,280	–	32,400	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	–	2,248	8,992	–	16,860	30.01.10 – 20% 30.01.11 – 20% 30.01.12 – 30% 30.01.13 – 30%
Grant 7	29 Jan. 11	140.05	4,25,400	–	–	–	–	4,25,400	29.01.12 – 20% 29.01.13 – 20% 29.01.14 – 30% 29.01.15 – 30%
Grant 8	29 Jan. 11	140.05	1,92,400	–	–	–	–	1,92,400	29.01.12 – 40% 29.01.13 – 30% 29.01.14 – 30%
Grant 9	29 Jan. 11	140.05	13,900	–	–	–	–	13,900	29.01.12 – 40% 29.01.13 – 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 (₹)	Fair Value of the Option (₹)
Grant 1	31.10.08	7.71	2.50	39.11	3.43	62.85	16.43
Grant 2	30.01.09	7.44	2.50	42.02	3.43	66.10	18.11
Grant 3	31.10.09 31.10.10 31.10.11	7.26 7.41 7.58	3.11 4.11 5.11	40.66 41.77 42.06	3.43 3.43 3.43	56.80 56.80 56.80	16.54 18.94 20.68
Grant 4	31.07.09 31.07.10 31.07.11 31.07.12	9.45 9.43 9.42 9.42	2.50 3.50 4.50 5.50	43.62 40.61 41.69 41.88	3.04 3.04 3.04 3.04	44.45 44.45 44.45 44.45	13.61 15.08 16.99 18.33
Grant 5	31.10.09 31.10.10 31.10.11 31.10.12	7.06 7.17 7.33 7.51	2.50 3.50 4.50 5.50	48.02 44.15 44.23 44.37	3.04 3.04 3.04 3.04	24.25 24.25 24.25 24.25	7.46 8.07 8.96 9.68
Grant 6	30.01.10 30.01.11 30.01.12 30.01.13	4.10 4.96 5.64 6.14	2.50 3.50 4.50 5.50	46.07 46.23 44.40 44.43	3.04 3.04 3.04 3.04	31.05 31.05 31.05 31.05	8.46 9.97 10.83 11.80
Grant 7	29.01.12 29.01.13 29.01.14 29.01.15	7.90 7.91 7.93 7.96	2.50 3.50 4.50 5.50	54.50 52.23 48.53 48.19	1.96 1.96 1.96 1.96	140.05 140.05 140.05 140.05	51.18 57.65 60.98 65.69
Grant 8	29.01.12 29.01.13 29.01.14	7.90 7.91 7.93	2.50 3.50 4.50	54.50 52.23 48.53	1.96 1.96 1.96	140.05 140.05 140.05	51.18 57.65 60.98
Grant 9	29.01.12 29.01.13	7.90 7.91	2.50 3.50	54.50 52.23	1.96 1.96	140.05 140.05	51.18 57.65

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 ₹ in Crores

Particulars	**2010-11**	**2009-10**
Net Profit (As reported)	169.66	81.21
Add: Stock based employee compensation expense included in net profit	–	–
Less: Stock based compensation (income) / expense determined under fair value based method (Pro forma)	(0.75)	1.14
Net Profit (Proforma)	170.41	80.07
Impact on Earning per Share		
Particulars	**2010-11**	**2009-10**
Basic Earnings per Share of ₹2 each (As reported)	9.16	4.39
Basic Earnings per Share of ₹2 each (Pro forma)	9.18	4.33
Diluted Earnings per Share of ₹2 each (As reported)	9.11	4.38
Diluted Earnings per Share of ₹2 each (Pro forma)	9.13	4.32

c) **Final Dividend including Dividend Distribution Tax for 2009-10**

Subsequent to the date of approval of the annual accounts by the Board and before the book closure date, 1,18,296 equity shares were allotted under the Tube Investments of India Limited Employee Stock Option Scheme to employees and dividend on these shares were paid. A total amount of ₹0.02 Cr. including tax on dividend, has been appropriated from the opening balance of the Profit and Loss Account.

3. Amalgamation of erstwhile TIDC India Limited with the Company

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

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 11 February 2009 granted an extension of time till 14 December 2010 for the sale / disposal of the balance shares held by the Trust.

The balance quantity of 44,01,870 shares have been sold during the year and the net surplus on sale of these shares has been credited to Securities Premium Account.

Since the beneficiary of the Trust is the Company itself, the dividend distributed to the Trust relating to the Company's shares held by the Trust, has been credited back to the Profit and Loss Account on receipt of the same from the Trust.

4. 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 31 March 2011 are furnished below:

₹ in Crores

Particulars	**2010-11**	**2009-10**
Principal amount due to suppliers under MSMED Act, as at 31st March	0.45	0.73
Interest accrued and due to suppliers under MSMED Act, on the above amount as at 31st March	0.02	0.03
Payment made to suppliers (other than interest) beyond the appointed day, during the year	8.84	3.96
Interest paid to suppliers under MSMED Act (other than Section 16)	0.02	0.01
Interest paid to suppliers under MSMED Act (Section 16)	0.04	0.03
Interest due and payable to suppliers under MSMED Act, for payments already made	0.00	0.00
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.02	0.03

Schedules forming part of the Accounts

18 - Notes on Accounts *(Contd.)*

5. Provisions

(a) Warranties

The details of Provision for Warranties is given below

₹ in Crores

Particulars	2010-11	2009-10
Opening Balance	0.46	0.45
Add: Provision created during the Year	4.79	0.89
Less: Utilised during the Year	3.62	0.88
Closing Balance	1.63	0.46

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).

₹ in Crores

Particulars	2010-11	2009-10
Opening Balance	1.50	1.50
Add: Provision created during the Year	–	–
Less: Utilised during the Year	–	–
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 / reversal of such estimates.

6. Other Expenses

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

i. Contribution to A M M Murugappa Chettiar Research Centre ₹0.35 Cr. (Previous Year ₹0.15 Cr.)
ii. Contribution to A M M Foundation ₹0.67 Cr. (Previous Year ₹0.40 Cr.)
iii. Contribution to Bharatiya Janata Party - ₹ Nil (Previous Year ₹0.50 Cr.)
iv. Contribution to Mahindra World School Educational Trust - ₹2.00 Cr. (Previous Year ₹3.00 Cr.)
v. Other Donations ₹0.07 Cr. (Previous Year ₹0.10 Cr.)
vi. Excise Duty Differential on Accretion to Stock - Credit ₹0.39 Cr. (Previous Year Credit ₹0.75 Cr.)

7. Research and Development Expenses

Research and Development Expenses incurred on the following heads have been accounted under the natural heads and are shown under Schedule 16

₹ in Crores

Particulars	2010-11	2009-10
Salaries, Wages and Bonus	4.97	3.75
Contribution to Provident and Other Funds	0.25	0.22
Welfare Expenses	0.08	0.06
Consumption of Stores and Spares	0.74	0.64
Power and Fuel	0.23	0.09
Repairs to Machinery	0.24	0.11
Printing, Stationery and Communication	0.75	0.04
Other Expenses	1.55	1.55
Grand Total	**8.81**	**6.46**

Schedules forming part of the Accounts

18 - Notes on Accounts *(Contd.)*

8. Deferred Tax Movement

The net deferred tax liability of ₹51.76 Cr. as at 31st March 2011 (Previous Year ₹41.31 Cr.) has arisen on account of the following:

₹ in Crores

Nature – Liability / (Asset)	As at 01.04.2010	Charged/ (Credited) to P&L	As at 31.03.2011
Deferred Tax Liabilities			
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961	59.61	0.89	60.50
Total (A)	**59.61**	**0.89**	**60.50**
Deferred Tax Assets			
Deferred Revenue Expenses	(1.53)	0.57	(0.96)
Provision for Doubtful Debts / Advances	(4.58)	0.16	(4.42)
Capital loss on liquidation of subsidiary	(7.70)	7.70	–
Others	(4.49)	1.13	(3.36)
Total (B)	**(18.30)**	**9.56**	**(8.74)**
Net Deferred Tax Liability (A+B)	**41.31**	**10.45**	**51.76**

9. Auditors' Remuneration

₹ in Crores

Particulars	2010-11	2009-10
Statutory Audit	0.25	0.21
Tax Audit & Other Services	0.18	0.09
Service Tax (Net of Input Credit Availed)	0.03	0.02
Reimbursement of Expenses#	0.00	–
Total	**0.46**	**0.32**

Includes ₹47,429/- (Previous year ₹ Nil)

10. Imported and Indigenous Material Consumed

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

₹ in Crores

	2010-11		2009-10	
Particulars	%	Value	%	Value
Imported	16.39	301.79	13.76	200.53
Indigenous	83.61	1539.92	86.24	1256.36
Total	**100.00**	**1841.71**	**100.00**	**1456.89**

(b) Consumption of Stores and Spares

₹ in Crores

	2010-11		2009-10	
Particulars	%	Value	%	Value
Imported	4.43	8.37	2.53	3.69
Indigenous	95.57	180.59	97.47	142.30
Total	**100.00**	**188.96**	**100.00**	**145.99**

Note:

The above includes ₹65.91 Cr. (Previous Year ₹44.88 Cr.) of Stores and Spares charged to the Power and Fuel Account (Refer Schedule 16).

Schedules forming part of the Accounts

18 - Notes on Accounts *(Contd.)*

11. Value of Imports on CIF Basis

₹ in Crores

Particulars	2010-11	2009-10
Raw Materials	137.80	148.89
Stores and Spare Parts	13.34	5.92
Finished Goods	123.10	72.90
Capital Goods	14.98	35.98
Total	**289.22**	**263.69**

12. Earnings in Foreign Exchange

₹ in Crores

Particulars	2010-11	2009-10
FOB Value of Exports	161.72	109.98

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

₹ in Crores

Particulars	2010-11	2009-10
Dividend* – ₹ in Crores	0.017	0.006
Number of Non-resident Shareholders	1	1
Number of Equity Shares Held	56,700 of ₹2 each	56,700 of ₹2 each
Year for which Dividend Remitted	2009-10 & 2010-11#	2008-09

* The above excludes remittances amounting to ₹1.98 Cr. (Previous Year ₹0.67 Cr.) to Global Depository Receipt (GDR) holders through the custodian of GDR holders.

Includes Interim Dividend of 2010-11 of ₹0.009 Cr. paid.

14. Expenditure in Foreign Currency

₹ in Crores

Particulars	2010-11	2009-10
Travel	2.92	1.77
Interest on Foreign Currency Loans	3.57	2.36
Royalty	2.11	1.69
Others	4.93	9.58
Total	**13.53**	**15.40**

Schedules forming part of the Accounts

18 - Notes on Accounts *(Contd.)*

15. Directors' Remuneration

₹ in Crores

Particulars	2010-11	2009-10
a) Managing Director's Remuneration		
Salaries & Allowances	1.37	0.99
PF & Superannuation	0.11	0.08
Perquisites	0.01	0.02
	1.49	**1.09**
Incentive	0.42	0.31
	1.91	**1.40**
b) Commission to Non-Whole Time Directors	0.35	0.24
c) Directors' Sitting Fees	0.10	0.12
Directors' Remuneration	**2.36**	**1.76**
Profit after Tax as per Profit and Loss Account	169.66	81.21
Add: Provision for Taxation	71.64	48.29
Directors' Remuneration	2.36	1.76
Provision for Loss on Liquidation of Overseas Subsidiary	–	39.95
Loss on Sale of Assets as per Books	2.83	1.36
Less: Profit on Sale of Investments	0.01	0.02
Profit on Sale of Assets as per Books	20.60	–
Profit as per Section 349 of the Companies Act, 1956	**225.88**	**172.55**
1% thereof	**2.26**	**1.73**
Commission to Non-Whole Time Directors restricted to	0.35	0.24
Total Commission	**0.35**	**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.

