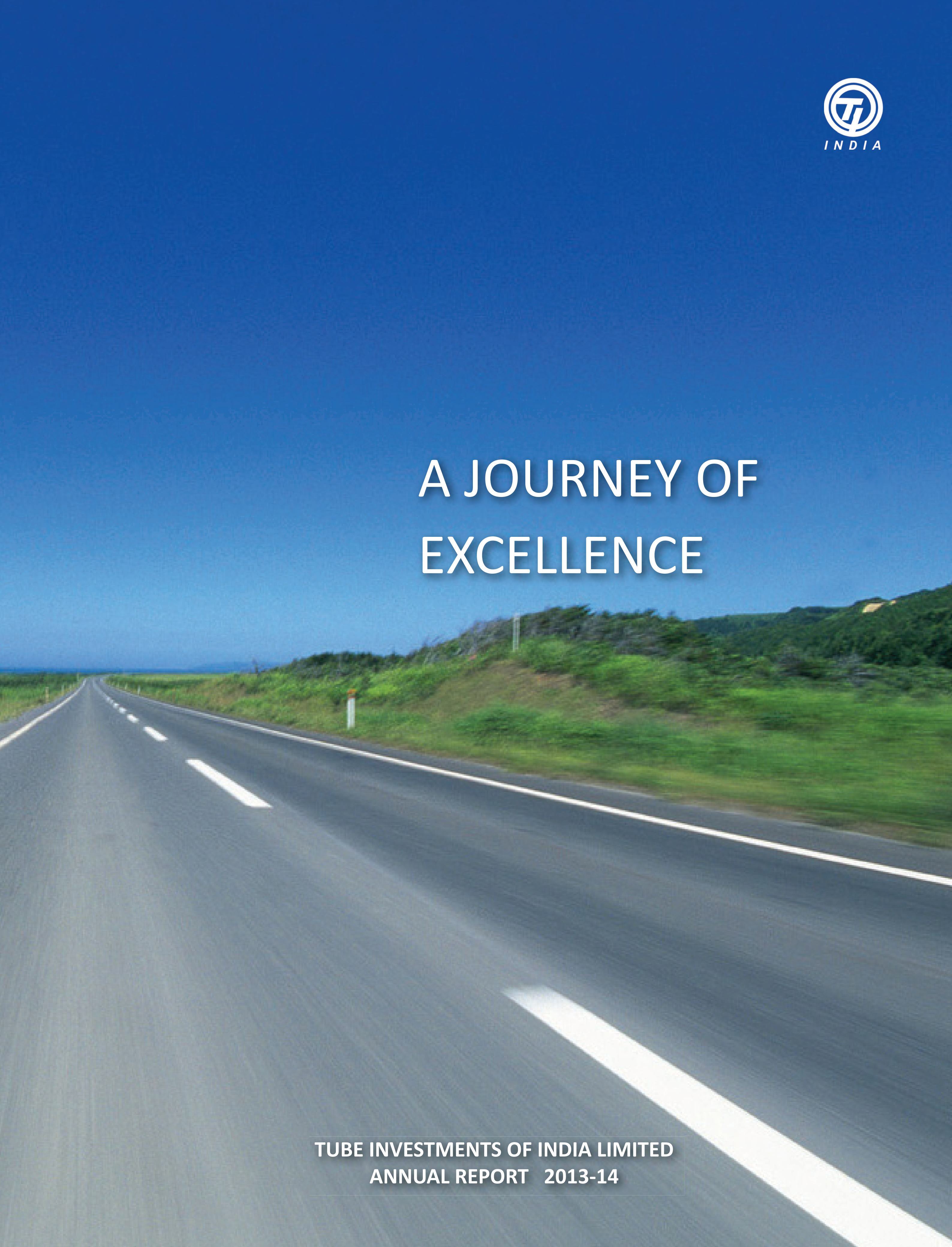


INDIA

A JOURNEY OF EXCELLENCE

TUBE INVESTMENTS OF INDIA LIMITED
ANNUAL REPORT 2013-14

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.

A JOURNEY OF EXCELLENCE

The focus on a lodestar. The passion to excel. The quest to scale new peaks.

At TI 2013-14 marked a year where achievement of benchmark operational parameters and enhancing customer service became imperative and challenges transformed into a driving force pushing boundaries in people, capabilities and process efficiencies.

A year when TI surmounted challenges, explored new paths, improved, enhanced and upscaled capabilities, focused on quality and customer centricity and channelised its people energy.

A year when TI truly continued on its journey of excellence ...


"Excellence is not a skill. It is an attitude."
- Ralph Marston
montra - the first alloy bicycle designed and manufactured in India

A Journey of Excellence

Surmounting Challenges
Exploring New Paths

At TI we recognise that as global boundaries become seamless we need to surmount the challenges of competitive pressures with innovation and product differentiation.

In its pursuit of excellence the Bicycles business focused on:

- Enhancing customer delight through quality upgradation and new product offerings.

- Capturing changing trends and lifestyle shifts through customer insight led product development.

- Establishing alloy manufacturing capability to bring international quality and design standards through montra brand of premium bicycles.

- Expanding retail presence to offer experiential customer touch-points across urban and rural areas.

- Differentiated product offerings in the fitness segment catering to the home and semi-commercial fitness customers.

- Strengthening quality through design and vendor upgradation.

- Streamlining supply chain by de-bottlenecking capacities and resource rationalisation.

With global benchmarks as its goal the Bicycles business continues to ride on its track of excellence...

> "If you are going to achieve excellence in big things, you develop the habit in little matters. Excellence is not an exception, it is a prevailing attitude."
>
> - Colin Powell

High frequency welding of tubes

A Journey of Excellence

Improve..Enhance..Upscale..

At TI we continuously raise the bar in addressing customer needs, driven by an abiding zeal to improve efficiencies, enhance capabilities and upscale capacities.

In the Engineering business the pursuit of excellence was signalled by:

- Traversing new frontiers in efficiency and value addition.
- Import substitution of special alloy steels for precision stamping applications.
- Deeper engagement with customers for quality enhancement and value added solutions.
- Enhancing customer service levels through process improvements and throughput increase.
- Recognition for quality and delivery from large customers including auto and auto component majors.
- Highest levels of employee engagement to achieve breakthrough in process parameters.
- Upgrading facilities and processes for validation by global customers.

Partnering with customers and providing the last mile in service, the Engineering business continues to advance in its journey of excellence...

> "We are what we repeatedly do. Excellence, then, is not an act but a habit."
>
> \- Aristotle

Robotic welding of doorframes

A Journey of Excellence

Quality
Customer Centricity

At TI we believe that an unrelenting passion for quality and precision is what defines execution excellence. The precision that is engineered in each of the million parts that we make.

In the pursuit of excellence the journey of the Metal Formed Products business was marked by:

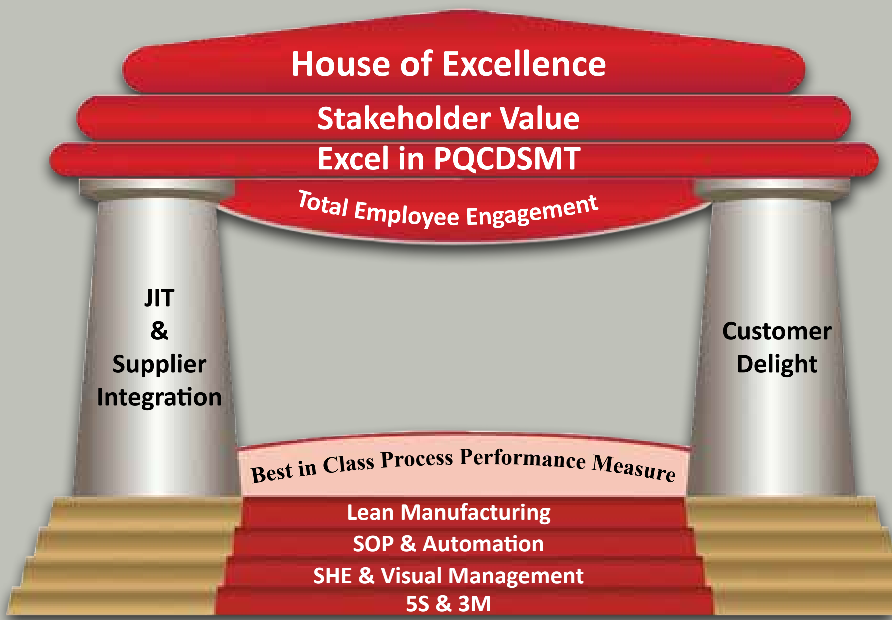
- Raising the standards of product quality and customer service to counter demand volatility.
- Improving consistency in precision manufacturing processes with industry defining quality levels.
- Scaling up process reliability to deliver parts used in safety critical applications.
- Commissioning of state-of-the-art presses for precision stamped and fine blanked components.
- Structured approach and high levels of employee engagement for driving operational excellence programs.
- Focusing on 'just-in-time, every time' deliveries for high volume products.
- Adopting latest technologies in manufacturing and tooling for new high volume doorframe models.

Unwavering commitment to quality and precision dictate the course of the journey of excellence for the Metal Formed Products business...

"The will to win, the desire to succeed, the urge to reach your full potential... these are the keys that will unlock the door to personal excellence."

- Confucius

TI - Operational Excellence Model



Employees engaging with the Chairman during a project review

A Journey of Excellence

Channelising People Energy

At TI we believe that our people energy is what propels our journey forward. Tapping the collective synergy of this potential force through empowerment and engagement has redefined possibilities, reset boundaries.

Across TI the pursuit of excellence was driven by:

- Employee engagement programs in 310 OPEX (Operational Excellence) zones across all locations co-ordinated by 288 zone champions.
- Setting up of zone-wise metrics and targets for PQCDSMT (Productivity, Quality, Cost, Delivery, Safety, Morale and Technology).
- Channelising team energies through empowerment and accountability and providing a major impetus for innovation and productivity.
- Employee engagement initiatives leading to 7181 Kaizens, 227 SGAs (Small Group Activities) and execution of 129 CFT (Cross Functional Team) projects by TEI (Total Employee Involvement) teams.
- Bridging silos and integrating cross-learnings to enhance capabilities and foster an aspirational team spirit.
- Commitment of senior leadership driving the momentum through a comprehensive review and reward process.

Across TI OPEX zones transformed into energy hubs, driven with a passion to excel, to surge ahead...

“TI is on a strategic course in its journey of excellence and will continue to forge ahead to greater goals.”

Chairman’s Message

Dear Shareholders,

The year 2013-14 has been yet another challenging year for TI, with the sluggish economic trend continuing to impact growth and profit margins. Despite tough market conditions, each of the businesses turned in a creditable performance, countering business challenges with an indomitable spirit and adopting innovative measures. The Company finished 2013-14 with a marginal drop in revenue at ₹3,609 Cr. as compared to ₹3,642 Cr. in the previous year.

I am happy to share that despite the downtrend, TI is steadfast in its strategic direction in terms of capability building, together with a structured plan to enhance operational efficiencies. The Company-wide Operational Excellence (OPEX) initiative rolled out in the year 2012 proved to be a key differentiator in a challenging year. Efficient work practices, fiscal discipline and a clear customer-centric focus ensured that we were resilient to turbulent market conditions, demonstrating yet again TI’s robustness and stability.

For Sedis, our subsidiary in France, it was a difficult time too in Europe. Despite this, Sedis managed to maintain its performance levels. Shanthi Gears, another subsidiary of TI, had a good year and looking at the trends, there is a good opportunity in the specialty gear markets which we will continue to address with added strength in the team.

We continue to maintain our market share in precision steel tubes & strips and have even enhanced it in automotive & industrial chains. The greenfield project for manufacture of large diameter tubes at Thiruthani, near Chennai, upon commissioning, will consolidate our capabilities to address new market segments and business opportunities.

After two lacklustre years, the Indian economy is showing signs of buoyancy that augurs well for industry. The past two years have proved to us that we have the capability to ensure the robustness and stability of the business.

In line with our vision, we will continue to grow our business and consolidate our capabilities. TI continues on a strategic course in its journey of excellence and will continue to forge ahead towards greater goals.

We have entered into a joint venture partnership with Tsubamex Co Ltd., Japan, a reputed die and tool maker. The resultant JV company in India, which was incorporated in January, 2014, will deal largely with design and engineering of sheet metal dies and fixtures for the automotive industry and will offer exciting opportunities in import substitution. Our two major subsidiaries in the financial services business, Cholamandalam Investment and Finance Co Ltd., and Cholamandalam MS General Insurance Co Ltd., continued to perform extremely well in their respective businesses, growing in size and profitability.

Directors

Mr. S B Mathur, Director, retired from the Board in August, 2013 due to his other commitments. I take this opportunity to express our gratitude to him for his association with the Company and wish him the very best.

Mr. Hemant M Nerurkar joined the Board in May, 2014. He brings with him over three and a half decades of rich experience in the steel industry. The Board is further enriched with his presence and I take this opportunity to welcome him.

The members of the Board continue to be a great source of encouragement and support to the Company's management team and personally, to me. I thank them for their commitment and counsel in ensuring that TI continues to follow its strategic direction and stay ahead.

The team

At TI, we firmly believe that our people have always been our greatest strength in realising our goals. The team, ably led by Mr. L Ramkumar, Managing Director and the Management Committee, has shown great sincerity of purpose and strong commitment in taking the Company forward in its journey of excellence. I also take this opportunity to express my gratitude to all of you, our valuable shareholders for your continued support and confidence reposed in the Company.

Yours sincerely,

M M Murugappan

M M Murugappan

Managing Director's Message

Dear Shareholders,

During the year 2013-14, the industry continued to bear the brunt of inflationary pressures and a weak economy. Across sectors the trend was sluggish with rising input costs, a weak Rupee and muted market response. The Company managed to reach a revenue of ₹3,609 Cr. slightly lower than the ₹3,642 Cr. achieved in the previous year. PAT (Profit after Tax) was ₹94.07 Cr. as against ₹103.96 Cr. in 2012-13. This decline in the revenues and profits was due to the slowdown witnessed in the automobile and other sectors. TI's continued focus on operational efficiencies helped mitigate the adverse impact of input cost increases and slow down in the market place. TI is well positioned to benefit from an expected turnaround in the automobile industry in the current year 2014-15, the signs of which are quite evident.

Bicycles

The turnover and profits of the Bicycles division were adversely affected due to lower volumes and cost pressures. Bicycle demand in the country was sluggish overall though there was a marginal growth in the Specials segment. The division made special efforts to further enhance quality levels of the product offering through various initiatives at the plants as well as at the vendor location. Value Analysis and Value Engineering continued to be the focus to compensate the pressure on input costs. Product development was revamped to incorporate consumer preferences in each segment and bottlenecks in the supply chain were addressed to enhance service levels. These are expected to yield good results in the coming years. The division leveraged its presence in the premium segment of the market by increasing the sale of 'MONTRA' - the first alloy bicycle designed and manufactured in India. Expansion of retail distribution in various formats continued during the year enhancing customer connect. The Fitness business stabilised during the year and the division entered the 'Semi commercial segment' besides the existing 'Home' segment.

Engineering

The Engineering division's revenue grew marginally though the market was not very favourable. The division focused on all aspects of operational excellence viz., quality, cost, productivity, delivery and new products. Customer retention and share growth in some cases were achieved by a high level of engagement with the customers in all aspects.

The offer of value added tubes/tubular solutions gave an edge to the division over competition. In the case of Cold Rolled Strips, product development for new applications brought in more business. The management of process efficiencies and the product mix resulted in better profitability of this division. There has been a growth in export of tubes during the year due to enhancement of process capabilities and these efforts are expected to help the division grow in exports in the coming years. The greenfield project for manufacture of large diameter tubes at Tiruthani near Chennai is in progress and will be commissioned during the current year.

Metal Formed Products

The auto chains business continued to grow aided by growth in the two wheeler segment. The division increased its share in the OEM (Original Equipment Manufacturer) and the after market segments in all categories of chains. The division continues to maintain very high standards of quality and service to its customers. The internal capability has been strengthened by the initiatives under Operational Excellence to serve the customer better.

The fine blanking business was affected due to the slowdown in passenger car market. The division got approval for new programmes of the four wheeler manufacturers, the benefits of which would accrue in the current year. The industrial chains segment grew in the domestic market but the volumes dropped in the overseas markets. The division has made investments to de-bottleneck its capacities to meet the additional requirements in the coming years.

The slowdown in the passenger car market affected the doorframe business also. The division established new facilities for manufacture of doorframes for a new car model. The Railway wagon business was affected due to the Government not releasing fresh orders during the year. Backlog orders and some refurbishment orders were executed to liquidate inventories. There was a significant drop in the turnover from Railways. The division made great strides in quality, productivity and cost to mitigate to some extent, the loss due to volume drop.

Subsidiaries

Cholamandalam Investment and Finance Co Ltd., a subsidiary of TI, continued to do well with yet another year of good performance contributed by its vehicle finance and home equity businesses. Its aggregate disbursements and PAT registered good increases during the year. Cholamandalam MS General Insurance Co Ltd., another subsidiary of TI, showed good growth in the Gross Written Premium and profit.

In 2013, the consolidated turnover of Sedis, our subsidiary in France remained at the 2012 level despite the adverse business conditions in Europe.

Shanthi Gears Ltd. (SGL), registered a growth in both the top and bottom lines despite the not so favourable economic conditions. The senior management of SGL is actively involved in rebuilding the organisation with an emphasis on winning back customer confidence, strengthening relationships, improving operational efficiencies and processes, that would help in building a solid future base.

People

For TI, people remain the core strength. Employees of the Company have whole-heartedly come forward and committed themselves to the Operational Excellence programme, taking up the challenge of reaching benchmark parameters in all areas of operations and customer service. It is this readiness and enthusiasm of the people that will make the journey of excellence truly memorable and impactful.

Yours sincerely,

L Ramkumar

"It is the readiness and enthusiasm of the people that would make the journey of excellence truly memorable and impactful."

INDIA

10 YEAR FINANCIALS

` in Crores

	13-14	12-13	11-12	10-11	09-10	08-09	07-08	06-07	05-06	04-05
OPERATING RESULTS										
Sales (Including excise duty)	**3609.42**	3642.25	3664.77	3126.40	2453.65	2212.22	1908.23	1761.84	1584.18	1562.58
Profit before Depreciation, Interest & Tax (PBDIT)	**348.67**	334.95	397.74	376.32	225.07	170.33	157.88	256.99	307.09	178.50
Profit before Interest & Tax (PBIT)	**264.43**	255.18	321.66	307.22	158.26	111.21	104.73	206.60	258.53	140.69
Profit before Tax (PBT)	**141.22**	147.21	245.10	241.30	129.50	83.02	83.44	195.31	245.63	126.18
Profit after Tax (PAT)	**94.07**	103.96	180.09	169.66	81.21	72.18	56.50	155.78	182.93	98.55
Earnings Per Share (`)*	**5.04**	5.58	9.69	9.16	4.39	3.91	3.06	8.43	49.50	26.67
Dividend Per Share (`)*	**2.00**	2.00	3.00	3.00	1.50	1.00	1.00	1.50	23.50	7.00
Book Value Per Share (`)*	**66.29**	63.28	59.84	53.40	44.21	39.88	38.86	35.49	143.98	121.28
SOURCES AND APPLICATION OF FUNDS										
SOURCES OF FUNDS										
Share Capital	**37.38**	37.33	37.26	37.13	36.95	36.95	36.95	36.95	36.95	36.95
Reserves and Surplus	**1201.46**	1144.01	1077.70	954.27	779.95	700.00	681.02	618.90	495.15	411.24
Net Worth	**1238.84**	1181.34	1114.96	991.40	816.90	736.95	717.97	655.85	532.10	448.19
Share Application Money Pending Allotment	**-**	-	0.03	-	-	-	-	-	-	-
Debt	**1363.14**	1301.88	832.41	723.80	705.82	399.76	327.50	206.45	244.30	228.12
Deferred Tax Liability (Net)	**52.04**	52.29	48.08	51.76	41.31	45.77	42.64	41.83	41.50	32.71
Total	**2654.02**	2535.51	1995.48	1766.96	1564.03	1182.48	1088.11	904.13	817.90	709.02
APPLICATION OF FUNDS										
Gross Fixed Assets	**1433.19**	1299.75	1218.32	1105.75	1028.09	964.02	861.91	734.06	626.01	566.43
Accumulated Depreciation	**738.91**	668.14	611.81	544.91	500.46	449.87	400.43	369.82	324.44	282.96
Net Fixed Assets	**694.28**	631.61	606.51	560.84	527.63	514.15	461.48	364.24	301.57	283.47
Capital Work-In-Progress	**197.06**	159.73	38.42	27.39	42.93	29.68	57.31	105.54	80.49	21.42
Investments	**1505.71**	1444.03	930.15	910.55	749.44	454.35	316.95	190.55	235.86	189.71
Net Working Capital	**256.97**	300.14	420.40	268.18	244.03	184.30	252.37	243.80	199.98	214.42
Total	**2654.02**	2535.51	1995.48	1766.96	1564.03	1182.48	1088.11	904.13	817.90	709.02
RATIOS										
PBDIT To Sales (%)	**9.66**	9.20	10.85	12.04	9.17	7.70	8.27	14.59	19.38	11.42
PBIT To Sales (%)	**7.33**	7.01	8.78	9.83	6.45	5.03	5.49	11.73	16.32	9.00
PBT To Sales (%)	**3.91**	4.04	6.69	7.72	5.28	3.75	4.37	11.09	15.51	8.08
PAT To Sales (%)	**2.61**	2.85	4.91	5.43	3.31	3.26	2.96	8.84	11.55	6.31
Interest Cover (times)	**2.83**	3.22	5.20	5.71	7.83	6.04	7.42	22.76	23.81	12.30
ROCE (%) #	**9.96**	10.06	16.12	17.39	10.12	9.40	9.62	22.85	31.61	19.84
Return on Networth (%)	**7.59**	8.80	16.15	17.11	9.94	9.79	7.87	23.75	34.38	21.99
Total Debt Equity Ratio	**1.10**	1.10	0.75	0.73	0.86	0.54	0.46	0.31	0.46	0.51
Long Term Debt Equity Ratio	**0.86**	0.85	0.48	0.47	0.61	0.32	0.24	0.13	0.25	0.29
Sales/Fixed Assets (times)	**5.20**	5.77	6.04	5.57	4.65	4.30	4.14	4.84	5.25	5.51
Net Working Capital Turnover (times)	**14.05**	12.13	8.72	11.66	10.05	12.00	7.56	7.23	7.92	7.29

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

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

CORPORATE INFORMATION

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

DIRECTORS' PROFILE

Mr. M M Murugappan, Chairman

Mr. M M Murugappan (58 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 (58 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 34 years of rich and varied experience in management including 22 years in the Company itself in various capacities.

Mr. Pradeep V Bhide, Non-Executive Director

Mr. Pradeep V Bhide, I.A.S. (Retd.) (64 years) is a Graduate in Science and Law. He also holds a Masters degree in Business Administration with specialisation in Financial Management. He joined the Board in October, 2010. In a career spanning 37 years in the Indian Administrative Service, Mr. Bhide has held senior positions at the State and Central levels. He is on the Board of various companies including GlaxoSmithKline Pharmaceuticals Limited, Heidelberg Cement India Limited, NOCIL Limited and L&T Finance Limited.

Mr. C K Sharma, Non-Executive Director

Mr. C K Sharma (66 years) is a Graduate in Chemical Engineering from Indian Institute of Technology, Madras and a Post Graduate diploma in Management from Indian Institute of Management, Ahmedabad. He joined the Board in April, 2012. He has a mix of industry, academic, entrepreneurial and consulting exposure in India and abroad.

Mr. Hemant M Nerurkar, Non-Executive Director

Mr. Hemant M Nerurkar (65 years) is a Graduate in Metallurgical Engineering and has over three and a half decades of rich experience in the steel industry. He joined the Board in May, 2014.He has served as Managing Director (India and South-East Asia) of Tata Steel Limited between 2009 and 2013.

Mr. S Sandilya, Non-Executive Director

Mr. S Sandilya (66 years) is a Commerce Graduate and has a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He joined the Board in January, 2005. He is the Group Chairman, Eicher Group. He is on the Board of various companies including Rane Brake Lining Limited and Mastek Limited.

Mr. N Srinivasan, Non-Executive Director

Mr. N Srinivasan (56 years) is a Chartered Accountant and a Company Secretary. He joined the Board in January, 2007. He is the Vice Chairman of Cholamandalam Investment and Finance Company Limited. He is on the Board of various companies including Cholamandalam MS General Insurance Company Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Global economic activity strengthened during the latter half of the year, 2013-14 primarily led by advanced economies, especially the US. However, downside risk to global growth exists in the form of weak balance sheets in the Euro area, inflationary concerns in emerging markets and slower growth in China.

In the domestic front, the Indian economy registered a growth rate of below 5% for the second consecutive year in 2013-14 mainly due to contraction in the manufacturing and mining sectors. The growth rate in 2013-14 is estimated at 4.9% as compared to 4.5% in 2012-13. In 2013-14, growth rate of the agriculture sector is estimated at 4.6% and the manufacturing & mining output growth rate is estimated to drop by 0.2% and 1.9% respectively. The Indian Rupee plunged to an all-time low of 68.85 per USD during August, 2013 due to a high current account deficit and US Federal Reserve's decision to withdraw the stimulus. The Rupee recovered to 60-levels by the end of the year largely due to intervention by the Reserve Bank of India. Containing a high rate of inflation remains the primary focus and has led to a high interest rate regime. Infrastructure bottlenecks and policy paralysis continues to affect the macro-economic fundamentals of the Indian economy.

The Company achieved a revenue of `3,609 Cr., slightly less than the previous year. The Profit before Depreciation, Interest and Tax for the year was `349 Cr. as against `335 Cr. in the previous year - a growth of 4%. However, the Profit before Tax and exceptional item dropped to `141 Cr., a decline of 7% over the previous year mainly attributed to high finance cost.

BUSINESS REVIEW

Cycles and Components

TI's Presence

The Cycles and Components segment of the Company comprises bicycles of the Standard and Special variety including the alloy bikes & specialty performance bikes, bicycle components sold as spares, fitness equipment such as motorised tread mills, elliptical, recumbent bikes etc.

Industry Scenario

The Bicycle industry was impacted due to the general slowdown in the consumer goods industry. Bicycles fall under two distinct categories - Standard and Special. The bicycle is today viewed as a product for fun, fitness and leisure activities in addition to being viewed as just a transportation medium.

Consumers today pay greater attention to design, features and retail experience in their purchase decisions. Increasing aspirations, higher purchasing power, international exposure to usage patterns and growing fitness consciousness have provided impetus to the high-end and Special bicycles. These segments continue to grow steadily year on year.

Approximately 85% of the total market is catered to by three large players, including the Company. The Company enjoys a share of over one-fourth of the total market with a much higher share of the Special and premium segment.

The Company operates in the home segment in the fitness equipment business. With a high compounded annual growth rate of 18%, the fitness equipment industry continues to be attractive. There are four national players apart from a slew of importers and regional players. Higher income and a greater desire to be healthy and fit drive the growth of the fitness industry in India.