16. Quantitative Particulars

a. Capacities, Production / Purchases, Turnover and Stocks — ₹ 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.				23.68 (25.39)		23.59 (23.68)	3548413 (3457712)	924.96 (821.09)
Traded Goods – Cycles	Nos.		693404 (432530)	63838 (44870)	10.24 (7.37)	87020 (63838)	15.52 (10.24)	670222 (413562)	173.16 (99.49)
ERW/CDW Tubes	Tons	207911 (207911)	127406 (106278)	5893 (4674)	31.75 (24.14)	6660 (5893)	42.97 (31.75)	126639 (105059)	823.27 (614.03)
Cold Rolled Steel Strips	Tons	100120 (100120)	49475 (46492)	1709 (1518)	7.02 (5.47)	1792 (1709)	8.02 (7.02)	49392 (46301)	256.35 (207.03)
Metal Formed Products					11.65 (21.78)		28.98 (11.65)		768.49 (576.51)
E-Scooters	Nos.		5579 (9034)	394 (442)	0.78 (1.25)	453 (394)	0.73 (0.78)	5520 (9082)	16.35 (25.53)
Processing Charges									3.59 (1.96)
Total					**85.12 (85.40)**		**119.81 (85.12)**		**2966.17 (2345.64)**

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 quantity sold) 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.

Schedules forming part of the Accounts

18 - Notes on Accounts *(Contd.)*

b. Consumption of Raw Materials (Refer Schedule 13)

₹ in Crores

	Unit	Quantity		Value	
		2010-11	2009-10	2010-11	2009-10
Steel	Lakh Tons	2.98	2.51	1182.42	865.36
Rims	Lakh Nos.	81.33	80.39	63.66	54.77
Tyres	Lakh Nos.	72.14	72.06	64.78	49.69
Cycle Tubes	Lakh Nos.	70.52	70.65	27.05	22.00
Saddle	Lakh Nos.	36.39	35.64	32.09	27.77
Chains	Lakh Nos.	46.58	56.13	14.98	16.44
Frames	Lakh Nos.	36.10	34.11	112.17	92.10
Forks	Lakh Nos.	36.94	35.29	36.17	30.32
Mudguards	Lakh Sets	38.36	35.91	22.44	18.30
E-Scooters, Bicycle Components and Others				285.95	280.14
Total				**1841.71**	**1456.89**

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.

17. Employee Benefits under Defined Benefit Plans

a) Gratuity

Actuarial data on Defined Benefit Plans:

₹ in Crores

Details of Actuarial Valuation	2010-11	2009-10
Change in Benefit Obligation		
Projected Benefit Obligation as at Year Beginning	16.69	16.52
Service Cost	1.01	0.97
Interest Cost	1.35	1.33
Actuarial (Gains) / Losses	7.56	(0.77)
Benefits Paid	(0.82)	(1.36)
Projected Benefit Obligation as at Year End	**25.79**	**16.69**
Change in Plan Assets		
Fair Value of Plan Assets as at Year Beginning	18.06	17.27
Expected Return on Plan Assets	1.69	1.58
Employer's Contribution	8.55	0.57
Benefits Paid	(0.82)	(1.36)
Fair Value of Plan Assets as at Year End	**27.48**	**18.06**
Amounts Recognised in the Balance Sheet:		
Projected Benefit Obligation at the Year End	25.79	16.69
Fair Value of the Plan Assets at the Year End	27.48	18.06
Asset Recognised in the Balance Sheet	**1.69**	**1.37**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	1.01	0.97
Interest on Obligation	1.35	1.33
Expected Return on Plan Assets	(1.69)	(1.58)
Net Actuarial (Gains) / Losses Recognised in the Year	7.56	(0.77)
Net Cost Recognised in the Profit and Loss Account	**8.23**	**(0.05)**

Schedules forming part of the Accounts

18 - Notes on Accounts *(Contd.)*

₹ in Crores

Other Disclosures:

Benefit	2010-11	2009-10	2008-09	2007-08	2006-07
Projected Benefit Obligation	25.79	16.69	16.52	16.08	13.14
Fair Value of Plan Assets	27.48	18.06	17.27	16.14	14.19
Surplus / (Deficit)	**1.69**	**1.37**	**0.75**	**0.06**	**1.05**

Notes:

i. The entire Plan Assets are managed by Life Insurance Corporation of India (LIC). The data on Plan Assets and Experience adjustments have 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

iv. The Actuarial Loss of ₹7.56 Cr includes ₹3.54 Cr (for the period upto March 2010) attributable to the revision in the ceiling of the gratuity amount from ₹0.04 Cr to ₹0.25 Cr. by the Management.

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. Based on Actuarial Valuations, a sum of ₹0.15 Cr. (Previous Year ₹0.27 Cr.) has been charged off to Profit and Loss Account.

c) Long Term Compensated Absence

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

Assumptions for Actuarial Valuation	2010-11	2009-10
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%

18. 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

₹ in Crores

	CYCLES/ COMPONENTS/ E-SCOOTERS		ENGINEERING		METAL FORMED PRODUCTS		ELIMINATIONS		CONSOLIDATED TOTAL	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
REVENUE										
External Sales	1114.45	946.11	1083.22	823.02	768.50	576.51			2966.17	2345.64
Inter - Segment Sales			109.87	67.38	0.37	0.06	(110.24)	(67.44)		
Other Operating Income	6.38	6.64	2.02	2.37	6.37	3.61			14.77	12.62
Unallocated Corporate Income									0.16	0.23
Total Revenue	**1120.83**	**952.75**	**1195.11**	**892.77**	**775.24**	**580.18**	**(110.24)**	**(67.44)**	**2981.10**	**2358.49**
Unallocated Corporate Expenses									(20.35)	(37.42)
RESULTS										
Operating Profit	79.89	69.14	113.53	85.98	101.89	80.32			274.96	198.02
Profit / (Loss) on Sale of Assets	(1.78)	(0.42)	(0.80)	(0.88)	(0.30)	0.10			(2.88)	(1.20)
Net Operating Profit	**78.11**	**68.72**	**112.73**	**85.10**	**101.59**	**80.42**	**–**	**–**	**272.08**	**196.82**
Dividend Income									9.03	1.37
Interest Expense									(60.42)	(28.76)
Income Taxes									(71.64)	(48.29)
Exceptional Item - Profit on sale of Land and Building									20.60	–
Exceptional Item - Provision for Loss on Liquidation of Overaseas Subsidiary									–	(39.95)
Profit on sale of Investments									0.01	0.02
Net Profit	**78.11**	**68.72**	**112.73**	**85.10**	**101.59**	**80.42**	**–**	**–**	**169.66**	**81.21**

Schedules forming part of the Accounts

18 - Notes on Accounts *(Contd.)*

A) PRIMARY SEGMENT - *(Contd.)*

₹ in Crores

	CYCLES/ COMPONENTS/ E-SCOOTERS		ENGINEERING		METAL FORMED PRODUCTS		ELIMINATIONS		CONSOLIDATED TOTAL	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
ASSETS										
Segment Assets	258.24	262.31	611.56	530.60	598.72	462.33	(25.72)	(17.93)	1442.80	1237.31
Unallocated Corporate Assets*									942.42	810.84
Total Assets	**258.24**	**262.31**	**611.56**	**530.60**	**598.72**	**462.33**	**(25.72)**	**(17.93)**	**2385.22**	**2048.15**
LIABILITIES										
Segment Liabilities	183.72	164.23	224.60	146.19	173.25	133.67	(25.72)	(17.93)	555.85	426.16
Unallocated Corporate Liabilities									62.41	57.96
Total Liabilities	**183.72**	**164.23**	**224.60**	**146.19**	**173.25**	**133.67**	**(25.72)**	**(17.93)**	**618.26**	**484.12**
OTHER INFORMATION										
Capital Expenditure	5.58	9.59	19.41	34.45	60.33	50.27			85.32	94.31
Unallocated Corporate Capital Expenditure									1.45	2.07
Depreciation	7.22	6.68	27.12	28.13	33.21	30.29			67.55	65.10
Unallocated Corporate Depreciation									1.55	1.71

* includes Income Tax Assets (Net)

(B) SECONDARY SEGMENT

₹ in Crores

Particulars	**2010-11**	**2009-10**
1) Revenue by Geographic Market		
India	2815.02	2246.62
Rest of The World	166.08	111.87
TOTAL	**2981.10**	**2358.49**
2) Segment Assets by Geographic Market #		
India	1384.56	1186.15
Rest of The World	19.24	16.44
TOTAL	**1403.80**	**1202.59**
3) Capital Expenditure by Geographic Market		
India	86.77	96.38
Rest of The World	–	–
TOTAL	**86.77**	**96.38**

excludes Income Tax Assets (Net)

19. 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

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

Cholamandalam Distribution Services Limited, Cholamandalam Factoring Limited and Cholamandalam Securities Limited (Subsidiaries of Cholamandalam Investment and Finance Company Limited)

Tubular Precision Products (Suzhou) Company Limited (Company Liquidated)

TI Financial Holdings Limited

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

Financiere C10 SAS (With effect from 12 February 2010)

Sedis SAS, Societe De Commercialisation De Composants Industriels - SARL (S2CI) and Sedis Co. Ltd. (Subsidiaries of Financiere C10 SAS)

II. Joint Venture Companies

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 and relied upon by the auditors.

Schedules forming part of the Accounts

18 - Notes on Accounts *(Contd.)*

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

₹ in Crores

Transaction	Related Party	2010-11	2009-10
Dividend Receipt	Cholamandalam Investment and Finance Company Limited	5.78	–
	Cholamandalam MS Risk Services Limited	0.18	
Claims Received	Cholamandalam MS General Insurance Company Limited	13.94	1.40
Premium Paid	Cholamandalam MS General Insurance Company Limited	5.84	4.34
Rentals Paid	Cholamandalam Investment and Finance Company Limited	0.41	0.72
	Cholamandalam MS General Insurance Company Limited	–	0.04
Subscription to Equity Shares	Cholamandalam MS General Insurance Company Limited	–	92.50
	TICI Motors (Wuxi) Company Limited	1.40	1.85
	Financiere C10 SAS	–	43.59
Share application money paid pending allotment	TI Financial Holdings Limited	0.04	–
Sale of Shares	Cholamandalam Investment and Finance Company Limited		0.02
Conversion of Fully Convertible Cumulative Preference Shares into Equity Shares	Cholamandalam Investment and Finance Company Limited	300.00	–
Sales	Sedis SAS	6.69	
	S2CI	2.06	
Services Rendered	Financiere C10 SAS	1.49	–
Purchases	Sedis SAS	0.04	–
Services Received	Cholamandalam MS Risk Services Limited	0.16	–
Brokerage Paid	Cholamandalam Securities Limited	0.05	0.00
Recovery of Expenses	Cholamandalam Investment and Finance Company Limited	0.01	–
Reimbursement of Expenses	Cholamandalam Investment and Finance Company Limited	0.01	0.06
	Cholamandalam MS General Insurance Company Limited	0.06	0.09
Purchase of Fixed Assets	Tubular Precision Products (Suzhou) Company Limited	–	14.71
	Cholamandalam Investment and Finance Company Limited	–	0.10
	Sedis SAS	0.63	–
Loan paid and Received	Tubular Precision Products (Suzhou) Company Limited	–	6.58
Receipt of Rental Deposit	Cholamandalam MS General Insurance Company Limited	0.01	0.24
Payable	Cholamandalam MS General Insurance Company Limited	–	0.00
	Cholamandalam Investment and Finance Company Limited	0.00	0.19
Receivable	Cholamandalam MS General Insurance Company Limited	1.70	0.03
	Tubular Precision Products (Suzhou) Company Limited	–	5.18
	Cholamandalam Investment and Finance Company Limited	0.00	0.42
	Financiere C10 SAS	1.49	–
	Sedis SAS	2.62	–
	S2CI	0.75	–

Schedules forming part of the Accounts

18 - Notes on Accounts *(Contd.)*

20. Earnings Per Share

₹ in Crores

Particulars	2010-11	2009-10
Profit after Taxation - ₹ in Crores	169.66	81.21
Weighted Average Number of Shares - Basic	18,51,74,761	18,47,80,038
- Diluted	18,62,43,626	18,53,50,522
Earnings Per Share of ₹2/- each - Basic	9.16	4.39
- Diluted	9.11	4.38

Notes:

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

21. Information on Joint Venture Entities

The particulars of the Company’s Joint Venture Entities as at 31 March 2011 including its percentage holding and its proportionate share of assets, liabilities, income and expenditure of the Joint Venture Entities are given below:

₹ in Crores

Particulars	As at 31 March 2011					2010 – 11	
Name of the Joint Venture	% Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitments	Income	Expenses
Cholamandalam MS Risk Services Limited	49.50% (49.50%)	4.21 (3.21)	1.00 (0.77)	- (-)	- (-)	5.49 (4.22)	4.34 (3.26)

Notes:

a) Figures in brackets are for the previous year.

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

22. Accounting for Derivatives

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

Consequently, as of 31 March 2011, the Company has recognised Mark to Market (MTM) Losses of ₹0.36 Cr. (Previous Year ₹4.44 Cr) relating to forward contracts and other derivatives entered into to hedge the foreign currency risk of highly probable forecast transactions that are designated as effective cash flow hedges, in the Hedge Reserve Account as part of the Shareholders Funds.

The MTM net loss on undesignated / ineffective forward contracts amounting to Nil (Previous Year ₹ 2.78 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:

₹ in Crores

Particulars	2010-11	2009-10
Balance as at beginning of the Year	(4.44)	(35.05)
Net Movement for the Year	4.08	30.61
Balance as at end of the Year	(0.36)	(4.44)

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.

Schedules forming part of the Accounts

18 - Notes on Accounts *(Contd.)*

Details of Derivative Exposures are as under:

Type of Derivative	2010-11		2009-10	
	Number of Contracts	Value	Number of Contracts	Value
Forward Contracts entered into to hedge the foreign currency risk of highly probable forecast transactions	24 19 –	USD 6.60 M EUR 4.80 M –	2 3 1	USD 1.27 M EUR 0.75 M SGD 0.13 M
Other Derivatives (including currency swaps)	1 –	USD 0.93 M –	7 –	USD 32.95 M –

23. Operating Leases

The Company has operating lease agreements for office space and residential accommodation generally for a period of 3 to 8 years with option to renew with escalation. As per the lease terms a sum of ₹5.22 Cr. (Previous Year ₹4.31 Cr.) has been recognised in the Profit and Loss Account.

24. 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 2nd May 2011	**S Suresh** Company Secretary	**K Balasubramanian** Chief Financial Officer	**L Ramkumar** Managing Director

Information on Subsidiaries

	Particulars	Cholamandalam Investment and Finance Company Limited		Cholamandalam Distribution Services Limited		Cholamandalam Factoring Limited		Cholamandalam Securities Limited	
		For the year ended Mar '11	For the year ended Mar '10	For the year ended Mar '11	For the year ended Mar '10	For the year ended Mar '11	For the year ended Mar '10	For the year ended Mar '11	For the year ended Mar '10
1	Share Capital	119.35	366.47	42.40	42.40	20.36	0.36	20.50	20.50
2	Share Application Money Received	0.03	-	-	-	-	-	-	-
3	Reserves & Surplus (adjusted for debit balance in P&L Account, where Applicable)	973.44	418.53	(13.41)	(20.32)	(16.35)	(8.19)	(3.64)	(3.90)
4	Total Assets (Fixed Assets+Current Assets+ Deferred Tax Asset + Misc. Expenditure not written off)	9613.94	6721.85	28.95	8.77	76.62	79.64	24.96	30.26
5	Total Liabilities (Debts + Current Liabilities + Deferred Tax Liability)	8589.40	6156.18	1.05	1.19	72.87	87.72	11.39	17.54
6	Investments	68.28	219.33	1.09	14.50	0.26	0.25	3.29	3.88
7	Total Income	1201.83	929.52	11.51	11.30	0.02	0.08	10.14	13.17
8	Profit / (Loss) Before Tax	100.11	31.34	6.91	6.89	(8.16)	(8.62)	0.49	3.48
9	Provision for Tax	37.93	15.92	-	-	-	-	0.23	1.14
10	Profit / (Loss) After Tax	62.18	15.42	6.91	6.89	(8.16)	(8.62)	0.26	2.34
11	Proposed Dividend (includes Preference Dividend) and Tax thereon	21.25	11.42	-	-	-	-	-	-
	Details of Investments (other than in Subsidiaries)								
	Long Term Investments								
(i)	Government Securities and Government Guaranteed Bonds including Treasury Bills	4.08	4.16	-	-	-	-	-	-
(ii)	Debentures and Bonds	-	-	-	-	-	-	-	-
(iii)	Infrastructure and Social Sector Bonds	-	-	-	-	-	-	-	-
(iv)	Other than Approved Investments-Equity shares (Net of Fair Value Change)	-	-	-	-	-	-	1.38	1.38
(v)	Investment in Mutual Fund	-	-	-	-	-	-	-	-
(vi)	Subsidiaries	62.91	63.86	-	-	-	-	-	-
(vii)	Other Investments	1.29	1.29	-	-	-	-	-	-
	Total (A)	**68.28**	**69.31**	**-**	**-**	**-**	**-**	**1.38**	**1.38**
	Short Term Investments								
(i)	Fixed Deposit with Banks	-	-	-	-	-	-	-	-
(ii)	Corporate Bonds	-	-	-	-	-	-	-	-
(iii)	Money market instruments	-	-	-	-	-	-	-	-
(iv)	Government Securities and Government Guaranteed Bonds including Treasury Bills	-	-	-	-	-	-	-	-
(v)	Mutual Funds	-	150.02	1.09	14.50	0.26	0.25	1.91	2.50
(vi)	Investments in Infrastructure and Social Sector Bonds	-	-	-	-	-	-	-	-
	Total (B)	**-**	**150.02**	**1.09**	**14.50**	**0.26**	**0.25**	**1.91**	**2.50**
	Add: Fair Value Change in the Investments of a Subsidiary								
	Total (A) + (B)	**68.28**	**219.33**	**1.09**	**14.50**	**0.26**	**0.25**	**3.29**	**3.88**

1. Pursuant to the general exemption granted to companies by the Ministry of Corporate Affairs, Government of India with regard to compliance with the requirement of Section 212 of the Companies Act, 1956 vide its General Circular No.2/2011 dated 8 February, 2011, the Board of Directors has, by its resolution dated 2 May, 2011, accorded consent for not attaching with the Company's Balance Sheet for the Financial Year 2010-11, the financial statements and reports relating to the Company's subsidiaries. Accordingly, the relevant information required to be furnished under the aforesaid Circular in respect of the subsidiaries of the Company viz, Cholamandalam MS General Insurance Company Ltd, Cholamandalam Investment and Finance Company Ltd, Cholamandalam Securities Ltd, Cholamandalam Distribution Services Ltd, Cholamandalam Factoring Ltd, TI Financial Holdings Limited, TICI Motors (Wuxi) Company Ltd, Financiere C10 SAS, Sedis SAS, Societe De Commercialisation De Composants Industriels (S2CI) and Sedis Co. Ltd, is given above. The Annual Report of the Company contains consolidated financial statements of the Company and of its subsidiaries, prepared in accordance with the applicable Accounting Standards, duly audited by the statutory auditors.

Chennai
2nd May 2011

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

₹ in Crores

Cholamandalam MS General Insurance Company Limited		TI Financial Holdings Limited		Tubular Precision Products (Suzhou) Company Limited		TICI Motors (Wuxi) Company Limited		Financiere C10 SAS		SEDIS SAS		S2CI		SEDIS Co.Ltd.	
For the year endedz Mar '11	For the year ended Mar '10	For the year ended Mar '11	For the year ended Mar '10	For the year ended Mar '11	For the year ended Mar '10	For the year ended Dec '10	For the year ended Dec '09	For the year ended Dec '10	For the year ended Dec '09	For the year ended Dec '10	For the year ended Dec '09	For the year ended Dec '10	For the year ended Dec '09	For the year ended Dec '10	For the year ended Dec '09
266.96	266.96	0.07	0.07	-	34.86	3.24	1.78	20.37	20.37	39.42	39.42	1.45	0.28	1.39	0.10
-	-	0.04	-	-	-	-	-	-	-	-	-	-	-	-	-
(9.57)	13.40	(0.04)	(0.03)	-	(39.95)	(1.02)	-	31.30	26.86	11.78	8.84	0.96	2.06	1.24	2.65
201.79	179.20	0.07	0.04	-	0.22	2.39	1.78	1.48	5.40	94.16	105.15	5.88	6.55	5.33	5.72
910.92	471.98	-	-	-	5.31	0.17	-	17.19	22.92	43.02	59.98	3.47	4.45	2.70	2.97
966.52	573.14	-	-	-	-	-	-	67.38	64.75	0.06	3.09	-	0.24	-	-
693.23	520.97	-	-	-	4.48	1.76	-	5.27	10.12	168.18	150.60	12.48	11.84	10.86	18.63
(22.59)	1.85	(0.01)	(0.01)	-	(27.62)	(1.02)	-	2.55	6.71	1.28	0.35	0.47	0.49	0.73	1.50
0.34	(0.55)	-	-	-	-	-	-	0.04	(0.10)	(0.62)	(1.04)	0.17	0.16	0.27	0.40
(22.93)	2.40	(0.01)	(0.01)	-	(27.62)	(1.02)	-	2.51	6.81	1.90	1.39	0.30	0.33	0.46	1.10
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
296.17	164.51	-	-	-	-	-	-	-	-	-	-	-	-	-	-
320.52	129.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-
136.30	96.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.38	7.79	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
82.35	10.00	-	-	-	-	-	-	67.38	64.75	0.06	3.09	-	0.24	-	-
838.72	**408.86**	**-**	**-**	**-**	**-**	**-**	**-**	**67.38**	**64.75**	**0.06**	**3.09**	**-**	**0.24**	**-**	**-**
44.80	103.42	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.06	14.98	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71.72	29.92	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	14.96	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.78	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.04	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
127.40	**163.29**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
0.40	0.99														
966.52	**573.14**	**-**	**-**	**-**	**-**	**-**	**-**	**67.38**	**64.75**	**0.06**	**3.09**	**-**	**0.24**	**-**	**-**

2. Indian rupee equivalent of the figures given in foreign currency appearing in the accounts of the respective overseas subsidiary companies along with exchange rate as on 31 March, 2011 (closing day of the Company's Financial Year) is furnished below:

   (a) 1 Euro = ₹63.13 for Financiere C10 SAS, Sedis SAS and S2CI ;

   (b) 1 Pound Sterling = ₹71.49 for Sedis Co. Ltd; &

   (c) 1 RMB = ₹6.81 for TICI Motors (Wuxi) Company Ltd.