Review of Performance

Creating enhanced retail experience continues to be the focus for the Company, especially with respect to Special and premium segment. The Company has over 940 retail outlets including 664 exclusive stores in order to provide a superior purchasing experience to the consumers. These retail outlets also help the Company to better understand the market requirements by interacting directly with the consumers. The Company continues to invest in strengthening its supply chain capabilities to address the market requirements.

In the coming years, the Company will focus on filling the product portfolio gaps driven by consumer insight, widening the distribution reach, targeted advertising to drive demand and enhancing plant capacities through process improvements. The Company will also continue the cost reduction initiatives in order to improve competitiveness and profitability.

The trade volumes during the year registered a marginal decline compared to the previous year. Input cost increase could not be fully passed on to the customers due to competitive pressure in the industry, impacting margins.

The Company has strengthened the fitness product offerings across its exclusive BSA Workouts and other outlets. Newer models and better availability of fitness products across the exclusive BSA Workouts outlets and other outlets helped the Company maintain its turnover from these products. New models are planned in the coming years to meet the increasing demand of the fitness conscious consumer.

The segment recorded a revenue of `1,185 Cr. as compared to `1,260 Cr. during the previous year. Profit before Interest and Tax for the segment declined by 21% over the previous year and stood at `39 Cr.

Engineering

TI's Presence

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

Industry Scenario

The automotive industry continued to face significant headwinds during the year. Barring the two wheeler segment which grew at 7%, all the other segments registered a decline compared to the previous year. Passenger vehicles declined by 5% and commercial vehicles declined by 16% as compared to previous year. Although the government temporarily reduced the excise duty on passenger cars and other vehicles by 4% to propel demand, the reduction failed to stimulate recovery in demand.

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

Review of Performance

Despite a challenging environment, the Company has witnessed a volume growth of 1% in steel tubes and 7% in cold rolled steel strips over the previous year.

The new facility for large diameter tubes is expected to commence operations by second quarter of 2014-15 which will help in widening the product range and de-risk dependence on auto sector. The large diameter tubes will cater to the requirements of off-highway segments, infrastructure and general engineering.

The segment recorded a revenue of `1,622 Cr. as compared to `1,582 Cr., recorded during the previous year, a growth of 3%. The operating profit before interest and tax stood at `136 Cr., a growth of 24% over the previous year. The segment continued to maintain its focus on value added products, cost management, modernising its facility and improving efficiencies, which helped improve profitability.

Metal Formed Products

TI's presence

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

Industry Scenario

The two wheeler segment has recovered from the lower growth in the previous year and recorded a growth of 7% during the year. The revival is mainly due to growth of 21% in scooters and 5% in motor cycle segment. Driven by growing aspiration and affluence, there is a gradual shift in preference towards motorcycles with higher power & performance and this segment has seen steady growth. The Company is one of the three major players manufacturing automotive chains in India. As the two wheeler population in India grows, the replacement market for chains continues to register healthy growth.

With industrial growth in India declining almost throughout the year, the demand for industrial chains was lower. Exports continued to be a challenge in view of difficult conditions in Europe, despite a weak Rupee.

There are currently three established roll-formed car doorframe manufacturers in India. Car manufacturers continue to invest in India and are increasingly using India as an export base. As a result, many component manufacturers have the opportunity to cater to the global needs of automobile manufacturers and their Tier 1 suppliers.

The railway segment continues to underperform due to lack of clear policy impetus despite unfulfilled demand for railway wagons. High inventory and low capacity utilisation continue to plague the industry.

Review of Performance

The sale of automotive chains to Original Equipment Manufacturers (OEMs) recorded a growth of 19% over the previous year, despite lower growth in the two-wheeler industry. The Company continues to expand its presence in the aftermarket segment benefiting from the growing population of two-wheelers on the road. The sale of industrial chains in the domestic market recorded a growth of 13% during the year while the fine blanked components business grew in volume terms by 15%. The export segment recorded a decline of 21% mainly due to lower demand in overseas markets. The volume of car doorframes sold was lower by 14% due to a decline in the sale of select models of major car manufacturers. Delay in finalisation of tenders by the Ministry of Railways coupled with lower realisation, leading to capacity underutilisation in the Railway business and lower off-take of door frames, impacted the operating profit of the segment.

The segment recorded a revenue of `851 Cr. as compared to `850 Cr. during the previous year. The net operating Profit before Interest and Tax stood at `67 Cr., a drop of 16% over the previous year.

FINANCIAL REVIEW

Profits and Profitability

Declining demand in key user segments, escalation in costs mainly due to low availability of power, increasing fuel prices, higher transportation costs, depreciating currency, higher borrowing to meet expansion projects and high interest rates impacted the profit for the year. On certain occasions, the Company was not able to fully recover the increase in cost from its customers. However, despite the above challenges, the Company was able to generate a higher operating profit margin during the year due to tighter control on cost and better operating efficiencies.

In difficult times, all the business segments of the Company maintained their focus on servicing customers, improving efficiencies, controlling working capital and reducing resources employed in the business.

Capital Expenditure

The Company's Large Diameter Tubes project has progressed well and is expected to start commercial production in the second quarter of 2014-15. The Company continues to invest in facilities with a view to servicing its customers in a more timely & efficient manner, modernising its assets and aims to be the best in class. The Company continues to assess the trends emerging in the industry and the changing requirements of its customers and invest appropriately for the long-term. The Company provides for accelerated depreciation with respect to some of its assets to reflect the remaining estimated useful life given the dynamic market conditions.

Interest Cost

Despite high interest rates prevailing during the year, the Company's average cost of borrowing remained at 9.4% p.a. through a judicious mix of foreign currency and Indian Rupee borrowing in long and short-term funds. The interest cost for the year was higher due to the higher quantum of borrowings carried out to meet the expansion needs of the Company.

Internal Control Systems

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

By Order of the Board

L Ramkumar
Managing Director

Chennai
5th May, 2014

ENTERPRISE RISK ANALYSIS AND MANAGEMENT

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

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

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

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

The Risk Management Committee of the Board of Directors, constituted specifically to identify/monitor key risks of the Company and evaluate the management of such risks for effective mitigation, met twice during 2013-14. The Committee reviewed the risks and related mitigation plans across the various Stategic Business Units of the Company.

A. Bicycles

Risk	Why considered as Risk	Mitigation Plan/Counter Measure
Product Obsolescence Risk	• Availability of alternatives • Increased affordability for motorised vehicles • Shrinking road space for cycling	• Higher variety, especially of premium bikes • Products based on customer need • "Cycling" as a concept - leisure, fitness, fun and recreation
Price Risk	• High competition leading to reduction in prices	• Cost competitiveness • Development of lower cost models • Consumer insight based new product development and improving quality of aesthetic
Sourcing Risk	• Dependence on vendor base • Consistent quality and supplies • 25% of vendors located in residential area	• Continuous upgrading of vendor capability • Relationship building • Imports from quality sources • Relocate vendor base through vendor park at new location

B. Engineering

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

C. Metal Formed Products

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

D. General

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

On behalf of the Board

L Ramkumar
Managing Director

Chennai
5th May, 2014

GENERAL SHAREHOLDER INFORMATION

Company Registration

The Company is registered in the State of Tamil Nadu. The Corporate Identity Number (CIN) of the Company is L35921TN1949PLC002905.

Registered Office

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

Annual General Meeting

Day	:	Wednesday
Date	:	6th August, 2014
Time	:	4.00 P.M.
Venue	:	T T K Auditorium, The Music Academy, 168 (Old No.306), T T K Road, Chennai 600 014

Tentative Calendar for 2014-15

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

Results for the first quarter ending
30th June, 2014 - 6th August, 2014

Results for the second quarter/half-year ending
30th September, 2014 - 3rd November, 2014

Results for the third quarter ending
31st December, 2014 - January/February, 2015

Results for fourth quarter ending
31st March 2015/Annual Results for the
financial year 2014-15 - April/May, 2015

Book Closure for Dividend

Friday, 18th July, 2014 to Wednesday, 6th August, 2014 (both days inclusive).

Dividend

The Board of Directors has recommended the payment of a final dividend of `0.50 per Equity Share. The dividend on Equity Shares will be paid to those Members, whose names appear in the Register of Members as on Wednesday, 6th August, 2014 and the same will be paid on or after 11th August, 2014. During the year, in February, 2014, the Company paid an interim dividend of `1.50 per Equity Share.

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

Unclaimed Dividend

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

Financial year to which dividend relates	Date of declaration	Due date of transfer to IE&P Fund
2006-07	31.07.2007	05.09.2014
2007-08	31.07.2008	05.09.2015
2008-09	29.07.2009	03.09.2016
2009-10	29.07.2010	03.09.2017
2010-11		
- Interim	29.01.2011	06.03.2018
- Final	01.08.2011	06.09.2018
2011-12		
- Interim	01.02.2012	08.03.2019
- Final	06.08.2012	11.09.2019
2012-13		
- Interim	31.01.2013	08.03.2020
- Final	02.08.2013	07.08.2020
2013-14		
- Interim	04.02.2014	12.03.2021

As provided under the Companies Act, 1956, dividends remaining unclaimed for a period of seven years shall be transferred by the Company to the IE&P Fund. In the interest of investors, the Company has the practice of sending reminders to the concerned investors, before transfer of unclaimed dividend to the IE&P Fund. Unclaimed/ unencashed dividends up to 2005-06 have been transferred to the IE&P Fund.

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

Instructions to Shareholders

(a) Shareholders holding shares in physical form

Requests for change of address must be sent to the Company's Registrar & Transfer Agent viz., M/s. Karvy Computershare Private Ltd ("RTA"), not later than 18th July, 2014 to enable them to forward the dividend warrants to the latest address of Members. Members are also advised to intimate the RTA the details of their bank account, along with the cancelled cheque, to enable incorporation of the same on dividend warrants, if not already done. 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 implementation. The new Bank account number may kindly be intimated by the Shareholder to the Depository Participant.

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

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

Listing on Stock Exchanges

Equity Shares

Name of Stock Exchanges	Stock Code
National Stock Exchange	TUBEINVEST
Bombay Stock Exchange ('BSE Ltd')	504973

Listing fee for the year ended 31st March, 2014 has been paid to the above Stock Exchanges in time.

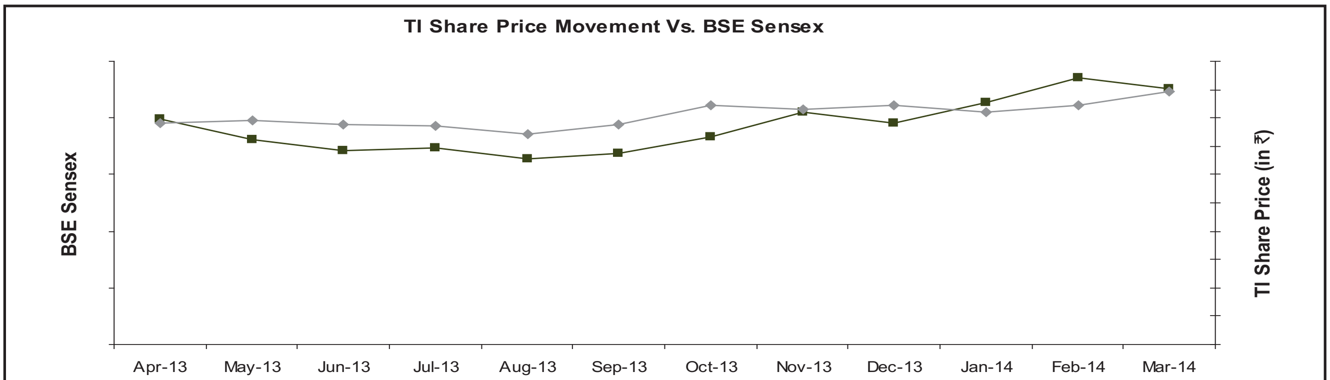
Non-Convertible Debentures

Listed on Wholesale Debt Market Segment of National Stock Exchange.

Market Price Data and Comparison

Monthly high and low price of the Equity Shares of the Company during 2013-14 are as follows:

Month	National Stock Exchange		BSE Ltd	
	High	Low	High	Low
	₹	₹	₹	₹
Apr-13	172.00	152.15	171.80	151.30
May-13	170.40	139.60	170.50	144.05
Jun-13	151.40	123.10	148.75	123.00
Jul-13	146.70	131.50	146.50	132.00
Aug-13	146.70	125.10	146.35	125.05
Sep-13	142.60	128.00	141.50	128.00
Oct-13	157.95	136.10	161.90	137.00
Nov-13	176.85	146.65	176.30	146.10
Dec-13	173.00	155.05	173.00	148.05
Jan-14	189.80	151.80	189.80	152.55
Feb-14	199.85	168.00	199.20	168.00
Mar-14	191.00	170.00	188.60	170.05



	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
BSE Sensex	19504	19760	19396	19346	18620	19380	21165	20792	21171	20514	21120	22386
TI Share Price	159.30	144.75	136.85	139.00	131.40	135.20	147.00	163.65	156.20	170.85	188.25	180.35

Note: Closing BSE Sensex and TI share price on BSE are as on the last trading day of each month during 2013-14

Registrar and Share Transfer Agent

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

Debenture Trustees

IDBI Trusteeship Services Ltd
Asian Building, Ground Floor, 17 R Kamani Marg
Ballard Estate, Mumbai - 400 001
itsl@idbitrustee.co.in
Tel : 022 - 66311771 | Fax: 022 - 66311776

Share Transfer and Investor Service System

The Board has authorised Chairman/Managing Director/Chief Financial Officer/Company Secretary to approve transfers/transmissions in addition to the Committee of the Board constituted for the purpose.

Shareholding Pattern as on 31st March, 2014

	Category	No. of shares held	% of shareholding
A	Promoter Group	9,01,43,490	48.23
B	Non-Promoter Holding		
	1 Institutional Investors		
	a) Mutual Funds and UTI	1,08,91,717	5.83
	b) Banks, Financial Institutions, Insurance Companies	69,32,725	3.71
	c) Foreign Institutional Investors	3,05,55,352	16.35
	2 Others		
	a) Private Corporate Bodies	1,34,89,891	7.22
	b) Indian Public	2,93,01,995	15.68
	c) NRI	6,46,966	0.34
	d) Bank of New York Mellon (Depository for GDR holders)	49,30,630	2.64
	Grand Total	**18,68,92,766**	**100.00**

Distribution of Shareholding as on 31st March, 2014

Category	No. of holders	% to Total	No. of shares	% to Total
1 - 5000	17,615	90.97	71,31,094	3.82
5001 - 10000	929	4.80	32,79,022	1.75
10001 - 20000	323	1.67	23,46,879	1.25
20001 - 30000	126	0.65	15,71,883	0.84
30001 - 40000	60	0.31	10,76,365	0.58
40001 - 50000	38	0.19	8,54,025	0.46
50001 - 100000	85	0.44	30,59,866	1.64
Above 100000	188	0.97	16,75,73,632	89.66
Total	**19,364**	**100.00**	**18,68,92,766**	**100.00**

Nomination Facility

The Shareholders holding shares in physical form may avail of the nomination facility under Section 72 of the Companies Act, 2013. The nomination form (Form SH.13), along with instructions, will be provided to the Members on request. In case the Members wish to avail of this facility, they are requested to write to the Company's RTA viz., M/s. Karvy Computershare Private 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, 2014, 49,30,630 Global Depository Receipts (GDRs) were outstanding representing an equal number of underlying Equity Shares. The GDRs stand delisted/withdrawn for trading from Luxembourg Stock Exchange, effective 18th May, 2011.

Means of Communication

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

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

Resolutions passed by Postal Ballot

In September, 2013, a Special Resolution under Section 372A of the Companies Act, 1956 for the investment of a sum not exceeding `5 Cr. in one or more tranches, in the equity share capital of a company to be incorporated in joint venture with M/s. Tsubamex Co. Ltd., Japan, was passed by Postal Ballot. The Shareholders approved the said Special Resolution with requisite majority.

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

Number of valid votes	11,48,30,182 votes
Number of votes in favour	11,48,14,090 votes
Number of votes against	16,092 votes

Further, in March, 2014, the following two Special Resolutions were passed by Postal Ballot:

1) Approval under Section 372A of the Companies Act, 1956, for the investment of a sum not exceeding `3 Cr. in the equity share capital of M/s. Cauvery Power Generation Chennai Private Ltd.
2) Approval under Section 180(1)(c) of the Companies Act, 2013 for the increase in the borrowing powers of the Company.

The Shareholders approved the said Special Resolutions with requisite majority.

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

	Special Resolution 1	Special Resolution 2
Number of valid votes	11,37,69,995 votes	11,37,71,279 votes
Number of votes in favour	11,37,54,413 votes	11,36,65,366 votes
Number of votes against	15,582 votes	1,05,913 votes

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

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

Date of AGM	Whether any Special Resolution was passed	Particulars
01.08.2011	No	Not applicable
06.08.2012	Yes	(a) Variation in the terms of the "Tube Investments of India - Employee Stock Option Scheme 2007" (ESOP 2007): The Exercise Period of the Options under ESOP 2007 was extended to 6 years from the date of vest (from the earlier 3 years) for all vesting for the original grant made on 24th March, 2008, for which the Exercise Period has not lapsed. For Options granted to new joinees and promotees, in respect of the 2nd, 3rd and 4th vests, the Extension Period has been extended to 6 years. Exercise Period of 1st vest will remain at 3 years. (b) Introduction of a new Employee Stock Option Plan 2012 for the benefit of eligible employees of the Company and its subsidiaries through an Employee Welfare Trust to be formed for the purpose.
02.08.2013	No	Not applicable

The Shareholders approved the said Special Resolutions with requisite majority.

General Body Meeting

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

Year	Date	Time	Venue
2010-11	01.08.2011	4.00 P.M.	T T K Auditorium, The Music Academy T T K Road, Chennai 600 014
2011-12	06.08.2012	4.00 P.M.	Same as above
2012-13	02.08.2013	4.00 P.M.	Same as above

Unclaimed Shares

In accordance with Clause 5A of the Listing Agreement with the Stock Exchanges, Shareholders under 2,750 folios comprising 27,76,770 Equity Shares were identified as not having claimed the new sub-divided share certificates of the face value of `2 each after surrendering the old share certificates of the face value of `10 each. In their interest, four reminders were sent to these Shareholders to come forward and lodge their claim, with the final reminder sent in December, 2013. Consequent to these efforts, in all, 548 Shareholders claimed their share certificates for 7,10,964 Equity Shares. 20,65,806 Equity Shares of the face value of `2 each of the Company, held by 2,202 Shareholders and remaining unclaimed were transferred to the Unclaimed Suspense Account of the Company, during January, 2014.

The details in respect of the Equity Shares lying in the Unclaimed Suspense Account are as under:

S. No.	Particulars	No. of Shareholders	No. of Shares
1	Aggregate number of Shareholders and the number of outstanding shares transferred to the Unclaimed Suspense Account during January, 2014	2,202	20,65,806
2	Number of Shareholders who approached the Company for transfer of their shares from the Unclaimed Suspense Account during the year 01.04.2013 to 31.03.2014	9*	5,740
3	Number of Shareholders to whom shares were transferred from the Unclaimed Suspense Account during 1.04.2013 to 31.03.2014	8	5,570
4	Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 31.03.2014	2,194	20,60,236

*Out of a total of 9 requests, 1 request was processed in April, 2014.

Shareholders who continue to hold the Share Certificates with face value of `10 are entitled to claim the Equity Shares with face value of `2 from the Unclaimed Suspense Account. On receipt of the claim, the Company will, after verification, arrange to credit the Equity Shares to the demat account of the Shareholder concerned or deliver the Share Certificate to the Shareholder in physical mode after re-materialisation.

Plant Locations

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

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

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

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

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

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

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

TI Metal Forming
Chennai - Tiruvallur High Road
Tiruninravur 602 024
Tel : (044) 26390194, 26390437
Fax : (044) 26390856

TI Metal Forming
80/81, SIDCO Industrial Estate
Kakkalur, Thiruvallur 602 003
Tel : (044) - 27667104
Fax : (044) - 26390856

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

TI Metal Forming
Khasra No.222, Gangnouli Village
Tehsil - Laksar, Haridwar
Uttarakhand 247 663
Tel : 09219401388/9
Fax : (01332) - 259100

TI Metal Forming
Khasra No.227, Gangnouli Village
Tehsil - Laksar, Haridwar
Uttarakhand 247 663
Tel : 09219401388/9

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

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

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

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

TIDC India
Ganganouli, Laskar 247 663
Uttarakhand,
Tel : (01332) - 271295

CONTACT ADDRESS

COMPLIANCE OFFICER

Mr. S Suresh
Company Secretary
Tube Investments of India Ltd
'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
Tel : (040) - 23420818
Fax: (040) - 23420814

REPORT ON CORPORATE GOVERNANCE

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

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

Board of Directors

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

The Board consists of 7 members, as on the date of this Report (6 members, as at 31st March, 2014), with knowledge and experience in different fields viz., engineering, manufacturing, finance and business management. Mr. M M Murugappan, Chairman (Promoter, non-executive), Mr. L Ramkumar, Managing Director (executive) and Mr. N Srinivasan, Director (non-executive) are non-Independent Directors in terms of the Listing Agreement.

Mr. S Sandilya, Mr. Pradeep V Bhide, Mr. C K Sharma and Mr. Hemant M Nerurkar are Independent Directors in terms of the Listing Agreement. None of the said Directors are related to each other.

The Committees of the Board viz., Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee and Corporate Social Responsibility 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 five Board meetings are held each year. Evolving strategy, annual business plans, review of actual performance and course correction, as deemed fit, constitute the primary business of the Board. The role of the Board also includes de-risking, investment, divestment and business reorganisation. Matters such as capital expenditure, recruitment of senior level personnel, safety & environment, HR related developments, compliance with statutes and foreign exchange exposures are also reviewed by the Board from time to time.

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

There were five meetings of the Board during the financial year 2013-14. The dates of the Board meetings, attendance and the number of Directorships/Committee memberships held by the Directors as on 31st March, 2014 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. Of the four members of the Committee, three are independent Directors, with Mr. S Sandilya being 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 auditor 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 terms of reference of Audit Committee have further been enhanced/modified to be in line with the enhanced scope for the Committee as laid down under Section 177 of the new Companies Act, 2013 and the proposed Corporate Governance norms which will become effective from 1st October, 2014.

The Committee met five times during the year ended 31st March, 2014. The composition of the Audit Committee and the attendance of each member at these meetings are given in **Table 2** of the annexure to this Report.

Remuneration to Directors

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

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

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

Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee (earlier known as the 'Compensation and Nomination Committee') has been modified/enhanced as required under Section 178 of the Companies Act, 2013 and the revised Corporate Governance norms to become effective from 1st October, 2014. Under the enhanced terms of reference, the scope of the Committee, in addition to recommending the appointment/re-appointment of executive/non-executive Directors, determining increments in salary and annual incentive to executive Directors and formulation & administration of the Employees' Stock Option Scheme, would also cover *inter alia* the following: (a) identify/ recommend to the Board of persons qualified to become Directors and for appointment in senior management (b) formulate criteria for evaluation of independent Directors and the Board (c) devise Board diversity policy and (d) formulate criteria relating to Directors and recommend remuneration policy relating to Directors, key managerial personnel and other employees.

Under its terms of reference, the Committee is 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.

The members elect one amongst themselves as the Chairman for each meeting. The Committee met four times during the financial year ended 31st March, 2014. 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, 2014, are given in **Table 4** and **Table 5** of the annexure to this Report.

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee has been constituted to formulate and monitor the implementation of the CSR Policy, as required under the new Companies Act, 2013 and the Rules thereunder. The CSR Committee consists of three Directors as its members, with two of them being independent Directors.

Subsidiary Companies

Cholamandalam MS General Insurance Company Ltd (CMSGICL) is a 'material non-listed Indian subsidiary company' in terms of the Listing Agreement. Mr. Pradeep V Bhide, an independent Director and Mr. N Srinivasan, Director of the Company, are also on the Board of CMSGICL.

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

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

Dissemination of Information

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

Investors' Service

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

In accordance with the requirement of Section 178 of the Companies Act, 2013 and the revised corporate governance norms to take effect from 1st October, 2014, the Shareholders'/Investors' Grievance Committee has been renamed as the 'Stakeholders Relationship Committee' with its terms of reference specifically enhanced to resolve grievances of security holders of the Company including complaints, if any, relating to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

Mr. M M Murugappan, a non-executive Director, is the Chairman of the Stakeholders Relationship Committee. The Committee met twice during the year ended 31st March, 2014. The composition of the Committee and attendance of its members at the meetings are given in **Table 6** of the annexure to this Report.

No investor complaints were received during the year ended 31st March, 2014. No complaints were pending as at 31st March, 2014.

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

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

Statutory Compliance

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

Internal Control

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

Whistle Blower Policy

Pursuant to the non-mandatory requirements of the Listing Agreement, the Company has established a whistle blower mechanism to provide an avenue to raise concerns. The Ombudsperson appointed by the Board deals with the complaints received and ensures appropriate action. No employee was denied access to the Audit Committee. In line with the requirement of Section 177 of the Companies Act, 2013, the scope of the Whistle Blower Policy has been amended to include the Directors also (in addition to the employees, customers and vendors) to facilitate reporting of their genuine concerns relating to unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. Further, the mechanism also provides adequate safeguards against victimisation of persons using the mechanism and provides direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

Compliance of Corporate Governance Norms

The Company has complied with all the mandatory requirements of corporate governance norms during the financial year. Quarterly financial results of the Company are published in leading newspapers, uploaded on the Company's website and any major developments are covered in the press releases issued by the Company and also posted on its website. In view of the same, half-yearly financial results for the year ended 30th September, 2013 were not separately sent by post to the shareholders.

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

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

Mr. Pradeep V Bhide, a non-executive Director, is the Chairman of the Risk Management Committee. The Chairman and the Heads of Strategic Business Units are invitees to the meetings of the Committee. The Committee met twice during the year ended 31st March, 2014. The composition of the Committee and attendance of its members at the meetings are given in **Table 7** of the annexure to this Report.

Other Disclosures

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

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

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

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

General Shareholder Information

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

On behalf of the Board

Chennai
5th May, 2014

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, 2014, as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

Chennai
5th May, 2014

L Ramkumar
Managing Director

ANNEXURE TO THE **CORPORATE GOVERNANCE REPORT**

(A) Board Meeting Dates and Attendance

The Board of Directors met five times during the financial year 2013-14. The dates of the Board meetings were 2nd May, 2013, 2nd August, 2013, 31st October, 2013, 4th February, 2014 and 25th March, 2014.

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, 2014 are as follows:

TABLE 1

Sl. No.	Name of Director	Board meetings attended (no. of meetings held)	Number of Directorships[a] - including TII (out of which as Chairman)	Number of committee memberships[b] - including TII (out of which as Chairman)	Attendance at last AGM	No. of shares held as on 31st March, 2014
1.	Mr. M M Murugappan	5(5)	13(8)	6(4)	Present	13,07,275
2.	Mr. L Ramkumar	5(5)	4(1)	2(1)	Present	1,50,650
3.	Mr. Pradeep V Bhide	5(5)	9	7(2)	Present	-
4.	Mr. S Sandilya	5(5)	5(2)	5(2)	Present	-
5.	Mr. C K Sharma	5(5)	-	-	Present	400
6.	Mr. N Srinivasan	5(5)	6	6(1)	Present	69,467
7.	Mr. Pradeep Mallick[c]	1(2)	Not Applicable	Not Applicable	Present	-
8.	Mr. S B Mathur[d]	2(2)	Not Applicable	Not Applicable	Present	-
9.	Mr. Hemant M Nerurkar[e]	Not Applicable	Not Applicable	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 Stakeholders Relationship Committees (formerly, Shareholders'/Investors' Grievance Committee).