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

On behalf of the Board

L Ramkumar
Managing Director

M M Murugappan
Chairman

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	31-03-2011		
II.	**Capital Raised During the Year (Amount in ₹ thousands)**			
	Public Issue	Nil	Rights Issue	Nil
	Bonus Issue	Nil	Private Placement	Nil
	Employee Stock Option Scheme	1772		
III.	**Position of Mobilisation and Deployment of Funds (Amount in ₹ thousands)**			
	Total Liabilities	17669669	Total Assets	17669669
	Sources of Funds			
	Paid up Capital	371334	Reserves & Surplus	9542730
	Secured Loans	6145405	Unsecured Loans	1092551
	Deferred Tax Liability (Net)	517649		
	Application of Funds			
	Net Fixed Assets	5920500	Investments	9105470
	Net Current Assets	2643699	Misc. Expenditure	Nil
IV.	**Performance of the Company (Amount in ₹ thousands)**			
	Turnover (including Other & Exceptional Income)	30124919	Total Expenditure	27711872
	Profit/(Loss) before Tax	2413047	Profit/(Loss) after Tax	1696635
	Earning per share in ₹	9.16	Dividend Rate (%)	150%
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
2nd May 2011

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Auditors' Report on Consolidated Financial Statements

To the Board of Directors of Tube Investments of India Limited

1. We have audited the attached Consolidated Balance Sheet of TUBE INVESTMENTS OF INDIA LIMITED ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at 31st March, 2011, 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 11 subsidiaries and joint ventures, whose financial statements reflect total assets of ₹1375.74 Crores as at 31st March, 2011, total revenues of ₹807.05 Crores and net cash inflows amounting to ₹4.83 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, its aforesaid subsidiaries and joint ventures 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, 2011;

   (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
2nd May 2011

INDIA

Consolidated Balance Sheet

	Schedule	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
Sources of Funds			
Shareholders' Funds			
(a) Share Capital	1	37.13	36.95
(b) Reserves and Surplus	2	990.21	768.59
		1027.34	**805.54**
Minority Interest		**497.02**	**82.05**
Loan Funds			
(a) Secured Loans	3	7206.78	1741.35
(b) Unsecured Loans	4	1540.48	708.23
		8747.26	**2449.58**
Deferred Tax Liability (Refer Note 6 of Schedule 20)			
- Company (Net)		51.76	41.31
- Subsidiary (Net)		1.58	1.14
		53.34	**42.45**
		10324.96	**3379.62**
Application of Funds			
Fixed Assets			
Gross Block	5	1379.12	1196.05
Less : Depreciation		723.28	624.94
Net Block		**655.84**	**571.11**
Capital Work-in-Progress (including Capital Advances)		33.58	45.08
Share in Joint Ventures		0.40	6.30
		689.82	**622.49**
Goodwill on Consolidation		**63.82**	**12.26**
Investments	6	**996.05**	**886.68**
Deferred Tax Asset (Refer Note 6 of Schedule 20)			
- Subsidiaries (Net)		133.70	0.40
- Share in Joint Ventures (Net)		–	48.86
		133.70	**49.26**
Current Assets, Loans and Advances			
(a) Inventories	7	429.61	340.16
(b) Sundry Debtors	8	396.84	367.01
(c) Cash and Bank Balances	9	504.55	262.29
(d) Loans and Advances	10	675.81	345.40
(e) Receivables under Financing Activity	11	8684.38	1722.55
		10691.19	**3037.41**
Less : Current Liabilities and Provisions	12		
(a) Current Liabilities		1453.72	774.66
(b) Provisions		795.90	453.82
		2249.62	**1228.48**
Net Current Assets		**8441.57**	**1808.93**
		10324.96	**3379.62**
Significant Accounting Policies	19		
Notes on Accounts	20		

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

On behalf of the Board

Geetha Suryanarayanan
Partner

M M Murugappan
Chairman

Chennai
2nd May 2011

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Consolidated Profit and Loss Account

	Schedule	Year Ended 31.03.2011 ₹ in Crores	Year Ended 31.03.2010 ₹ in Crores
Income			
Sales and Processing Charges		3298.90	2458.14
Income from Financing Operations		1163.02	–
Income and Sales - Share in Joint Ventures		5.33	293.10
Less : Excise Duty on Sales		163.82	108.01
Net Sales, Income and Processing Charges		**4303.43**	**2643.23**
Premium Earned (Net)		618.75	457.95
Other Income	13	139.22	80.28
		5061.40	**3181.46**
Expenditure			
Raw Materials Consumed (Net)	14	1780.80	1374.82
Purchase of Traded Goods		166.83	69.38
Accretion to Stock	15	(74.24)	(10.54)
Claims Incurred		475.15	345.62
Employee Cost	16	456.66	264.31
Operating and Other Costs	17	799.80	616.85
Depreciation		91.10	83.06
Depreciation - Share in Joint Ventures		0.15	5.46
Provisions, Loan Losses and Other Charges	18	247.16	61.88
Interest - Debentures and Fixed Loans		218.19	18.31
- Others		436.00	11.10
- Share in Joint Ventures		–	155.87
		654.19	**185.28**
Business Origination Outsourcing		88.22	–
Business Origination Outsourcing - Share in Joint Ventures		–	18.35
		4685.82	**3014.47**
Profit Before Exceptional Items and Taxes		**375.58**	**166.99**
Exceptional Items			
- Profit on Sale of Land and Building		20.60	–
- Share of Losses from Indian Motor Third Party Insurance Pool (IMTPIP)		(61.40)	(14.56)
- Share in Joint Ventures		–	13.80
Profit Before Taxes		**334.78**	**166.23**
Provision for Taxation			
Income Tax			
- Current Year		81.71	57.41
- Prior Years		(5.61)	(4.10)
MAT Credit Entitlement		(1.43)	–
Deferred Tax (Net)		35.80	(5.57)
Provision for Taxation - Share in Joint Ventures		0.39	5.61
		110.86	**53.35**
Profit After Taxes		**223.92**	**112.88**
Minority Interest in Net Income		(28.02)	(0.62)
Net Profit after Tax		**195.90**	**112.26**
Add : Balance Brought Forward from Previous Year		389.71	335.16
Less: Final Dividend including Tax on Dividend for 2009-10		0.02	–
Add : Dividend on Own Shares held through Trust (Refer Note 4 of Schedule 20)		0.66	0.44
Profit Available for Appropriation		**586.25**	**447.86**
Appropriations:			
Transfer to General Reserve		25.00	15.00
Transfer to Debenture Redemption Reserve		23.34	10.83
Transfer to Statutory Reserve		12.44	–
Interim Dividend @ ₹1.50 (Previous Year Nil) per Equity Share of ₹2/- each		27.84	–
Tax on Interim Dividend (Net)		3.66	–
Dividend Proposed @ ₹1.50/- (Previous Year ₹1.50/-) per Equity Share of ₹2/- each		27.85	27.72
Tax on Final Dividend		4.52	4.60
		124.65	**58.15**
Balance Carried Over to Balance Sheet		**461.60**	**389.71**
Earnings per Share of ₹2/- each - Basic - (in ₹)		10.58	6.08
- Diluted - (in ₹)		10.52	6.06
(Refer Note 14 of Schedule 20)			
Significant Accounting Policies	19		
Notes on Accounts	20		

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

Geetha Suryanarayanan
Partner

Chennai
2nd May 2011

On behalf of the Board

M M Murugappan
Chairman

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Consolidated Cash Flow Statement

	Year Ended 31.03.2011 ₹ in Crores	Year Ended 31.03.2010 ₹ in Crores
A. Cash Flow from Operating Activities:		
Net Profit Before Tax	**334.78**	**166.23**
Adjustments for :		
Depreciation	91.25	88.52
Interest	654.19	185.28
Loss on Sale of Assets (Net)	218.40	16.15
Profit on Sale of Investments/Mutual Fund Business (Net)	(8.97)	(22.41)
Provision for Standard Assets	20.97	–
Reversal of Provision for Non Performing Assets under Financing Activity (Net)	(89.86)	–
Provision For Doubtful Debts And Advances (Net)	1.63	(9.19)
Provision For Compensated Absences (Net)	1.75	–
Provision For Contingencies	1.40	–
Bad Debts Written off	0.98	4.03
Goodwill Written off	0.60	–
Provision for Doubtful Advances	(13.20)	0.52
Provision for Diminution in Value of Investments	0.09	(0.05)
Liabilities no longer required written back	(1.27)	–
Expenses related to Lease Movement	(0.65)	–
Unrealised Losses on Foreign Currency Borrowings (Net)	1.43	0.74
Amortisation of Premium on Acquisition of Government Securities	0.07	–
Reserve for Un Expired Risk (Incl. Terrorism Pool UPR)	99.49	52.35
Interest and Dividend Income	(106.50)	(65.01)
Operating Profit before Working Capital Changes	**1206.58**	**417.16**
Adjustments for :		
Increase in Inventories	(90.10)	(57.59)
Increase in Sundry Debtors / Receivables under Financing Activity	(3392.59)	(398.26)
Increase in Loans and Advances	(101.48)	(63.74)
Increase in Current Liabilities and Provisions (Including Capital Creditors)	169.92	51.14
Cash Used in Operating Activities	**(2207.67)**	**(51.29)**
Direct Taxes Paid (Net)	(108.93)	(60.76)
Net Cash Used in Operating Activities	**(2316.60)**	**(112.05)**
B. Cash Flow in Investing Activities:		
Capital Expenditure (Including Capital Work In Progress)	(147.64)	(108.14)
Sale of Fixed Assets	30.90	64.61
Investment in Subsidiaries	(336.61)	(43.59)
Bank Deposits and Unpaid Dividend Accounts (Refer Note 2 below)	(377.46)	(127.45)
Purchase of Investments	(12833.28)	(1622.04)
Proceeds from Sale of Own Shares held through Trust	61.96	–
Sale of Investments	12832.86	1380.38
Short Term Fixed Deposits Placed with Bank	–	(17.00)
Withdrawal of Short Term Fixed Deposits Placed with Bank	–	17.00
Amount Received from IMTPIP	228.98	–
Interest Received	113.36	47.04
Dividend on Own Shares held through Trust	0.66	0.44
Dividend Received	3.07	1.37
Net Cash Used in Investing Activities	**(423.20)**	**(407.38)**
C. Cash Flow from Financing Activities:		
Proceeds from exercise of Employees Stock Option	5.12	0.01
Borrowings	3267.06	392.09
Repayments of Borrowings	(743.52)	(55.82)
Interest Paid	(621.60)	(200.14)
Dividends Paid (Including Dividend Tax)	(69.67)	(21.80)
Proceeds from issue of Shares	246.04	32.50
Share Application money pending allotment	0.07	–
Receipt of Industrial Promotion Subsidy	0.10	–
Net Cash From Financing Activities	**2083.60**	**146.84**
Net Increase in Cash and Cash Equivalents [A+B+C]	**(656.20)**	**(372.59)**
Cash and Cash Equivalents at the Beginning of the Year	**134.84**	**506.50**
Cash and Cash Equivalents of Subsidiary Acquired during the Year	**648.67**	**0.93**
Cash and Cash Equivalents of Joint Venture Divested during the Year	**(0.22)**	**–**
Cash and Cash Equivalents as at End of the Year	**127.09**	**134.84**

Note : 1. Capital Expenditure includes and Interest Paid excludes ₹ Nil. (Previous Year ₹1.10 Cr.) of Interest Capitalised.
2. In the case of a subsidiary (CIFCL), Cash and Cash Equivalents includes Current Investments (net of lien) ₹3.26 Cr. (Previous Year ₹55.78 Cr.) and excludes balance in current accounts held for Unpaid Dividends ₹0.34 Cr. (Previous Year ₹0.12 Cr.), Bank Deposits with maturity more than three months ₹59.83 Cr. (Previous Year ₹0.13 Cr.) and Bank Deposits under lien ₹320.55 Cr. (Previous Year ₹182.98 Cr.)

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

Geetha Suryanarayanan
Partner

Chennai
2nd May 2011

On behalf of the Board

M M Murugappan
Chairman

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

Schedules forming part of the Consolidated Balance Sheet

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
01 - Share Capital		
Authorised		
21,50,00,000 Equity Shares of ₹2 each	43.00	43.00
Issued, Subscribed and Paid-up		
18,56,66,931 Equity Shares of ₹2 each fully paid up (Previous Year 18,47,81,000 Equity Shares of ₹2 each fully paid up)	37.13	36.95
	37.13	**36.95**

	As at 31.03.2010 ₹ in Crores	Additions/ Adjust-ments **	Deductions	As at 31.03.2011 ₹ in Crores
02 - Reserves and Surplus				
Capital Reserve *	0.27	0.10		0.37
Capital Reserve on Consolidation	24.84	(24.68)		0.16
Capital Redemption Reserve #	6.15	–		6.15
Debenture Redemption Reserve	13.33	23.34		36.67
Securities Premium $	122.87	200.43		323.30
Hedge Reserve Account (Refer Note 12 of Schedule 20)	(4.44)	0.07	(4.08)	(0.29)
Statutory Reserve @		7.53		7.53
General Reserve	312.77	51.44		364.21
Foreign Currency Translation Reserve	6.86	0.23	6.86	0.23
Securities Premium - Share in Joint Venture	58.45	(58.45)		–
Adjustments on Consolidation **	(162.22)	(47.51)		(209.73)
	378.88	152.51	2.78	528.61
Balance in Profit and Loss Account	389.71			461.60
Total Reserves	**768.59**			**990.21**

* Additions include ₹0.10 Cr. amount received as Industrial Promotion Subsidy from the Government of Maharashtra.

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

$ Additions include:

- Proceeds received from the employees pursuant to the exercise of options under the Employees Stock Option Scheme ₹ 4.94 Cr
- Profit on sale of TII Shareholding Trust shares (Refer Note 4 of Schedule 20) ₹ 58.77 Cr

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

** Includes change in the principles of consolidation consequent to Cholamandalam Investment and Finance Company Limited becoming a subsidiary with effect from 8 April 2010 (Refer Note 2 of Schedule 20).

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
03 - Secured Loans		
Debentures		
8.50% Privately Placed Non Convertible Debentures	50.00	50.00
8.60% Privately Placed Non Convertible Debentures	50.00	50.00
8.75% Privately Placed Non Convertible Debentures	150.00	–
11.70% Privately Placed Non Convertible Debentures	50.00	50.00
Redeemable Non-Convertible Debentures	1000.00	–
Loans and Advances from Banks		
Foreign Currency Term Loans	236.71	52.59
Senior Debts	13.83	–
External Commercial Borrowing	201.00	43.46
Rupee Term Loans	4795.00	80.00
Cash Credit and Other borrowings	657.73	197.43
Others - Finance Lease (Refer Note 13 of Schedule 20)	2.51	1.12
Share in Joint Ventures	–	1216.75
	7206.78	**1741.35**

Schedules forming part of the Consolidated Balance Sheet

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
04 - Unsecured Loans		
Long Term		
Redeemable Non-Convertible Debentures - Perpetual Debt	150.00	–
Medium Term		
Redeemable Non-Convertible Debentures - Subordinated Debt	703.00	–
Short Term Loans & Advances from Banks		
Foreign Currency Loans	–	34.12
Cash Credit and Other Borrowings	89.14	25.00
Commercial Paper	576.38	–
Inter Corporate Borrowing	–	150.00
Other Loans & Advances		
Sales Tax Deferral	21.96	23.90
Share in Joint Ventures	–	475.21
	1540.48	**708.23**

₹ in Crores

	Gross Block at Cost					Depreciation / Amortisation					Net Block	
	As at 31.03.2010	Additions on Acquisition	Additions (Note 1)	Deletions	As at 31.03.2011	As at 31.03.2010	Additions on Acquisition	Additions (Note 2)	Deletions	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
05 - Fixed Assets												
Land (Freehold)	33.21	0.10	1.06	0.36	34.01	0.08	–	0.01	–	0.09	33.92	33.13
Land (Leasehold) (Note 3)	0.73	–	0.41	–	1.14	0.07	–	0.03	–	0.10	1.04	0.66
Buildings												
– Research & Development	0.37	–	–	–	0.37	0.07	–	0.01	–	0.08	0.29	0.30
– Others (Notes 4 & 5)	169.04	3.18	59.48	0.82	230.88	60.40	1.91	5.48	18.02	49.77	181.11	108.64
Plant & Machinery												
– Research & Development	9.81	–	0.07	–	9.88	2.89	–	0.65	–	3.54	6.34	6.92
– Others	936.06	36.77	92.40	47.57	1017.66	531.86	29.71	70.87	24.60	607.84	409.82	404.20
Railway Siding	0.21	–	–	–	0.21	0.18	–	0.01	–	0.19	0.02	0.03
Intangible Assets												
– Computer Software	15.11	19.74	6.34	0.48	40.71	8.53	14.90	8.85	0.48	31.80	8.91	6.58
– Others	4.93	1.71	0.01	–	6.65	2.73	1.36	0.07	–	4.16	2.49	2.20
Improvement to Premises (Leasehold and Owned)	3.45	–	1.20	–	4.65	1.64	–	0.19	–	1.83	2.82	1.81
Furniture & Fixtures												
– Research & Development	0.02	–	–	–	0.02	0.01	–	–	–	0.01	0.01	0.01
– Others	12.06	17.22	0.95	11.51	18.72	10.64	12.56	1.86	8.74	16.32	2.40	1.42
Vehicles	8.60	2.05	3.98	2.85	11.78	4.47	0.77	2.47	2.13	5.58	6.21	4.13
Leased Information Technology Equipment	2.45	–	–	–	2.45	1.37	–	0.61	–	1.98	0.47	1.08
TOTAL	**1196.05**	**80.77**	**165.89**	**63.59**	**1379.12**	**624.94**	**61.21**	**91.10**	**53.97**	**723.28**	**655.84**	**571.11**
PREVIOUS YEAR	**1047.24**	**131.48**	**92.14**	**74.81**	**1196.05**	**479.85**	**101.11**	**83.06**	**39.08**	**624.94**	**571.11**	**567.39**

Notes:

1. Additions to Gross Block includes Interest Capitalised amounting to ₹ Nil (Previous Year ₹1.10 Cr).
2. Additions to Depreciation includes depreciation amounting to ₹2.97 Cr. (Previous Year ₹7.30 Cr.) charged additionally on certain assets.
3. Amortisation of Leasehold Land for the year is ₹2,87,487 (Previous Year ₹72,851).
4. Net Block of Buildings includes Improvement to Buildings ₹3.35 Cr. (Previous Year ₹3.60 Cr.) constructed on Leasehold Land.
5. Net Block of Buildings includes ₹0.92 Cr. (Previous Year ₹0.94 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

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
06 - Investments		
Long Term Investments (At Cost)		
Trade Investments:		
Government Securities	300.38	164.71
1% Fully Convertible Cumulative Preference Shares in a Joint Venture (Refer Note 1 Below)	–	57.20
Non-Trade Investments:		
Equity Shares (Fully paid) - Quoted (Refer Note 2 Below)	3.70	8.11
Equity Shares (Fully paid) - Unquoted	0.85	0.85
Debentures, Bonds and Bank Deposits	368.01	139.66
Investments in Infrastructure and Social Sector Bonds	136.30	96.90
Others	37.52	6.38
Total - Long Term	**846.76**	**473.81**
Investments - Current (At Cost)		
Equity Shares (Fully paid) - Quoted (Refer Note 4 of Schedule 20)	–	3.19
Bonds & Treasury Bills	–	14.96
Fixed Deposits with Banks	44.80	103.42
Corporate Bonds	5.06	14.98
Money Market Instruments	71.72	29.92
Mutual Funds	27.06	191.53
Total - Short Term	**148.64**	**358.00**
Add: Fair Value Change in the Investments of a Subsidiary	0.40	0.99
Share in Joint Ventures	0.25	53.88
	996.05	**886.68**
Aggregate Cost of Quoted Investments	3.70	11.30
Market Value of Quoted Investments	4.92	42.44

Notes:

1. The Preference Shares held in the Company were converted into 1,63,04,348 Equity Shares in May 2010 at ₹92 per share totalling to ₹150.00 Cr.
2. Net of provision for diminution in the value of Investments ₹1.10 Cr. (Previous Year ₹1.10 Cr.)

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
07 - Inventories		
(Lower of Cost (Net of Allowances) and estimated Net Realisable Value)		
Raw Materials	199.38	162.82
Work - in - Process	82.29	69.21
Finished Goods	128.62	99.80
Stores and Spare Parts	10.53	3.95
Materials - in - Transit	8.79	4.38
	429.61	**340.16**

Schedules forming part of the Consolidated Balance Sheet

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
08 - Sundry Debtors		
(Unsecured, Considered Good unless otherwise stated)		
Outstanding for Over Six Months		
Considered Good	12.37	3.53
Considered Doubtful	12.15	8.39
	24.52	**11.92**
Others		
Considered Good	382.72	358.92
	407.24	**370.84**
Less : Provision for Doubtful Debts	12.15	8.39
	395.09	**362.45**
Share in Joint Ventures	1.75	4.56
	396.84	**367.01**
09 - Cash And Bank Balances		
Cash and Cheques on Hand	24.69	7.29
Balance with Scheduled Banks		
- Current Accounts	56.04	18.63
- Unpaid Dividend Accounts	1.98	1.29
- Free of Lien	99.59	–
- Under Lien *	320.85	–
Balance with Unscheduled Bank		
- HSBC Bank, USA, N.A.	0.01	0.07
Share in Joint Ventures *	1.39	235.01
	504.55	**262.29**
* Includes Lien Marked Deposits	320.55	182.98
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 *	393.59	186.71
(b) Considered Doubtful	1.64	0.22
	395.23	**186.93**
Less : Provision for Doubtful Advances	1.64	0.22
	393.59	**186.71**
Repossessed Automobile Assets (at lower of cost and estimated net realisable value)	4.35	–
Interest and Other Income Accrued but Not Due		
- On Loans to Borrowers	86.61	–
- On Deposits and Investments	82.77	–
Sundry Deposits #	20.56	17.01
Balance with Customs, Excise and Sales Tax Authorities	9.93	9.72
Fringe Benefit Tax Paid [Net of Provision ₹1.55 Cr.]	0.02	–
Advance Income Taxes Paid $	220.55	176.19
Less : Provision for Income Tax	142.99	135.51
	77.56	**40.68**
Share in Joint Ventures	0.42	91.28
	675.81	**345.40**
* Includes Receivable from Terrorism Pool (Refer Note 7(a) of Schedule 20)	29.69	23.55
* Includes Excess Interest Spread Receivable with respect to Assets De-recognised on account of Bilateral Assignment of Receivables	81.27	–
* Includes Deposit placed with Assignee towards Cash Collateral for Assignment of Receivables	37.66	–
* Includes Deposit with Stock Exchanges	1.45	–
* Includes Prepaid Finance Charges	42.84	–
# Includes Lien Marked Deposits	–	1.09
$ Includes MAT Credit Entitlements	1.68	–

Schedules forming part of the Consolidated Balance Sheet

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
11 - Receivables under Financing Activity		
Secured (Notes 5 & 6 below)		
Automobile Financing	5670.42	–
Loans against Securities	686.29	–
Loans against Immovable Property	1876.91	–
Other Loans	2.00	–
Instalments and Other Dues from Borrowers (Notes 1 & 2 below)	92.47	–
Share in Joint Ventures	–	1533.10
	8328.09	**1533.10**
Unsecured (Note 6 below)		
Consumer Loans	143.18	–
Other Loans	37.21	–
Instalments and Other Dues from Borrowers (Notes 1 & 3 below)	175.90	–
Share in Joint Ventures	–	189.45
	356.29	**189.45**
	8684.38	**1722.55**
1. Instalments and Other Dues from Borrowers include dues from Borrowers in respect of assets de-recognised on account of Assignment of Receivables.	30.98	36.58
2. Secured Instalments and Other Dues to Borrowers include amounts outstanding for more than 6 months.	25.99	10.27
3. Unsecured Instalments and Other Dues to Borrowers include amounts outstanding for more than 6 months.	166.45	59.05
4. Of the above:		
Considered Good	8335.41	1558.93
Others - Non Performing Assets	348.97	163.62

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

6. Refer Schedule 12 for Provision for Non Performing Assets. No adjustment to the above classification of Secured /Unsecured has been made on account of such provisioning.