[c] Mr. Pradeep Mallick retired at the Annual General Meeting held on 2nd August, 2013.

[d] Mr. S B Mathur resigned with effect from 8th August, 2013.

[e] Mr. Hemant M Nerurkar was co-opted as Additional Director with effect from 5th May, 2014.

(B) Composition of Audit Committee and Attendance

The Committee met five times during the financial year ended 31st March, 2014. 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	5(5)
Mr. Pradeep V Bhide	5(5)
Mr. N Srinivasan[a]	3(3)
Mr. C K Sharma[b]	-
Mr. Pradeep Mallick[c]	1(2)
Mr. S B Mathur[d]	2(2)

[a] Mr. N Srinivasan was appointed as a Member with effect from 12th August, 2013.

[b] Mr. C K Sharma was appointed as a Member with effect from 25th March, 2014.

[c] Mr. Pradeep Mallick retired on 2nd August, 2013.

[d] Mr. S B Mathur ceased to be a Member with effect from 8th August, 2013.

(C) Composition of Nomination & Remuneration Committee and Attendance

The Committee met four times during the financial year ended 31st March, 2014. The composition of the Nomination & Remuneration Committee (formerly, Compensation & Nomination Committee) and the attendance of each member at these meetings are as follows:

TABLE 3

Name of the Member	Number of meetings attended (Number of meetings held)
Mr. S Sandilya	4(4)
Mr. M M Murugappan	4(4)
Mr. C K Sharma	4(4)

(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	61,89,450	61,15,625	1,08,27,720	26,51,029	2,57,83,824

[a] Provisional and subject to determination by the Nomination & Remuneration 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 financial year ended 31st March, 2014 are as follows:

TABLE 5

(Amount in `)

Name of the Director	Commission [a]	Sitting fees	Total
Mr. M M Murugappan	90,00,000	1,35,000	91,35,000
Mr. Pradeep V Bhide	20,00,000	1,70,000	21,70,000
Mr. S Sandilya	5,00,000	1,90,000	6,90,000
Mr. N Srinivasan	5,00,000	1,40,000	6,40,000
Mr. C K Sharma	5,00,000	1,15,000	6,15,000
Mr. Pradeep Mallick *(pro rata)*[b]	1,69,863	30,000	1,99,863
Mr. S B Mathur *(pro rata)*[c]	1,27,397	60,000	1,87,397

[a] Provisional and will be paid after the adoption of accounts by the Shareholders at the Annual General Meeting.

[b] Mr. Pradeep Mallick retired on 2nd August, 2013.

[c] Mr. S B Mathur resigned with effect from 8th August, 2013.

(F) Composition of Stakeholders Relationship Committee and Attendance

The Committee met twice during the financial year ended 31st March, 2014. The composition of the Stakeholders Relationship Committee (formerly, Shareholders'/Investors' Grievance Committee) and the 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	1(2)
Mr. N Srinivasan	2(2)

(G) Composition of Risk Management Committee and Attendance

The Committee met twice during the financial year ended 31st March, 2014. The composition of the Risk Management Committee and the attendance of each member at these meetings are as follows:

TABLE 7

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

On behalf of the Board

M M Murugappan
Chairman

Chennai
5th May, 2014

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

To the Members of Tube Investments of India Limited

1. We have examined the compliance of conditions of Corporate Governance by **Tube Investments of India Limited** (the "Company") for the year ended 31 March, 2014 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
(Firm Registration No:008072S)

Geetha Suryanarayanan
Partner
(Membership No.29519)

CHENNAI
5th May, 2014

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present the performance of your Company for the year ended 31st March, 2014.

Financial Highlights

` in Crores

	2013-14	2012-13
Sale of Products - Gross	**3609.42**	**3642.25**
Less : Excise duty on sales	257.73	251.88
Sales of Products - Net	**3351.69**	**3390.37**
Earnings Before Finance Costs, Tax, Depreciation and Amortisation Expense	**348.67**	**334.95**
Less: Finance Costs	123.27	104.16
Depreciation and Amortisation Expense	84.24	79.77
Earnings Before Tax and Exceptional Items	**141.16**	**151.02**
Less: Provision for Diminution in value of Investments	-	3.81
Add: Reversal of Provision for Diminution in value of Investments	0.06	-
Profit Before Tax	**141.22**	**147.21**
Less: Tax Expense	47.15	43.25
Profit After Tax	**94.07**	**103.96**
Add: Surplus at the beginning of the year	160.04	279.70
Add: Earlier year's provision for dividend tax no longer required	1.59	1.17
Profit Available for Appropriation	**255.70**	**384.83**
Less: Transfer to General Reserve	20.00	100.00
Transfer to Debenture Redemption Reserve	19.28	84.27
Interim Dividend @ `1.50 (previous year `1.50) per Equity Share of `2 each	28.02	27.99
Final Dividend Proposed @ `0.50 (previous year `0.50 paise) per Equity Share of `2 each	9.34	9.33
Dividend Distribution Tax - Current year	2.08	3.20
Balance carried to Balance Sheet	**176.98**	**160.04**

Review of Performance

Your Company achieved a revenue of `3,609 Cr. during 2013-14 (previous year `3,642 Cr.), a marginal decline over the previous year mainly attributable to the slowdown in the automobile sector. Most of the segments within the automobile sector registered a decline in sales as compared to previous year.

Despite a challenging macro-economic environment, your Company's Earnings before Finance Costs, Tax, Depreciation and Amortisation Expenses were at `349 Cr. during the year as against `335 Cr. in 2012-13, registering a growth of 4%. Finance costs were higher at `123 Cr. as against `104 Cr. in 2012-13 due to the increased borrowings resorted to meet the Company's expansion programmes. Profit before Tax and exceptional items was at `141 Cr. for the year 2013-14 as against `151 Cr. in the previous year, a decline of 7%.

Cycles and Components

The Bicycle division recorded a revenue of `1,185 Cr. in 2013-14 as against `1,260 Cr. in the previous year. In volume terms, the Bicycle division recorded a marginal decline in sales in the current year. The prevailing low sentiment in the consumer goods industry impacted the demand for bicycles resulting in lower industry volume.

In order to meet the growth aspirations going forward, your Company has taken a slew of measures that is expected to provide the desired results in the coming years. Your Company has taken steps to strengthen its supply chain capabilities. Based on extensive and continuous market research, your Company plans to launch new models that are expected to fill the current gaps in the product portfolio. Your Company attaches greater importance to enhance the buying experience of the consumers. In this regard, the

940 retail outlets continue to provide a superior buying experience to the consumers. These retail outlets also enable direct interaction with the consumers to understand their requirements.

The division has reported a net operating profit before interest and tax of `39 Cr. in 2013-14 as against `49 Cr. in the previous year, registering a decline of 21%. Input cost increase could not be fully passed on to the customers due to competitive pressure in the industry, impacting margins. Your Company continues to focus on improving the operational efficiencies and reducing the cost in order to enhance the profitability of the division going forward.

Engineering

The Engineering division recorded a revenue of `1,622 Cr. as against `1,582 Cr. in the previous year. This division is significantly dependent on the automobile sector. In the automobile sector, the passenger vehicles volumes declined by 5%, while the commercial vehicles sales declined by 16%. The two wheeler segment alone recorded a growth of 7%, largely driven by the scooter segment which registered a growth of 21%.

The division has recorded a volume growth of 1% in steel tubes and 7% in cold rolled steel strips over the previous year. Export turnover recorded a growth of 15% during the year. Your Company's Large Diameter Tubes project has progressed well and the same is expected to commence commercial production in the second quarter of 2014-15. The project will de-risk your Company from over dependence on the automotive sector and cater to the requirements of off-highway segments, infrastructure and general engineering. The division continues to expand its portfolio of value added products while maintaining its focus on cost reduction and operational efficiencies.

The division has reported a net operating profit before interest and tax of `136 Cr. as against `110 Cr. in the previous year, a growth of 24%.

Metal Formed Products

The Metal Formed Products segment of the Company registered a flat growth in revenue at `851 Cr. Despite a contraction in the manufacturing sector, your Company recorded a volume growth of 13% in the industrial chains segment. While, the two wheeler industry recorded a growth of 7% in volume terms, your Company recorded a growth of 19% in volume terms in the automotive chains segment. This business continues to expand its presence in the aftermarket segment. Export segment was impacted due to the unfavourable economic conditions in Europe.

The division is directly dependent on the growth of automotive sector which faced one of its most challenging years. The passenger vehicles recorded a decline of 5% as compared to the previous year. The volume of car doorframes sold was lower by 14% due to a decline in demand for select models of major car manufacturers. Delay in finalisation of tenders by the Ministry of Railways coupled with lower realisation leading to capacity under-utilisation in the Railway business and lower off-take of doorframes impacted the operating profit of the segment.

Net operating profit before interest and tax for this segment was at `67 Cr. as against `80 Cr. in the previous year, a decline of 16%.

Management Discussion and Analysis

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

Dividend

The Board of Directors has recommended a final dividend of `0.50 per share, on equity share of face value of `2 each, for the financial year ended 31st March, 2014. Together with the interim dividend of `1.50 per share, paid on 21st February, 2014, the total dividend for the year works out to `2 per share on equity share of face value of `2 each. Final dividend, if approved by shareholders, will be paid on or after 11th August, 2014.

Joint venture with Tsubamex, Japan

The Company had entered into an agreement with Tsubamex Co. Limited, Japan ("Tsubamex") on 12th July, 2013, to form a 50:50 joint venture company in India by name, TI Tsubamex Private Limited, to engage in the business of design and engineering of sheet metal dies & fixtures and providing related services. Tsubamex is a reputed die and tool maker for components to the automotive industry and has several decades of experience in this field. Tsubamex has a good client base comprising of renowned global auto companies and tier - I suppliers to such auto makers. The Company and Tsubamex invested `2 Cr. each towards their respective initial subscription in the joint venture company, which was incorporated on 3rd January, 2014.

Subsidiary Companies

Cholamandalam Investment and Finance Co Ltd (CIFCL)

It was another year of good performance for CIFCL. Riding on the back of sustained performance by its vehicle finance and home equity verticals, aggregate disbursements of CIFCL improved to `13,114 Cr. in 2013-14 (previous year `12,118 Cr.), profit before tax grew 22%, at `550 Cr. (previous year `451 Cr.) and profit after tax increased by 19% to `364 Cr. (previous year `307 Cr.).

Cholamandalam MS General Insurance Co Ltd (CMSGICL)

CMSGICL, a joint venture with Mitsui Sumitomo Insurance Company Ltd., Japan, achieved a Gross Written Premium (including reinsurance acceptance) of `1,872 Cr. during 2013-14 (previous year `1,652 Cr.), registering a growth of 13%. The profit before tax was `102 Cr. for the year (previous year `88 Cr.), registering a growth of 16%.

During 2013-14, to augment its solvency position and support the business plan, CMSGICL came out with a rights issue of shares of `75 Cr. Your Company's subscription was `55.50 Cr.

Shanthi Gears Ltd (SGL)

SGL recorded a turnover of `152 Cr. in 2013-14 against `146 Cr. in the previous year. Profit before tax was `26 Cr. (previous year `22 Cr.). SGL grew its top line in both the national market and through exports, mainly due to the focus on winning back customers lost during the difficult years of the past, improving operational efficiencies leading to higher service levels and focus on the service segment. SGL enhanced its presence in the market, key user locations and reach to customers by strengthening its teams involved in sales & service. The company also built on its distribution network during the year and established its presence in many key markets.

Financière C10 SAS (FC10)

FC10, a wholly-owned subsidiary in France, recorded a consolidated turnover of Euro 32 Mn in 2013 (previous year Euro 33 Mn). Its profit before tax was Euro 0.23 Mn (Euro 0.31 Mn).

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

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

Directors

Mr. S B Mathur, Director, resigned from the Board with effect from 8th August, 2013 due to his other commitments. The Board places on record its appreciation of the service rendered by Mr. S B Mathur during his tenure as Director of the Company.

Mr. S Sandilya and Mr. Pradeep V Bhide, non-executive Independent Directors in terms of the Listing Agreement, will retire by rotation at the ensuing Annual General Meeting ("AGM") under Section 152 of the Companies Act, 2013 ("the Act"). Being eligible, they offer themselves for appointment as Independent Directors pursuant to Section 149 of the Act. The Board recommends the appointment of Mr. S Sandilya as Independent Director for a term of four years viz., from the date of the 65th AGM (2014) till the date of the 69th AGM (2018). As regards Mr. Pradeep V Bhide, the Board recommends his appointment as Independent Director for a term of five years viz., from the date of the 65th AGM (2014) till the date of the 70th AGM (2019).

Mr. C K Sharma, non-executive Independent Director in terms of the Listing Agreement, who is not liable to retire at the ensuing AGM, is also seeking appointment as Independent Director in terms of Section 149 of the Act. The Board recommends his appointment as Independent Director for a term of three years viz., from the date of the 65th AGM (2014) till the date of the 68th AGM (2017).

Mr. Hemant M Nerurkar was appointed as Additional Director with effect from 5th May, 2014. He holds office up to the date of the ensuing AGM. The Board recommends his appointment as Independent Director under Section 149 of the Act for a term of four years viz., from the date of the 65th AGM (2014) till the date of the 69th AGM (2018).