Schedules forming part of the Consolidated Balance Sheet

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
12 - Current Liabilities and Provisions		
Current Liabilities		
Acceptances	60.27	114.82
Sundry Creditors		
– Dues to Micro Enterprises & Small Enterprises	0.45	0.73
– Others	618.42	503.96
Sundry Creditors	**618.87**	**504.69**
Advances and Deposits from Customers / Others	60.39	21.15
Dues to Directors	0.78	0.55
Unpaid Dividend	1.98	1.29
Other Provisions	–	0.89
Fixed Deposits - Matured / Unclaimed	0.62	–
Other Liabilities *#	577.89	27.07
Interest Accrued but Not Due	132.40	3.17
Interest Accrued and Due on Matured / Unclaimed Fixed Deposits	0.06	–
Share in Joint Ventures #	0.46	101.03
	1453.72	**774.66**
Provisions		
Provision for Compensated Absences	35.40	21.54
Provision for Standard Assets (Refer Note 5 (iii) of Schedule 20)	50.97	–
Provision for Non-Performing Assets (Refer Note 5 (iii) of Schedule 20)	248.54	–
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised (Refer Note 5 (iii) of Schedule 20)	35.27	–
Provision - Others	28.27	–
Provision for Warranties (Refer Note 5 (i) of Schedule 20)	1.63	0.46
Reserve for Unexpired Risk	361.34	261.85
Provisions for Premium Deficiency	–	1.28
Provisions for Contingencies (Refer Note 5 (ii) of Schedule 20)	1.50	1.50
Provision for Fringe Benefit Tax [Net of Advance Tax (Previous Year ₹3.11 Cr.)]	–	0.35
Provision for Wealth Tax	0.07	0.06
Dividend - Proposed	27.85	27.72
Dividend Tax	4.52	4.60
Share in Joint Ventures	0.54	134.46
	795.90	**453.82**
* Includes payable to IMTPIP (Refer Note 7(b) of Schedule 20)	310.26	3.04
# Includes amounts collected in respect of assets de-recognised on account of assignment of receivables pending remittance to the assignees	54.98	34.64

Schedules forming part of the Consolidated Profit and Loss Account

	Year Ended 31.03.2011 ₹ in Crores	Year Ended 31.03.2010 ₹ in Crores
13 - Other Income		
Interest and Dividend Income	106.39	37.72
Royalty Income	0.32	0.43
Profit on Sale of Assets (Net)	7.57	–
Provision for Doubtful Debts no longer required written back (Net)	–	0.13
Profit on Sale of Investments (Net)	8.97	18.48
Provision for Advances no longer required written back (Net of Advances Written Off ₹5.09 Cr.)	0.09	–
Liabilities no longer payable written back	0.47	–
Miscellaneous Income	15.25	16.52
Share in Joint Ventures	0.16	7.00
	139.22	**80.28**
14 - Raw Materials Consumed (Net)		
Raw Materials Consumed	1910.92	1469.48
Less : Scrap Sales	130.12	94.66
Raw Materials Consumed (Net)	**1780.80**	**1374.82**
15 - Accretion to Stock		
Opening Stock		
Work-in-Process	51.55	39.79
Finished Stock	85.12	86.34
	136.67	**126.13**
Closing Stock		
Work-in-Process	82.29	51.55
Finished Stock	128.62	85.12
	210.91	**136.67**
Accretion to Stock	**(74.24)**	**(10.54)**
16 - Employee Cost		
Salaries, Wages and Bonus	382.39	207.23
Contribution to Provident and Other Funds	43.87	9.01
Welfare Expenses	27.94	17.32
Share in Joint Ventures	2.46	30.75
	456.66	**264.31**

Schedules forming part of the Consolidated Profit and Loss Account

	Year Ended 31.03.2011 ₹ in Crores	Year Ended 31.03.2010 ₹ in Crores
17 - Operating and Other Costs		
Consumption of Stores and Spares	123.05	101.11
Freight and Carriage Inwards	38.06	28.40
Sub Contract Charges	53.76	34.53
Power and Fuel	110.23	77.87
Rent	28.49	6.60
Repairs to Buildings	2.13	1.76
Repairs to Machinery	47.28	34.95
Insurance	0.89	2.34
Rates and Taxes	20.81	15.49
Travelling and Conveyance	27.77	17.51
Printing, Stationery and Communication	22.05	11.10
Freight, Delivery and Shipping Charges	88.20	65.20
Discount / Incentive on Sales	30.60	23.64
Advertisement and Publicity	35.23	39.70
Bad Debts Written Off	0.97	4.03
Less : Provision Released	0.97	4.03
	–	–
Provision for Doubtful Debts	2.80	–
Advances Written Off	0.22	–
Less : Provision Released	0.22	–
	–	–
Loss on Sale of Assets	–	1.36
Provision for Diminution in the Value of Investments	–	0.50
Auditors' Remuneration (Including for Other Auditors) (Refer Note 16 of Schedule 20)	1.54	0.49
Company Directors' Remuneration (Including Company Managing Director's Remuneration)	2.36	1.76
Loss on Exchange Fluctuation (Net) #	7.17	13.02
Other Expenses	155.56	120.48
Share in Joint Ventures	1.73	19.04
	799.80	**616.85**
# Includes Loss on Discontinued Cash Flow Hedges	–	2.78
18 - Provisions, Loan Losses and Other Charges		
Loss Assets Written Off	233.89	–
Provision for Non Performing Assets (Note 15 of Schedule 19)	123.04	–
Less: Provision Released	224.08	–
	(101.04)	–
Loss on Repossessed Assets (Net)	13.60	–
Income reversal for Non Performing Consumer Loans (Net)	9.12	–
Provision for Standard Assets	20.97	–
Recovery Charges (Net)	69.95	–
Amortisation of Premium on Acquisition of Government Securities	0.07	–
Goodwill Written Off	0.59	–
Others	0.01	–
Share in Joint Ventures	–	61.88
	247.16	**61.88**

Schedules forming part of the Consolidated Accounts

19 - Significant Accounting Policies

Accounting Policies on Principles of Consolidation

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 two Subsidiaries for which the financial statements as on the reporting date are not available and hence, the same have been consolidated based on the latest available audited Financial Statements. In case of two of the subsidiaries all assets, liabilities and goodwill arising on Consolidation have been considered based on the latest audited Balance Sheet as at 31 December 2010. No significant transactions or events have occurred between this date and the date of consolidation.

(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 31 March 2011	As at 31 March 2010
Cholamandalam MS General Insurance Company Limited (CMSGICL)	Subsidiary	31 March	India	74.00%	74.00%
TI Financial Holdings Limited (TIFHL)	Subsidiary	31 March	India	100.00%	100.00%
TICI Motors (Wuxi) Company Limited (TMWCL)	Subsidiary (Refer Note (i) below)	31 December	China	100.00%	100.00%
Financiere C10 SAS (FC10) Subsidiaries of FC10 - Sedis SAS - Societe De Commercialisation De Composants Industriels - SARL (S2CI) - Sedis Co. Ltd	Subsidiary (Refer Note (ii) below)	31 December	France United Kingdom	77.13%	77.13%

19 - Significant Accounting Policies (*Contd.*)

Company	Relationship	Year End	Country of Incorporation	Proportion of Ownership	
				As at 31 March 2011	As at 31 March 2010
Tubular Precision Products (Suzhou) Company Ltd (TPPSCL)	Subsidiary (Refer Note (iii) below)	31 December	China	Nil	100.00%
Cholamandalam Investment and Finance Company Limited (CIFCL) [Formerly Cholamandalam DBS Finance Limited (CDFL)] Subsidiaries of CIFCL - Cholamandalam Distribution Services Limited (CDSL) - Cholamandalam Factoring Limited (CFL) - Cholamandalam Securities Limited (CSec)	Subsidiary (Refer Note (iv) below)	31 March	India	60.56%	30.93%
Cholamandalam MS Risk Services Limited (CMSRSL)	Joint Venture	31 March	India	49.50%	49.50%

Notes:

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

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

(iii) The Liquidation of Tubular Precision Products (Suzhou) Company Ltd was completed on 29 March 2011.

(iv) Cholamandalam Investment and Finance Company Limited became a Subsidiary with effect from 8 April 2010.

3. Other 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.

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

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

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

(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, provision for warranties, 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.

Schedules forming part of the Consolidated Accounts

19 - Significant Accounting Policies (*Contd.*)

(iii) Fixed Assets and Depreciation / Amortisation

a. Fixed Assets are stated at historical cost less accumulated depreciation except Bombay Stock Exchange Membership Card (Intangible Asset) which is recorded at fair value. 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 those given below are depreciated under the straight line method at the rates specified under Schedule XIV of the Companies Act, 1956.

Description of assets	Basis of depreciation
Special tools and special purpose machines used in door frame products	4 Years
Data Processing / Information Technology Equipment	3 Years
Lease hold land / improvements	Over the primary lease period
Computer Equipment	3 Years
Other Plant & Machinery / Equipment	5 Years - 20 Years
Intangible Assets	
- Computer Software	License Period or 3 Years, whichever is lower
- Stock Exchange Membership Card	15 Years
Vehicles	4 Years - 5 Years
Office Equipment / Electronic Equipment	4 Years - 10 Years
Electrical Fittings	4 Years - 10 Years
Improvement to Premises	Primary Lease Period or 5 Years, whichever is lower
Buildings	15 Years - 40 Years
Furniture & Fittings	5 Years - 10 Years
Tools	3 Years

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

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

f. Finance Lease

(a) 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.

(b) 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.

(c) 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 ₹ 5,000/- are fully depreciated in the year of acquisition.

Schedules forming part of the Consolidated Accounts

19 - Significant Accounting Policies (*Contd.*)

(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 be disposed 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.

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.

(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 one of the Subsidiaries (CIFCL) 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 IRDA Circular No. IRDA/F&I/CIR/F&A/015/02/2011 dated 2 February 2011, the Reserve for Unexpired Risk is calculated only on "Day Basis".

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

Schedules forming part of the Consolidated Accounts

19 - Significant Accounting Policies (*Contd.*)

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

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

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

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

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

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

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

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

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

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

(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 DBS 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 – Subsidiary (CIFCL).

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

a. unearned income

b. instalments appropriated upto the year end.

Schedules forming part of the Consolidated Accounts

19 - Significant Accounting Policies (*Contd.*)

(viii) Employee Benefits

I. Defined Contribution Plan

a. Superannuation

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

b. Provident Fund

In the case of two of the Subsidiaries (CMSGICL and CIFCL), fixed contributions to the provident fund are charged to Revenue.

II. Defined Benefit Plan

a. Gratuity

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

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, two of its Subsidiaries (CMSGICL and CIFCL) and its Joint Venture, the liability for long term compensated absences carried forward on the Balance Sheet date is provided for based on an actuarial valuation, 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 Venture, 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.

(ix) Deferred Compensation Cost

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme and one of its Subsidiaries (CIFCL) 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) Operating Leases

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

Schedules forming part of the Consolidated Accounts

19 - Significant Accounting Policies (*Contd.*)

(xi) 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.

(xii) Derivative Instruments and Hedge Accounting

Company

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

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

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

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the profit and loss account as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. 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.

Subsidiary (CIFCL)

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

(xiii) 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.

(xiv) 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.

Schedules forming part of the Consolidated Accounts

19 - Significant Accounting Policies (*Contd.*)

(xv) 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.

(xvi) Segment Accounting

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

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

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

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

(xvii) 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.

(xviii) Prepaid Finance Charges

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

Schedules forming part of the Consolidated Accounts

20 - Notes on Accounts

1. Contingent Liabilities and Commitments

	Particulars	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for		
	i. Capital Expenditure	41.70	33.64
	ii. Investments	14.51	324.08
b)	Disputed Income-Tax demands from A.Y. 1993-94 to 2007-08 under appeal / remand pending before various appellate/assessing authorities against which ₹26.25 Cr. (Previous year ₹27.94 Cr. has been deposited. The Balance of ₹6.05 Cr. (Previous year ₹ Nil) is not deposited for which rectification petitions / appeals have been filed. The Management is of the opinion that the above demands are not sustainable.	32.31	27.94
c)	Disputed Excise demand amounting to ₹1.62 Cr. (Previous Year ₹1.62 Cr.) and penalty of ₹1.22 Cr. (Previous Year ₹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	2.84
d)	Cases decided in favour of the Company against which the department has gone on an appeal		
	i. Income Tax	3.28	2.55
	ii. Excise	0.84	0.86
e)	Export obligation under EPCG / Advance License Scheme not yet fulfilled. The Company is confident of meeting its obligations under the Schemes within the Stipulated Period.	13.97	42.78
f)	Counter Guarantee Provided by two of the Subsidiaries	34.68	37.16
g)	Sales Tax Pending before Appellate Authorities in respect of which one of the Subsidiaries are on an appeal and expects to succeed based on decision in earlier years	2.58	1.43
h)	Disputed claims against one of the Subsidiary lodged by various parties pending litigation (to the extent quantifiable)	5.53	2.64
i)	Cases decided in favour of the Subsidiaries against which the department has gone on appeal		
	i. Income Tax	47.50	26.54
	ii. Excise / Service Tax	1.74	–
j)	Disputed Income Tax Demands in respect of the Subsidiaries and Joint Venture	1.92	0.37
k)	Claims, under policies, not acknowledged as debts in one of the Subsidiaries - in respect of a disputed claim under a fire policy.	Refer Note (a) below	Refer Note (a) below

Notes:

a) CMSGICL is in receipt of 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 to ₹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 5 Below.

2. Change in shareholding of Cholamandalam Investment and Finance Company Limited (CIFCL) formerly Cholamandalam DBS Finance Limited (CDFL)

Consequent to the purchase of 1,75,82,000 shares of CDFL from DBS Bank Ltd, Singapore on 8 April 2010, CDFL ceased to be Joint Venture and became a Subsidiary of the Company effective that date. Consequently, the principle of consolidation for the year ended has been revised from that of a Joint Venture to a Subsidiary as per Accounting Standard 21. Therefore, previous year figures are not comparable.

Schedules forming part of the Consolidated Accounts

20 - Notes on Accounts (*Contd.*)

3. Contingency Reserve for Unexpired Risks

Subsidiary - CMSGICL

(a) Pursuant to IRDA Circular No. IRDA / F&A / CIR / 49 / Mar-09 dated 24 March 2009, CMSGICL had created the Contingency Reserve for Unexpired Risks as an appropriation of profits. In terms of IRDA Circular No. IRDA/F&I/CIR/F&A/015/02/2011 dated 2 February 2011, the opening balance in Contingency Reserve for Unexpired Risks, representing the amount credited in respect of the year ended 31 March 2009, has been transferred to General Reserve.

(b) CMSGICL, in respect of the year ended 31 March 2011, has created the Reserve for Unexpired Risks for the health line of business based on the 1/365 method availing the option provided in terms of IRDA Circular No IRDA/F&I/CIR/F&A/015/02/2011 dated 2 February 2011. In the previous year, the Company had opted to consider the health line as a part of Miscellaneous business. However, in the absence of profits for the current year, no amount has been transferred to Contingency Reserve for Unexpired Risks in terms of the said Circular. Consequent to the exercise of the 1/365 method option which was different from the previous year, the creation of Reserve for Unexpired Risks is lower by ₹9.45 Cr.

4. Own Shares held through Trust

Investments include ₹ Nil (Previous Year ₹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 30 November 2004, all the assets, liabilities and business of TIDC India Ltd., (TIDC), (formerly a subsidiary of the Company) were transferred to and vested in the Company, as a going concern, effective from 1 April 2004. Accordingly, 20,30,374 Equity Shares of ₹10 each (Post-Split 1,01,51,870 Equity Shares of ₹2 each) held in the Company by TIDC was vested in a Trust, namely, TII Shareholding Trust, created for the purpose.

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 11 February 2009 granted an extension of time till 14 December 2010 for the sale / disposal of the balance shares held by the Trust.

The balance quantity of 44,01,870 shares have been sold during the year and the net surplus on sale of these shares has been credited to Securities Premium Account.

Since the beneficiary of the Trust is the Company itself, the dividend distributed to the Trust relating to the Company's shares held by the Trust, has been credited back to the Profit and Loss Account on receipt of the same from the Trust.

5. Provisions

(i) Warranties - Company

The details of Provision for Warranties is given below:

Particulars	2010-11 ₹ in Crores	2009-10 ₹ in Crores
Opening Balance	0.46	0.45
Add: Provision created during the year	4.79	0.89
Less: Utilised during the year	3.62	0.88
Closing Balance	1.63	0.46

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

(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).

Particulars	2010-11 ₹ in Crores	2009-10 ₹ in Crores
Opening Balance	1.50	1.50
Add: Provision created during the year	–	–
Less: Utilised during the year	–	–
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.

Schedules forming part of the Consolidated Accounts

20 - Notes on Accounts (*Contd.*)

(iii) Changes in Provision in Subsidiary

The amount of ₹335.47 Cr. (Previous Year ₹134.46 Cr.) includes the share in certain provisions pertaining to CIFCL, the details of which are given below:

₹ in Crores

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	9.28	104.68	14.57	0.21
Add: Addition on acquisition	20.72	233.73	32.53	0.48
Add: Provision Created during the year	20.97	134.21	5.26	–
Less: Utilised/ Reversed during the year	–	224.08	17.09	–
Closing Balance	**50.97**	**248.54**	**35.27**	**0.69**

6. Deferred Tax

The Deferred Tax position as at 31 March 2011 has arisen on account of the following:

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
Company		
Nature - (Asset) / Liability		
Deferred Tax Liabilities		
Difference between depreciation as per Books of Account and the Income Tax Act, 1961	60.50	59.61
Total (A)	**60.50**	**59.61**
Deferred Tax Assets		
Deferred Revenue Expenses	(0.96)	(1.53)
Provision for Doubtful Debts / Advances	(4.42)	(4.58)
Capital loss on liquidation of subsidiary	–	(7.70)
Others	(3.36)	(4.49)
Total (B)	**(8.74)**	**(18.30)**
Net Deferred Tax Liability (A+B)	**51.76**	**41.31**
Subsidiary - CMSGICL		
Nature - (Asset) / Liability		
Deferred Tax Liabilities		
Difference between the depreciation of assets as per Books of Account and the Income Tax Act, 1961	0.82	0.11
Timing Difference on Unexpired Premium Reserves between Books of Account and the Income Tax Act, 1961	–	0.92
Total (A)	**0.82**	**1.03**
Deferred Tax Assets		
Provision for Compensated Absences & Other Employee Benefits	–	(1.02)
Others	(0.82)	(0.35)
Total (B)	**(0.82)**	**(1.37)**
Net Deferred Tax Asset (A+B)	**–**	**(0.34)**

Schedules forming part of the Consolidated Accounts

20 - Notes on Accounts (*Contd.*)

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
Subsidiary – Financiere C10 SAS		
Nature - (Asset) / Liability		
Deferred Tax Liabilities		
Others	1.58	1.20
Total (A)	**1.58**	**1.20**
Deferred Tax Assets		
Others	(0.00)	(0.06)
Total (B)	(0.00)	(0.06)
Net Deferred Tax Liability (A+B)	**1.58**	**1.14**
Subsidiary - TICI Motors (Wuxi) Company Limited		
Nature - (Asset) / Liability		
Deferred Tax Liabilities		
Others	–	–
Total (A)	**–**	**–**
Deferred Tax Assets		
Others	(0.30)	–
Total (B)	**(0.30)**	**–**
Net Deferred Tax Asset (A+B)	**(0.30)**	**–**
Subsidiary - CIFCL		
Nature - (Asset) / Liability		
Deferred Tax Liabilities		
Difference between the depreciation as per Books of Account and the Income Tax Act, 1961	0.26	0.29
Unamortised Miscellaneous Expenditure	13.83	3.12
Total (A)	**14.09**	**3.41**
Deferred Tax Assets		
Provision for Standard Assets	(16.54)	(3.08)
Provision for Non-Performing Assets	(77.50)	(33.90)
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	(11.44)	(4.84)
Provision for Repossessed Stock	(3.31)	(0.85)
Income Derecognised on Non-Performing Assets	(27.91)	(6.21)
Difference between the depreciation as per Books of Account and the Income Tax Act, 1961	-	(0.60)
Others	(10.79)	(2.79)
Total (B)	**(147.49)**	**(52.27)**
Net Deferred Tax Asset (A+B)	**(133.40)**	**(48.86)**

Schedules forming part of the Consolidated Accounts

20 - Notes on Accounts (*Contd.*)

7. Subsidiary - CMSGICL

(a) Terrorism Pool:

Premium received from customers on account of Terrorism cover has been ceded to General Insurance Corporation of India (GIC) Terrorism Pool Account. The Company's share in the Terrorism Pool Account with GIC, based on the statements of account received during the current year for the period upto 31 December 2010 has been accounted under the respective heads as follows:

a) Premium Inwards - Premium on Reinsurance Accepted

b) Claims - under Claims Paid and Claims Outstanding

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

d) Investment Income (Statements received upto 31 March 2011 - Under Interest and Dividend in the Profit and Loss Account.

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

(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 1 March 2010 to 28 February 2011 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 (Net) for the twelve months ended 28 February 2011 is ₹61.40 Cr. (Previous Year ₹14.56 Cr.)

In line with the decision of the General Insurance Council, the Subsidiary's share of the respective components of revenues and expenses for March 2011 will be accounted in the ensuing financial year.

8. Subsidiary - CIFCL

(a) Assets De-recognised

Particulars	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
Assets De-recognised On Bilateral Assignment of Receivables	901.99	523.05
Bank Deposits provided as Collateral		
For Credit Enhancements	352.81	180.01
For Liquidity Support	–	18.24
For Interest Rate Changes from Specified Rate	–	4.32

(b) Other Exceptional Items – Share in Joint Venture	2010-11 ₹ in Crores	2009-10 ₹ in Crores
Profit on Sale of land and building	–	6.43
Loss on Sale of securities	–	(2.15)
Profit on Sale of subsidiaries (Net)	–	9.52
Total Exceptional Items (Net)	**–**	**13.80**

20 - Notes on Accounts (*Contd.*)

9. Segment Information

(A) PRIMARY SEGMENT

₹ in Crores

COMPONENTS/ PRODUCTS	CYCLES/COMPONENTS/E SCOOTERS		ENGINEERING		METAL FORMED PRODUCTS		INSURANCE		OTHER FINANCIAL SERVICES		OTHERS		ELIMINATIONS		CONSOLIDATED TOTAL	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUE																
External Sales	1116.21	946.11	1083.22	827.51	935.73	576.51	618.75	457.95	1163.02	289.04	5.25	4.06			4922.18	3101.18
Inter-Segment Sales			109.87	67.38	9.08	0.06	8.62	4.34			0.08		(127.65)	(71.78)	-	-
Other Operating Income	6.38	6.64	2.02	2.36	9.11	3.61	63.93	57.24	41.08	(5.37)		0.03			122.52	75.25
Unallocated Corporate Income															0.16	0.23
Total Revenue	**1122.59**	**952.75**	**1195.11**	**897.25**	**953.92**	**580.18**	**691.30**	**519.53**	**1204.10**	**294.41**	**5.33**	**4.09**	**(127.65)**	**(71.78)**	**5044.86**	**3176.66**
Unallocated Corporate Expenses															562.84	99.99
RESULT																
Operating Profit	78.88	69.14	113.53	59.01	102.68	80.32	(22.60)	1.85	122.73	21.59	1.15	0.96			959.21	332.86
Profit / (Loss) on Sale of Assets	(1.78)	(0.42)	(0.80)	(0.88)	(0.30)	0.10									(2.88)	(1.20)
Net Operating Profit	**77.10**	**68.72**	**112.73**	**58.13**	**102.38**	**80.42**	**(22.60)**	**1.85**	**122.73**	**21.59**	**1.15**	**0.96**	**-**	**-**	**956.33**	**331.66**
Dividend Income															3.07	1.37
Interest Expense															(654.19)	(185.28)
Income Taxes															(110.86)	(53.35)
Profit on Sale of Investments															8.97	18.48
Exceptional Items - Profit on Sale of Land and Building															20.60	–
Minority Interest in Net Income															(28.02)	(0.62)
Net Profit	**77.10**	**68.72**	**112.73**	**58.13**	**102.38**	**80.42**	**(22.60)**	**1.85**	**122.73**	**(21.59)**	**1.15**	**0.96**	**-**	**-**	**195.90**	**112.26**
Other Information																
Segment Assets	260.63	264.16	611.56	530.82	701.46	589.45	1168.31	752.34	9753.41	2159.33	4.21	3.21	(30.83)	(18.15)	12468.75	4281.16
Unallocated Corporate Assets															105.83	326.94
Total Assets	**260.63**	**264.16**	**611.56**	**530.82**	**701.46**	**589.45**	**1168.31**	**752.34**	**9753.41**	**2159.33**	**4.21**	**3.21**	**(30.83)**	**(18.15)**	**12574.58**	**4608.10**
Segment Liabilities	183.89	164.23	224.60	146.32	207.24	171.77	910.45	470.86	8691.32	1926.68	1.00	0.77	(30.83)	(18.15)	10187.67	2862.48
Unallocated Corporate Liabilities															67.23	57.96
Total Liabilities	**183.89**	**164.23**	**224.60**	**146.32**	**207.24**	**171.77**	**910.45**	**470.86**	**8691.32**	**1926.68**	**1.00**	**0.77**	**(30.83)**	**(18.15)**	**10254.90**	**2920.44**
Capital Expenditure	6.04	9.59	19.41	34.45	63.72	50.27	21.23	9.65	35.47	2.05	0.32	0.06			146.19	106.07
Unallocated Corporate Capital Expenditure															1.45	2.07
Depreciation	7.26	6.68	27.12	33.00	38.90	30.29	6.22	11.38	10.05	5.31	0.15	0.15			89.70	86.81
Unallocated Corporate Depreciation															1.55	1.71