Individual Notice in terms of Section 160 of the Act has been received from members proposing the candidature of Messrs. S Sandilya, Pradeep V Bhide, C K Sharma and Hemant M Nerurkar for appointment as Independent Directors of the Company.

The Board takes pleasure in recommending the appointment of Messrs. S Sandilya, Pradeep V Bhide, C K Sharma and Hemant M Nerurkar as Independent Directors as their association will immensely benefit the Company.

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 the corporate governance norms forms part of this Annual Report.

In response to the changes brought into effect through the Companies Act, 2013 and in the corporate governance norms (Clause 49 of the Listing Agreement) [to be effective from 1st October, 2014] announced by the Securities and Exchange Board of India, the Board of Directors of your Company has reviewed the constitution and terms of reference of the existing Audit Committee, the Compensation & Nomination Committee and the Shareholders'/Investors' Grievance Committee. Requisite changes have been made thereto to ensure compliance with the new requirements.

Human Resources

During the year, among the many initiatives taken on the HR front, the focus was *inter alia* on improving employee productivity, building organisational & people capabilities and ensuring greater compliance under various statutes. Customised programmes were conducted round the year addressing all levels of employees in order to create a robust talent pipeline and assist them in chartering their career plans. The quest for operational excellence was further strengthened through the unique House of Excellence framework supported by the 'Train the Trainer' programme, named as 'Shiksha'. The Company had cordial industrial relations across businesses and this enabled the Management to conclude the long-term settlement in two of the business locations, when it became due.

The Company had 3,486 permanent employees on its rolls, as on 31st March, 2014.

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

Your Company has further constituted a Corporate Social Responsibility (CSR) Committee of the Board towards the end of the financial year, 2013-14 in line with the requirement of the new Companies Act, 2013 and the Rules thereunder. This Committee will implement the CSR activities of the Company from the current year onwards.

Financial Statements

Though a number of provisions of the new Companies Act, 2013 have come into force effective 1st April, 2014, the Ministry of Corporate Affairs, Government of India vide its General Circular 08/2014 no.1/19/2013-V dated 4th April, 2014 has clarified that for the financial year, 2013-14, preparation of the Financial Statements and documents to be attached thereto, auditors' report and Board's report shall be governed by the provisions and schedules of the Companies Act, 1956. Accordingly, the Financial Statements and other documents for the financial year, 2013-14 have been prepared in accordance with the relevant provisions/ Schedules/Rules of the Companies Act, 1956.

Auditors

The new Companies Act, 2013 has made it mandatory to rotate the statutory auditors once every ten years in case of a firm of auditors. The Act provides companies a maximum of three years, namely, up to 31st March, 2017 to effect rotation, wherever necessary. M/s. Deloitte Haskins & Sells, Chartered Accountants, who have been the Statutory Auditors of the Company since the year 2005, being eligible, have offered themselves for appointment at the ensuing 65th Annual General Meeting. The Board of Directors recommend their appointment as the Statutory Auditors for the period from the conclusion of the ensuing 65th Annual General Meeting till the conclusion of the next (66th) Annual General Meeting.

Mr. V Kalyanaraman was appointed as the Cost Auditor for auditing the cost accounting records maintained by the Company of E-Scooters, Pedelec (battery powered bicycles), Steel Products and Metal Formed Products for the financial year ended 31st March, 2014. The Cost Audit Reports relating to the above products will be filed with the Government within the stipulated period of 180 days from the close of financial year.

In respect of the previous year, 2012-13, the Cost Audit and Compliance Reports relating to E-Scooters, Pedelec (battery powered bicycles), Steel Products and Metal Formed Products, audited by Mr. V Kalyanaraman, Cost Auditor, were filed electronically in XBRL mode, on 25th September 2013 viz., well within the limit of within 180 days from the end of the financial year stipulated by the Cost Audit Branch, Ministry of Corporate Affairs, Government of India.

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

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and the Companies (Particulars of Employees) Amendment Rules, 2011, the name and other particulars of employees are to be set out in the annexure to the Directors' Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report is being sent to all members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

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

On behalf of the Board

M M Murugappan
Chairman

Chennai
5th May, 2014

ANNEXURE TO THE DIRECTORS' REPORT

Directors' Responsibility Statement

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

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

- in the preparation of the Statement of Profit and Loss for the financial year ended 31st March, 2014 and the Balance Sheet as at that date ("financial statements"), applicable Accounting Standards have been followed.
- appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such system of internal controls its inherent limitations should be recognised. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The Audit Committee meets at regular intervals to review the internal audit function.
- the financial statements have been prepared on a going concern basis.
- the financial statements have been audited by Messrs. Deloitte Haskins & Sells, Statutory Auditors and their report is appended thereto.

On behalf of the Board

M M Murugappan
Chairman

Chennai
5th May, 2014

INDIA

ANNEXURE TO THE **DIRECTORS' REPORT**

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

Power & Fuel Consumption

	2013-14	2012-13
1 Electricity		
(a) Purchased		
Units (kWh)	4,91,05,820	4,61,20,794
Total amount (` Cr.)	39.69	38.25
Rate/Unit (`)	8.08	8.29
(b) Own Generation through Diesel Generator		
Unit (kWh)	22,24,768	30,27,342
Units per Litre of Diesel Oil (kWh)	2.84	2.93
Cost per unit (`)	20.09	15.69
(c) Own Generation through Furnace Oil Generator		
Units (kWh)	1,51,44,406	1,91,37,784
Units per litre of Furnace Oil (kWh)	3.97	3.89
Cost per unit (`)	10.36	9.91
(d) Own generation through Windmills (units)	3,18,533	3,35,565
2 Furnace Oil		
Quantity (kilo litres)	3,818	4,924
Total amount (` Cr.)	15.69	18.96
Average rate/Kilo litre (`)	41,091	38,512
Consumption per unit of production (kWh per Ton)		
A. Strips & Tubes	226	237
B. Metal Form	306	240

Conservation of Energy

Your Company is committed to the conservation of energy and pursues various measures in this regard. Some of these measures taken during the financial year, 2013-14 have been highlighted hereunder.

In the Bicycles business, all the three plants installed new offline ovens in the dip phosphate plant used for water drying application, resulting in significant reduction in fuel consumption. In the phosphating plant, to improve the loading density and reduce the number of shifts operated in the said plant, the business installed improved stainless steel baskets. In baking and paint shop operations, a new energy efficient oven was installed resulting in significant reduction in consumption of high speed diesel.

In Metal Formed Products business, measures undertaken include installation of supply side demand controller for compressed air system, servo control voltage stabiliser for lighting circuit, optimum utilisation of machinery in drive chain and cam chain to improve productivity. The other measures include heat loss reduction in annealing furnace by thermal insulation, relining of furnaces with ceramic wool lining and heating elements.

In Engineering business, with a conscious effort to harness renewable energy source and reduce the dependence on power sourcing from outside to the extent possible, a 140 kWp solar power plant with a capacity to generate 1.5 lakh units of energy per annum was installed. The other significant energy conservation measures include insulation of the roll shaft with ceramic substance to reduce radiation loss in the tube annealing furnace process, procurement of power based on demand, introduction of Variable Frequency Drive for variable torque load etc. The business also saved on energy by interlocking the auxiliaries with the operation, whereby the motors are switched off automatically when not in use.

Research and Development (R&D)

The year 2013-14 witnessed special focus of R&D activity towards "Value Analysis & Value Creation" (VAVE) of your Company's products and processes. The Technology Center equipped itself with prototyping and testing capabilities to facilitate this activity. There was a continued thrust on proactive engagement with automotive and two-wheeler OEMs as also key tier 1 suppliers. This engagement culminated in sizeable jump in sale of new products across your Company's Engineering & Metal Formed Products divisions.

Expenditure on R & D

` in Crores

Capital expenditure	0.92
Recurring	12.83
Total	**13.75**
Total R&D expenditure as a % of total turnover	0.41

Technology Absorption, Adaptation and Innovation

The prototype shop set up by your Company last year was effectively used to incubate and bring to fruition some new technologies in product development and process engineering. These include "semi piercing" technology to complement Fine Blanking thereby opening up new parts development opportunities.

At the Cycles Division, your Company has set up manufacturing capabilities to manipulate and weld High Strength Aluminium thereby complementing the launch of high performance "Montra" range of bicycles.

Foreign Exchange Earnings and Outgo

` in Crores

i)	Foreign exchange earnings (CIF Value)	204.77
ii)	Foreign exchange outgo	352.87

On behalf of the Board

M M Murugappan
Chairman

Chennai
5th May, 2014

Employees' Stock Option Scheme

	Nature of Disclosure	Particulars	
(a)	Options granted	46,76,940 Options have been granted so far in ten tranches i.e. on 31st October, 2007, 31st January, 2008, 24th March, 2008, 31st July, 2008, 31st October, 2008, 30th January, 2009, 29th January, 2011, 2nd May, 2011, 1st August, 2011 and 2nd November, 2011. Each Option would be exercisable for one equity share of a face value of `2 each, fully paid up, on payment of the requisite exercise price to the Company.	
(b)	Pricing formula	The Options were granted at an exercise price equal to the latest available closing price of the Equity Shares on the stock exchange where there was highest trading volume prior to the date of grant of Options by the Nomination and Remuneration Committee.	
(c)	Options vested	27,55,401	
(d)	Options exercised	21,12,766	
(e)	Total number of shares arising as a result of exercise of Option	21,12,766	
(f)	Options lapsed/cancelled	17,52,579	
(g)	Variation of terms of Option	Exercise Period of the Options extended to 6 years from the date of vest (from the earlier 3 years) for all vesting for the original grant made on 24th March, 2008, for which the Exercise Period has not lapsed. For Options granted to new joinees and promotees, in respect of the 2nd, 3rd and 4th vests, the Extension Period has been extended to 6 years. Exercise Period of 1st vest will remain at 3 years. The aforementioned variation was approved by the shareholders at the Annual General Meeting held on 6th August, 2012.	
(h)	Money realised by exercise of Options	`12,17,07,982	
(i)	Total number of Options in force	8,11,595	
(j)	i. Details of Options granted to Senior Management Personnel	*Name and Designation* *Messrs.*	*No. of Options granted*
		L Ramkumar *Managing Director*	3,10,260
		P Ramachandran *President - TIDC*	71,800
		K K Paul *President - TPI*	86,200
		R Natarajan *Sr. Vice President - CTC*	89,760
		N Prasad *Sr. Vice President - HR*	69,000
		K R Srinivasan *Sr. Vice President - TIMF*	53,280
		R Narayanan *Sr. Vice President - Sourcing*	51,740

	Nature of Disclosure	Particulars	
	ii. Any other employee who received a grant in any one year of Options amounting to 5% or more of Options granted during the year	*Name of the Employees Messrs.*	*No. of Options granted during 2008-09*
		Shanmugam N	30,600
		Sairam S	30,600
		Babu G	30,600
		Senthilvel K	38,200
		Mohan Kalyanaraman	30,600
		Krishnamurthy	30,600
		Ravikumar D	30,600
		Subrahmanya U	38,200
		Jayaraman B	30,600
		Manoj Kotwani	30,600
		Augustine Justine	27,000
		Sharad K Sharda	27,000
		Ravichannthar S R	28,100
		Name of the Employees Messrs.	*No. of Options granted during 2010-11*
		Paul K K	86,200
		Siladitya Chaudhuri	38,000
		Name of the Employees Messrs.	*No. of Options granted during 2011-12*
		Subratasen Sarma	30,400
		Krishna Srinivas	24,600
		Pandian P M	33,600
		Deotta K Tembhekar	30,800
		Rajagopal U	24,900
		Ramachandran P	40,300
	iii. Employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant	None	
(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard (AS)-20	`5.03	
(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 `2.43 Cr. had the Company used the fair value of Options as the method of accounting instead of the intrinsic value.	

	Nature of Disclosure	Particulars
	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 `2.43 Cr. had the Company used the fair value of Options as the method of accounting instead of the intrinsic value.
	iii. Impact of the difference mentioned in (i) above on the EPS of the Company	The basic and diluted EPS would have been higher by `0.08.
(m)	i. Weighted Average exercise price of Options granted	`71.54
	ii. Weighted average fair value of Options granted	`87.92
(n)	i. Method used to estimate the fair value of Options	Black-Scholes Options Pricing Model
	ii. Significant assumptions used (weighted average information relating to all grants):-	
	(a) Risk-free interest rate	8.01%
	(b) Expected life of the Option	2.51 years
	(c) Expected volatility	35.88%
	(d) Expected dividend yields	2.10%
	(e) Price of the underlying share in market at the time of Option grant	`71.54

On behalf of the Board

M M Murugappan
Chairman

Chennai
5th May, 2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TUBE INVESTMENTS OF INDIA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **TUBE INVESTMENTS OF INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2014, the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2014;

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

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

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs).

   (e) On the basis of the written representations received from the directors as on 31 March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Firm's Registration No. 008072S

Geetha Suryanarayanan
Partner
Membership No. 29519

CHENNAI, 5 May 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

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

(ii) In respect of its fixed assets:

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

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

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

(iii) In respect of its inventory:

a. As explained to us, the inventories held by the Company have been physically verified during the year by the Management at reasonable intervals.

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

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

(iv) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

a. During the year, one of the parties listed in the Register maintained under Section 301 of the Companies Act, 1956 has purchased from the open market 10 units of Non-convertible debentures issued by the Company having a face value of `1 Crore each aggregating to `10 Crores. At the year end, the outstanding balances of such debentures held by the party aggregated to `10.82 Crores (including interest payable of `0.82 Crores) and the maximum amount outstanding during the year was `10.82 Crores.

b. The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interest of the Company.

c. As per the terms of the issue, no repayment of principal and interest fell due during the year.