Schedules forming part of the Consolidated Accounts

20 - Notes on Accounts (*Contd.*)

	2010-11 ₹ in Crores	2009-10 ₹ in Crores
(B) SECONDARY SEGMENT		
1) Revenue by Geographic Market		
India	4698.34	3060.31
Rest of The World	346.52	116.35
TOTAL	**5044.86**	**3176.66**
2) Segment Assets by Geographic Market		
India	12449.81	4462.47
Rest of The World	124.37	145.63
TOTAL	**12574.18**	**4608.10**
3) Capital Expenditure		
India	143.78	108.14
Rest of The World	3.86	–
TOTAL	**147.64**	**108.14**

10. 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 MS Risk Services Limited

III. Key Management Personnel (KMP)

In the Company

Mr. L Ramkumar – Managing Director

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

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

₹ in Crores

Transaction	Related Party	2010-11	2009-10
Rentals Received / Recovered	Mitsui Sumitomo Insurance Company Limited.	0.79	0.55
Management Expenses	Mitsui Sumitomo Insurance Company Limited.		
(a) Paid/Payable		1.06	0.65
(b) Recovery		0.09	0.01
Reinsurance Ceded	Mitsui Sumitomo Insurance Company Limited.	35.00	76.54
Reinsurance Commission Received	Mitsui Sumitomo Insurance Company Limited.	6.21	14.21
Reinsurance Recovery on claims	Mitsui Sumitomo Insurance Company Limited.	37.82	57.35
Remuneration	KMP of the Company	1.91	1.40

Schedules forming part of the Consolidated Accounts

20 - Notes on Accounts (*Contd.*)

₹ in Crores

Transaction	Related Party	2010-11	2009-10
Balance at Year End			
Receivable (Net) – Due from other Entities Carrying on Insurance Business	Mitsui Sumitomo Insurance Company Limited	–	2.92

11. Employee Benefits

a. **Gratuity**

Details of Actuarial Valuation as at 31 March 2011	2010-11	2009-10
Change in Benefit Obligation		
Projected Benefit Obligation as at Year Beginning	19.69	18.14
Service Cost	1.81	1.49
Interest Cost	1.58	1.46
Actuarial Losses / (Gains)	8.13	(1.01)
Benefits Paid	(0.81)	(1.54)
Projected Benefit Obligation as at Year End	**30.40**	**18.54**
Change in Plan Assets		
Fair Value of Plan Assets as at Year Beginning	21.31	18.75
Expected Return on Plan Assets	1.99	1.73
Employers' Contribution	10.00	1.07
Benefits Paid	(1.23)	(1.54)
Fair Value of Plan Assets as at Year End	**32.07**	**20.01**
Amounts Recognised in the Balance Sheet		
Projected Benefit Obligation at the Year End	30.40	18.54
Fair Value of the Plan Assets at the Year End	32.07	20.01
Asset Recognised in the Balance Sheet	**1.67**	**1.47**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	1.81	1.49
Interest on Obligation	1.58	1.46
Expected Return on Plan Assets	(1.99)	(1.73)
Net Actuarial Losses / (Gains) Recognised in the Year	8.13	(1.01)
Net Cost Recognised in the Profit and Loss Account	**9.53**	**0.21**

Other Disclosures:

Benefit	2010-11	2009-10	2008-09	2007-08	2006-07
Projected Benefit Obligation	30.40	19.65	19.18	18.28	14.55
Fair Value of Plan Assets	32.07	21.28	19.51	17.63	15.66
Surplus / (Deficit)	**1.67**	**1.63**	**0.33**	**(0.65)**	**1.11**

Schedules forming part of the Consolidated Accounts

20 - Notes on Accounts (*Contd.*)

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.

iv. The Actuarial Loss of ₹8.13 Cr includes ₹3.54 Cr (for the period upto March 2010) attributable to the revision in the ceiling of the gratuity amount from ₹0.04 Cr to ₹0.25 Cr. by the Management.

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. Based on Actuarial Valuations, a sum of ₹0.15 Cr. (Previous Year ₹0.27 Cr.) has been charged to Profit and Loss Account.

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	2010-11	2009-10
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%

12. Accounting for Derivatives

Company

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

Consequently, as of 31 March 2011, the Company has recognised Mark to Market (MTM) Losses of ₹0.36 Cr. (Previous Year ₹4.44 Cr) relating to forward contracts and other derivatives entered into to hedge the foreign currency risk of highly probable forecast transactions that are designated as effective cash flow hedges, in the Hedge Reserve Account as part of the Shareholders funds.

The MTM net loss on undesignated/ineffective forward contracts amounting to ₹ Nil (Previous Year ₹2.78 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:

₹ in Crores

Particulars	2010-11	2009-10
Balance as at beginning of the Year	(4.44)	(35.05)
Net Movement for the Year	4.08	30.61
Balance as at end of the Year	(0.36)	(4.44)

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.

Subsidiary - CIFCL

In the case of one of the Subsidiaries (CIFCL), the MTM net loss on undesignated / ineffective forward contracts amounting to loss of ₹2.61 Cr. (Previous Year gain of ₹0.18 Cr.) has been recognised in the Profit & Loss Account.

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Schedules forming part of the Consolidated Accounts

20 - Notes on Accounts (*Contd.*)

13. Lease Commitments

a) The Company has operating lease agreements for office space and residential accommodation generally for a period of 3 to 8 years with an option to renew with escalation. As per the lease terms a sum of ₹5.22 Cr. (Previous Year ₹4.31 Cr.) has been recognised in the Profit and Loss Account.

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

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

₹ in Crores

Particulars	As at 31 March 2011	As at 31 March 2010
Total Commitments towards Minimum Lease Payments	0.48	1.21
Less: Future Liability on Interest Account	(0.01)	(0.09)
Present Value of Minimum Lease Payments	0.47	1.12
Minimum Lease Payments		
- Not later than one year	0.48	0.73
- Later than one year but not later than five years	–	0.48

Operating Lease – Subsidiary – CMSGICL

i Office space and residential accommodation are leased generally for a period of 5 years with option to renew and with escalation in rent once in three years. Lease rent for the year ended 31 March 2011 amounted to ₹8.40 Cr. (Previous Year - ₹9.13 Cr.)

ii. Information Technology hardware, Branch Infrastructure (Furniture & Fixtures, Office and Electrical equipment) are leased for a period of 4 years and are renewable at the option of the Company. Rentals for the period ended 31 March 2011 amounted to ₹7.40 Cr. (Previous Year ₹0.04 Cr.)

c) **Operating Lease - Subsidiary - CIFCL**

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

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

₹ in Crores

Particulars	As at 31 March 2011	As at 31 March 2010
Minimum Lease payments not later than one year	5.69	–
Later than one year but not later than five years	12.79	–
Later than five years	–	–
Total	**18.48**	**–**

As per lease terms, a sum of ₹0.37 Cr. (Previous Year ₹0.13 Cr.) has been recognised in the Profit and Loss Account.

14. Earnings Per Share

Particulars		2010-11	2009-10
Profit after Taxation - ₹ in Crores		195.90	112.26
Weighted Average Number of Shares	- Basic	18,51,74,761	18,47,80,038
	- Diluted	18,62,43,626	18,53,50,522
Earnings Per Share of ₹2/- each	- Basic	10.58	6.08
	- Diluted	10.52	6.06

15. Stock Options

Company

During the year, the Company granted Stock Options to certain employees in line with the Employees Stock Option Scheme. The total number of such options outstanding as at 31 March 2011 is 23,50,367 (Previous Year 28,81,054) and each option is exercisable into one share of Face Value ₹2/-.

Schedules forming part of the Consolidated Accounts

20 - Notes on Accounts (*Contd.*)

Particulars	Date of Grant	Exercise Price (₹)	Options Granted	Options Vested	Options Cancelled/ lapsed	Options Exercised & allotted	Options Exercised, pending allotment	Options Outstanding at the End of the Year	Vesting (subject to continuous association with the Company and performance rating parameters)
Grant 1	31 Oct. 07	62.85	6,00,120	89,598	2,19,246	2,91,276	6,210	83,388	31.10.08 – 100%
Grant 2	31 Jan. 08	66.10	1,05,460	22,730	24,136	58,594	–	22,730	31.01.09 – 100%
Grant 3	24 Mar. 08	56.80	26,55,260	6,19,627	8,98,502	4,54,249	11,392	12,91,117	31.10.09 – 25% 31.10.10 – 37.5% 31.10.11 – 37.5%
Grant 4	31 Jul. 08	44.45	3,86,900	58,392	58,188	56,540	–	2,72,172	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	–	4,320	17,280	–	32,400	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	–	2,248	8,992	–	16,860	30.01.10 – 20% 30.01.11 – 20% 30.01.12 – 30% 30.01.13 – 30%
Grant 7	29 Jan. 11	140.05	4,25,400	–	–	–	–	4,25,400	29.01.12 – 20% 29.01.13 – 20% 29.01.14 – 30% 29.01.15 – 30%
Grant 8	29 Jan. 11	140.05	1,92,400	–	–	–	–	1,92,400	29.01.12 – 40% 29.01.13 – 30% 29.01.14 – 30%
Grant 9	29 Jan. 11	140.05	13,900	–	–	–	–	13,900	20.01.12 – 40% 29.01.13 – 30%

Subsidiary - CIFCL

During the year, the Subsidiary granted Stock Options to certain employees in line with the Subsidiaries Employees Stock Option Scheme. The total number of such options outstanding as at 31 March 2011 is 19,04,162 (Previous Year 19,04,162) and each option is exercisable into one share.

Particulars	Date of Grant		Exercise Price (₹)		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	1,98,160	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
Grant 7 Tranche I	27 Jan. 11		187.60		2,94,600		–	–	2,94,600	27 Jan. 12
Tranche II	27 Jan. 11		187.60		2,09,700		–	–	2,09,700	27 Jan. 12

Schedules forming part of the Consolidated Accounts

20 - Notes on Accounts (*Contd.*)

Fair Value Methodology

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

16. Auditors' Remuneration (Including for other Auditors)

₹ in Crores

Particulars	2010-11	2009-10
Statutory Audit	1.29	0.38
Tax Audit & Other Services	0.21	0.09
Service Tax (Net of Input Credit Availed)	0.03	0.02
Reimbursement of Expenses #	0.00	–
Sub-Total	**1.53**	**0.49**
Share in Joint Venture	0.01	0.16
Total	**1.54**	**0.65**

Includes ₹47,429/- (Previous year ₹ Nil)

17. 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 20

On behalf of the Board

M M Murugappan
Chairman

Chennai
2nd May 2011

S Suresh
Company Secretary

K Balasubramanian
Chief Financial Officer

L Ramkumar
Managing Director

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