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

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

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

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

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

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

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

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

b. There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March 2014 for a period of more than six months from the date they became payable.

c. Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31 March 2014 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (` in Crores)
Income tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	2005-06	0.31
	Interest	Commissioner of Income Tax (Appeals)	2005-06	0.17
Central Sales Tax Act, 1956 - Various States	Sales Tax	Assessing Officer-On Remand pursuant to appellate proceedings	1990-91 & 1991-92	0.05
	Sales Tax	Deputy Commissioner of Commercial Taxes (Appeals)	1999-00, 2004-05, 2010-11	0.23
	Interest & Penalty	Honourable High Court of Madras	2001-02	0.29
	Sales Tax	Joint Commissioner of Commercial Taxes (Appeals)	2003-04 to 2011-12	2.24
	Interest & Penalty	Joint Commissioner of Commercial Taxes (Appeals)	2006-07 to 2010-11	0.01
	Sales Tax	Revisional Board (West Bengal)	2005-06	0.06
Local Sales Tax Laws - Various States	Sales Tax	Assessing Officer (Remand pursuant to Appellate Proceedings)	2000-01, 2005-06	0.01
	Interest & Penalty	Assessing Officer (Remand pursuant to Appellate Proceedings)	2002-03, 2005-06	0.05
	Sales Tax	Assessing Officer (To be appealed before the Joint Commissioner-Appeals)	2009-10	0.14
	Sales Tax	Deputy Commissioner of Commercial Taxes (Appeals)	2004-05	0.07
	Entry Tax	Deputy Commissioner of Commercial Taxes (Appeals)	2004-05	0.01
	Sales Tax	Honurable High Court of Madras	1999-00	0.02
	Sales Tax	Joint Commissioner of Commercial Taxes (Appeals)	2002-03 to 2004-05	0.08
	Interest & Penalty	Joint Commissioner of Commercial Taxes (Appeals)	2002-03 to 2004-05	0.05
	Sales Tax	Revisional Board (West Bengal)	2005-06	0.01
	Sales Tax	Sales Tax Appellate Tribunal	1988-89 to 1995-96	0.02
Service Tax (Chapter V of the Finance Act, 1994)	Service Tax	Customs, Excise and Service Tax Appellate Tribunal	1999-00 to 2010-11	0.34
	Service Tax#	Commissioner of Central Excise (Appeals)	2010-11	0.00
Customs Act, 1962	Customs Duty	Customs, Excise and Service Tax Appellate Tribunal	2002-03 to 2006-07	0.66
Central Excise Act, 1944	Excise Duty/Penalty	Customs, Excise and Service Tax Appellate Tribunal	2001-02 to 2009-10	3.71
	Interest	Customs, Excise and Service Tax Appellate Tribunal	2002-03 to 2005-06	0.04
	Penalty	Honourable High Court of Madras	2000-01	0.09
	Excise Duty	Honourable High Court of Bombay	1994-95	0.02
	Excise Duty	Commissioner of Central Excise (Appeals)	1995-96 to 2011-12	0.12
	Interest	Commissioner of Central Excise (Appeals)	2005-06, 2006-07 and 2012-13	0.02

#Amount involved is `28,000

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

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

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

(xiii) According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 150 units of Non-convertible debentures having a face value of `1 Crore each and 3,000 units of Non-convertible debentures having a face value of `10 Lakhs each. The Company has created security in respect of the secured debentures issued during the year, except in the case of 500 units of Non-convertible debentures having face value of `10 Lakhs each with coupon of 10.04% and 500 units of Non-convertible debentures having face value of `10 Lakhs each with coupon of 10.045% for which the Company is in the process of creating the charge for security within the applicable time limit.

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

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

Geetha Suryanarayanan
Partner
(Membership No. 29519)

CHENNAI, 5 May 2014

BALANCE SHEET

` in Crores

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2	37.38	37.33
(b) Reserves and Surplus	3	1201.46	1144.01
		1238.84	**1181.34**
Non-Current Liabilities			
(a) Long Term Borrowings	4	638.04	630.36
(b) Deferred Tax Liabilities (Net)	5	52.04	52.29
		690.08	**682.65**
Current Liabilities			
(a) Short Term Borrowings	6	302.93	303.17
(b) Trade Payables	7	584.51	485.41
(c) Other Current Liabilities	8	516.50	441.42
(d) Short Term Provisions	9	42.15	43.93
		1446.09	**1273.93**
TOTAL		**3375.01**	**3137.92**
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	694.28	631.61
(ii) Capital Work-in-Progress		197.06	159.73
(b) Non-Current Investments	11	1505.69	1444.01
(c) Long Term Loans and Advances	12	65.00	78.69
		2462.03	**2314.04**
Current Assets			
(a) Current Investments	13	0.02	0.02
(b) Inventories	14	370.21	356.77
(c) Trade Receivables	15	445.94	394.40
(d) Cash and Cash Equivalents	16	30.27	33.27
(e) Short Term Loans and Advances	17	66.54	39.42
		912.98	**823.88**
TOTAL		**3375.01**	**3137.92**
Significant Accounting Policies	1		

See accompanying Notes forming part of the Financial Statements.

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

Geetha Suryanarayanan
Partner

On behalf of the Board

M M Murugappan
Chairman

Chennai
5 May 2014

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

L Ramkumar
Managing Director

STATEMENT OF PROFIT AND LOSS

` in Crores

Particulars	Note No.	Year Ended 31.03.2014	Year Ended 31.03.2013
Revenue from Operations			
Sale of Products - Gross	18	3609.42	3642.25
Excise Duty on Sales		(257.73)	(251.88)
Sale of Products - Net		**3351.69**	**3390.37**
Other Operating Revenues	19	173.88	175.17
		3525.57	**3565.54**
Other Income	20	47.19	36.64
Total Revenue		**3572.76**	**3602.18**
Expenses			
Cost of Materials Consumed	21	2128.12	2103.35
Purchase of Stock-in-Trade - Cycles/Components and Metal Formed Products		56.63	134.07
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	(5.27)	20.88
Employee Benefits Expense	23	299.52	273.74
Other Expenses	24	745.09	735.19
		3224.09	**3267.23**
Earnings Before Finance Costs, Tax, Depreciation and Amortisation Expense		**348.67**	**334.95**
Depreciation and Amortisation Expense	10	84.24	79.77
Finance Costs	25	123.27	104.16
Profit Before Tax and Exceptional Item		**141.16**	**151.02**
Exceptional Item - Reversal of Provision (Net)/(Provision) for diminution in value of investment in Subsidiary	11(b)	0.06	(3.81)
Profit Before Tax		**141.22**	**147.21**
Tax Expense			
Income Tax			
- Current Year		47.40	36.00
- Prior Years		-	3.04
Deferred Tax (Net)		(0.25)	4.21
		47.15	**43.25**
Profit for the Year		**94.07**	**103.96**
Earnings per Equity Share of `2 each	37		
Basic		5.04	5.58
Diluted		5.03	5.56
Significant Accounting Policies	1		

See accompanying Notes forming part of the Financial Statements.

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

Geetha Suryanarayanan
Partner

On behalf of the Board

M M Murugappan
Chairman

Chennai
5 May 2014

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

L Ramkumar
Managing Director

CASH FLOW STATEMENT

` in Crores

Particulars		Year Ended 31.03.2014	Year Ended 31.03.2013
A.	**Cash Flow from Operating Activities:**		
	Net Profit Before Tax	**141.22**	**147.21**
	Adjustments for :		
	Depreciation and Amortisation Expense	84.24	79.77
	Finance Costs	123.27	104.16
	(Profit)/Loss on Tangible Assets Sold/Discarded (Net)	(1.90)	0.17
	Profit on Sale of Current Investments	(1.51)	(3.98)
	Reversal of Provision For Doubtful Trade Receivables (Net)	(0.92)	(0.33)
	Trade Receivables Written off	0.32	-
	(Reversal of Provision) (Net)/Provision for Diminution in Value of Investment	(0.06)	3.81
	Liabilities no longer payable written back	(2.93)	(0.77)
	Interest Income	(2.83)	(6.39)
	Dividend Income	(34.79)	(25.91)
	Operating Profit before Working Capital/Other Changes	**304.11**	**297.74**
	Adjustments for :		
	Increase/(Decrease) in Trade Payables	98.14	(64.99)
	Increase/(Decrease) in Other Current Liabilities	7.54	(1.16)
	(Decrease)/Increase in Short Term Provisions	(1.79)	0.33
	Decrease in Long Term Loans and Advances	0.46	5.27
	(Increase)/Decrease in Inventories	(13.44)	53.23
	(Increase)/Decrease in Trade Receivables	(50.94)	41.78
	(Increase)/Decrease in Short Term Loans and Advances	(27.12)	7.08
	Cash Generated From Operations	**316.96**	**339.28**
	Direct Taxes Paid (Net)	(38.28)	(38.38)
	Net Cash Flow from Operating Activities	**278.68**	**300.90**
B.	**Cash Flow from Investing Activities:**		
	Capital Expenditure (Including Capital Work In Progress and Capital Advances)	(168.90)	(217.16)
	Sale of Tangible Assets	5.44	1.48
	Investments in Subsidiaries	(56.51)	(517.69)
	Investments in Joint Venture	(2.00)	-
	Purchase of Other Investments	(3.19)	-
	Proceeds from Liquidation of Subsidiary	0.06	-
	Proceeds from Current Investments (Net)	1.53	3.98
	Interest Received	2.83	6.39
	Dividend Received	34.79	25.91
	Net Cash Used in Investing Activities	**(185.95)**	**(697.09)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds from exercise of Employees Stock Option	1.30	2.05
	Proceeds from Long Term Borrowings	480.81	550.00
	Repayment of Long Term Borrowings	(414.49)	(84.49)
	Repayment of Sales Tax Deferral	(3.86)	(2.98)
	(Repayments)/Increase in Short Term Borrowings (Net)	(0.24)	6.29
	Finance Costs Paid (Including Exchange Differences on Foreign Currency Loans)	(121.30)	(77.81)
	Dividends Paid (Including Dividend Distrubtion Tax - Net)	(37.84)	(50.08)
	Receipt of Industrial Promotion Subsidy	0.10	0.47
	Net Cash (Used in)/ from Financing Activities	**(95.52)**	**343.45**
	Net (Decrease) in Cash and Cash Equivalents [A+B+C]	**(2.79)**	**(52.74)**
	Cash and Cash Equivalents at the Beginning of the Year	**30.36**	**83.10**
	Cash and Cash Equivalents as at End of the Year	**27.57**	**30.36**
	Notes:		
	1. Reconciliation with Note 16		
	Cash and Cash Equivalents as at End of the Year as per Cash Flow Statement	27.57	30.36
	Balance in Restricted Bank Account	0.91	0.91
	Unpaid Dividend Accounts	1.79	2.00
	Cash and Cash Equivalents as at End of the Year as per Note 16	**30.27**	**33.27**

2. Capital Expenditure includes and Finance Costs excludes `3.02 Cr. (Previous Year `4.28 Cr.) of Finance Cost Capitalised.

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
5 May 2014

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

L Ramkumar
Managing Director

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

1.1. Accounting Convention

The Financial Statements of the Company are prepared under the historical cost convention, on an accrual basis, in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under section 211(3C) of the Companies Act, 1956 ("1956 Act") (which continue to be applicable in respect of section 133 of the Companies Act, 2013 ("2013 Act") in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs)/issued by the Institute of Chartered Accountants of India (ICAI), as applicable, and the relevant provisions of the "1956 Act"/"2013 Act", as applicable. The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the previous year.

1.2. Presentation and disclosure of Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Based on the nature of products/activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

1.3. Use of Estimates

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

1.4. Cash and Cash Equivalents (for the purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

1.5. Cash Flow Statement

Cash flows are reported using the indirect method, whereby Profit/(Loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

1.6. Tangible Fixed Assets

Fixed Assets are stated at historical cost less accumulated depreciation and impairment losses, if any. Cost includes related taxes, duties, freight, insurance, etc. attributable to the acquisition and installation of the fixed assets but excludes duties and taxes that are recoverable from tax authorities. Borrowing costs are capitalised as part of qualifying fixed assets.

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

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

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

1.7. Impairment of Assets

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

1.8. Investments

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

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

1.9. Inventories

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

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

c) Due allowance is made for slow/non-moving items.

1.10. Revenue and Other Income

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

b) Service revenues are recognised when services are rendered.

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

d) Interest Income is recognised on time proportion basis.

1.11. Government Grants, Subsidies and Export Benefits

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

1.12. Employee Benefits

I. Defined Contribution Plan

a. Superannuation

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

b. Provident Fund

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

II. Defined Benefit Plan

a. Gratuity

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

b. Provident Fund

In respect of the employees not covered in Point I.b. above, contributions to the Company's Employees Provident Fund Trust are made in accordance with the Fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

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

III. Long Term Compensated Absences

The liability for long term compensated absences carried forward on the Balance Sheet date is provided for based on an actuarial valuation using the Projected Unit Credit method less the Fair Value of Plan Assets out of which the obligations are expected to be settled, as at the Balance Sheet date.

IV. Short Term Employee Benefits

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

V. Voluntary Retirement Scheme

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

1.13. Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as Operating Leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis.

1.14. Foreign Currency Transactions

Initial recognition

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

Measurement

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

Non-monetary items are carried at historical cost.

Treatment of Exchange Differences

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

Accounting of Forward Contracts

The Company enters into forward exchange contracts and other instruments that are in

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

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

1.15. Derivative Instruments and Hedge Accounting

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

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

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

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

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

1.16. Depreciation and Amortisation

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

Description of Assets	Useful life and Basis of Depreciation/ Amortisation
Special tools and special purpose machines used in door frame products	4 Years
Furniture and Fixtures	5 Years
Motor Vehicles	4 Years
Office Equipment (including Data Processing Equipment)	3 Years
Leasehold Land/Improvements	Over the primary lease period

Individual Fixed Assets whose actual cost does not exceed `5000/- are fully depreciated in the year of acquisition.

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

Certain fixed assets are treated as Continuous Process Plants based on technical evaluation done by the Management and are depreciated as per rates prescribed in Schedule XIV to the Companies Act, 1956. The Company also has a system of providing additional depreciation, where, in the opinion of the Management, the recovery of the fixed asset is likely to be affected by the variation in demand and/or its condition/usability.

1.17. Research and Development

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

1.18. Taxes on Income

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

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

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

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

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

1.19. Provisions and Contingencies

Provisions are recognised when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the Financial Statements .

1.20. Segment Accounting

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

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

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

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

1.21. Borrowing Costs

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

1.22. Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the period.

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

1.23. Employees Stock Option

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

NOTES TO FINANCIAL STATEMENTS

2. Share Capital

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Authorised Capital		
21,50,00,000 Equity Shares of `2 each	43.00	43.00
Issued, Subscribed and Paid-up Capital		
18,68,92,766 Equity Shares of `2 each fully paid up (Previous Year 18,66,79,308 Equity Shares of `2 each fully paid up)	37.38	37.33
	37.38	**37.33**

a) The Reconciliation of Share Capital is given below:

Particulars	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	` in Crores	No. of Shares	` in Crores
At the beginning of the year	18,66,79,308	37.33	18,63,15,317	37.26
Shares allotted on exercise of Employee Stock Options (Refer Note e below)	2,13,458	0.05	3,63,991	0.07
At the end of the year	**18,68,92,766**	**37.38**	**18,66,79,308**	**37.33**

b) Terms/Rights attached to class of shares:

The Company has only one class of shares referred to as Equity Shares having a par value of `2 each. The holders of Equity Shares are entitled to one vote per share. Dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. Repayment of capital will be in proportion to the number of Equity Shares held.

c) Details of Shareholder(s) holding more than 5% of Equity Shares in the Company as on 31 March 2014:

Name of the Share Holder	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	% against total number of Shares	No. of Shares	% against total number of Shares
Murugappa Holdings Limited (Associate - Investing Company)	6,40,54,680	34.27%	6,40,54,680	34.31%

d) Status on Global Depository Receipts:

The aggregate number of Global Depository Receipts (GDRs) outstanding as at 31 March 2014 is 49,30,630 (As at 31 March 2013 52,23,460) each representing one Equity Share of `2 face value. GDR % against total number of shares is 2.64% (As at 31 March 2013 2.80%). The GDRs carry the same terms/rights attached to Equity Shares of the Company.

NOTES TO FINANCIAL STATEMENTS

e) Stock Options

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

Particulars	Date of Grant	Weighted Average Exercise Price (`)	Options Granted	Options Cancelled/ lapsed	Options Exercised & allotted	Options Vested and Outstanding at the End of the Year	Options Unvested and 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	2,36,496	3,63,624	-	-	31.10.08 - 100%
Grant 2	31-Jan-08	66.10	1,05,460	24,136	81,324	-	-	31.01.09 - 100%
Grant 3	24-Mar-08	56.80	26,55,260	10,42,983	13,40,504	2,71,773	-	31.10.09 - 25% 31.10.10 - 37.5% 31.10.11 - 37.5%
Grant 4	31-Jul-08	44.45	3,86,900	92,595	2,34,919	59,386	-	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	23,760	30,240	-	-	31.10.09 - 20% 31.10.10 - 20% 31.10.11 - 30% 31.10.12 - 30%
Grant 6	30-Jan-09	31.05	28,100	4,777	23,323	-	-	30.01.10 - 20% 30.01.11 - 20% 30.01.12 - 30% 30.01.13 - 30%
Grant 7	29-Jan-11	140.05	4,25,400	1,55,792	2,600	1,76,618	90,390	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	96,372	36,232	59,796	-	29.01.12 - 40% 29.01.13 - 30% 29.01.14 - 30%
Grant 9	29-Jan-11	140.05	13,900	2,780	-	11,120	-	29.01.12 - 50% 29.01.13 - 50%
Grant 10	2-May-11	140.45	55,000	32,368	-	7,872	14,760	02.05.12 - 20% 02.05.13 - 20% 02.05.14 - 30% 02.05.15 - 30%
Grant 11	1-Aug-11	159.75	33,600	33,600	-	-	-	01.08.12 - 20% 01.08.13 - 20% 01.08.14 - 30% 01.08.15 - 30%
Grant 12	2-Nov-11	143.10	1,26,800	6,920	-	38,820	81,060	02.11.12 - 20% 02.11.13 - 20% 02.11.14 - 30% 02.11.15 - 30%
			46,76,940	**17,52,579**	**21,12,766**	**6,25,385**	**1,86,210**	

During the past 5 years, the Company has allotted 21,12,766 (Previous Year 18,99,308) Shares of `2 each to employees, pursuant to the exercise of their option under the Employees Stock Option Scheme.

The total number of such Options outstanding as at 31 March 2014 is 8,11,595 (Previous Year 11,84,216) and each Option is exercisable into one equity share of `2 face value within three/six years from the date of vesting.

The movement in Stock Options during the year is given below:

Particulars	Date of Grant	Options Outstanding at the Beginning of the Year	During the Year			Options Outstanding at the End of the Year	Options vested but not exercised as at the Beginning of the Year	Options vested but not exercised as at the End of the Year
			Options Granted	Options Cancelled/ lapsed	Options Exercised & allotted			
Grant 1	31-Oct-07	-	-	-	-	-	-	-
Grant 2	31-Jan-08	-	-	-	-	-	-	-
Grant 3	24-Mar-08	4,07,018	-	993	1,34,252	2,71,773	4,07,018	2,71,773
Grant 4	31-Jul-08	1,19,872	-	-	60,486	59,386	1,19,872	59,386
Grant 5	31-Oct-08	-	-	-	-	-	-	-
Grant 6	30-Jan-09	-	-	-	-	-	-	-
Grant 7	29-Jan-11	3,36,902	-	69,894	-	2,67,008	1,19,642	1,76,618
Grant 8	29-Jan-11	1,35,468	-	56,952	18,720	59,796	89,688	59,796
Grant 9	29-Jan-11	11,120	-	-	-	11,120	11,120	11,120
Grant 10	2-May-11	23,616	-	984	-	22,632	3,936	7,872
Grant 11	1-Aug-11	26,880	-	26,880	-	-	-	-
Grant 12	2-Nov-11	1,23,340	-	3,460	-	1,19,880	21,900	38,820
Total		**11,84,216**	**-**	**1,59,163**	**2,13,458**	**8,11,595**	**7,73,176**	**6,25,385**

NOTES TO FINANCIAL STATEMENTS

3. Reserves and Surplus

` in Crores

Particulars	As at 31.03.2014		As at 31.03.2013	
Capital Reserve				
Balance at the beginning of the year	1.24		0.77	
Industrial Promotion Subsidy from Govt. of Maharashtra	0.10		0.47	
Balance at the end of the year		**1.34**		**1.24**
Capital Redemption Reserve (Refer Note a below)		**6.15**		**6.15**
Securities Premium Account				
Balance at the beginning of the year	192.14		190.13	
Additions during the year	1.25		2.01	
Balance at the end of the year		**193.39**		**192.14**
Debenture Redemption Reserve				
Balance at the beginning of the year	135.10		68.33	
Additions during the year	106.78		84.27	
Deletions during the year	(87.50)		(17.50)	
Balance at the end of the year		**154.38**		**135.10**
Hedge Reserve Account (Refer Note 39)				
Balance at the beginning of the year	(0.32)		0.46	
Additions/(Deductions) during the year (Net)	(0.12)		(0.78)	
Balance at the end of the year		**(0.44)**		**(0.32)**
General Reserve				
Balance at the beginning of the year	649.66		532.16	
Additions during the year	20.00		117.50	
Balance at the end of the year		**669.66**		**649.66**
Surplus in the Statement of Profit and Loss				
Surplus at the beginning of the year	160.04		279.70	
Profit for the year	94.07		103.96	
Final dividend including dividend distribution tax (Refer Note b below)	(0.00)		(0.00)	
Transfer to General Reserve	(20.00)		(100.00)	
Transfer to Debenture Redemption Reserve	(19.28)		(84.27)	
Interim Dividend @ `1.50 (Previouse year `1.50) per Equity Share of `2 each	(28.02)		(27.99)	
Final Dividend Proposed @ `0.50 (Previouse year `0.50) per Equity Share of `2 each	(9.34)		(9.33)	
Dividend Distribution Tax - Current year	(2.08)		(3.20)	
Earlier year's provision for dividend tax no longer required (Refer Note c below)	1.59		1.17	
Surplus at the end of the year		**176.98**		**160.04**
		1201.46		**1144.01**

Notes:

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

b) Subsequent to the Balance Sheet date of 31 March 2013 and before the book closure date for declaration of the final dividend for the year 2012-13, 68,636 (Previous Year 48,640) Equity Shares were allotted under the Employee Stock Option Scheme to employees and dividend of `0.0034 Cr. (Previous Year `0.0049 Cr.) on these Shares were paid. The total amount of `0.0034 Cr. (Previous Year `0.0057 Cr.) including dividend distribution tax, have been appropriated from the opening surplus in the Statement of Profit and Loss.

c) Represents amount written back on account of set-off of Dividend Distribution Tax paid by Subsidiaries on dividend distributed to the Company, against Dividend Distribution Tax payable by the Company.

NOTES TO FINANCIAL STATEMENTS

4. Long Term Borrowings

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Secured Borrowings		
Secured, Listed and Rated Non-Convertible Debentures (NCD)		
10.15% Privately Placed NCD	50.00	50.00
9.99% Privately Placed NCD	50.00	50.00
9.81% Privately Placed NCD	150.00	150.00
8.80% Privately Placed NCD #	150.00	-
9.95% Privately Placed NCD	100.00	100.00
10.04% Privately Placed NCD	50.00	-
10.045% Privately Placed NCD	50.00	-
8.50% Privately Placed NCD	-	30.00
9.90% Privately Placed NCD	-	100.00
Rupee Term Loan	-	50.00
Foreign Currency Term Loans		
External Commercial Borrowing - USD 15 Mio.	-	73.50
External Commercial Borrowing - USD 9.32 Mio.	-	14.48
Long Term Buyers Credit	29.85	-
Unsecured Borrowings		
Deferred Payment Liability - Sales Tax Deferral	8.19	12.38
	638.04	**630.36**
# Includes Debentures held by Subsidiary - Cholamandalam MS General Insurance Company Limited	10.00	-

4.1. Nature of Security

4.1.1. Secured, Listed and Rated Non-Convertible Debentures (NCDs)

(a) NCDs' with Coupon of 10.15%, 9.99%, 9.81%, 8.80%, 9.95% and 9.90% are secured by a *pari passu* first charge on certain immovable properties of the Company.

(b) NCDs' with Coupon of 10.04% and 10.045% are raised with a *pari passu* first charge on certain immovable properties of the Company. The Company is in the process of creating the security within the applicable time limit.

(c) NCD with Coupon of 8.50% is secured by a *pari passu* first charge on all the Plant & Machinery and certain immovable properties of the Company.

4.1.2. Rupee Term Loan

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

4.1.3. Foreign Currency Term Loans

(a) External Commercial Borrowing - USD 15 Mio. (Classified as "Other Current Liabilities" as at 31 March 2014) is secured by a *pari passu* first charge on all the Plant & Machinery of the Company.

(b) External Commercial Borrowing - USD 9.32 Mio. (Outstanding as at 31 March 2014 - USD 3.10 Mio. classified as "Other Current Liabilities") is secured by a *pari passu* first charge on all the Plant & Machinery and certain immovable properties of the Company.

4.1.4. Long Term Buyers Credit

Long Term Buyers Credit from Bank of Tokyo is secured by a *pari passu* first charge on all the Plant & Machinery of the Company.

4.2. Repayment Schedule

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

Coupon Rate	Outstanding Amount (` in Crores)	Maturity Date and Redemption Particulars	Options Available	Date of Redemption if Option is exercised
10.15%	50	9 August 2018 - `50 Cr.	Call	9 August 15
9.99%	50	26 April 2017 - `50 Cr.	-	-
9.81%	150	9 August 2016 - `75 Cr. 9 August 2017 - `75 Cr.	-	-
8.80%	150	26 April 2016 - `150 Cr.	-	-
9.95%	100	9 August 2016 - `30 Cr. 9 August 2017 - `30 Cr. 9 August 2018 - `40 Cr.	Put & Call	9 August 15
10.04%	50	28 April 2015 - `50 Cr.	-	-
10.045%	50	20 April 2015 - `50 Cr.	-	-
8.50%#	30	27 November 2014 - `30 Cr.	-	-
9.90%#	100	11 August 2016 - `100 Cr.	Put & Call	11 August 14

Classified as "Other Current Liabilities" (Refer Note 8)

4.2.2. Rupee Term Loan

Interest at the rate of IDBI Bank's Base Rate plus 0.50% p.a. was paid monthly till the date of repayment, i.e. 29 June 2013.

4.2.3. Foreign Currency Term Loans

Original Principal Amount	Outstanding Amount as at 31 March 2014	Rate of Interest	Repayment Date
USD 15 Mio.	USD 15 Mio.	3 Months USD LIBOR + 2.00% p.a. payable quarterly	2 March 2015
USD 9.32 Mio.	USD 3.10 Mio.	3 Months USD LIBOR + 2.40% p.a. payable quarterly	10 February 2015

Classified as "Other Current Liabilities" (Refer Note 8)

4.2.4. Sales Tax Deferral

The Company has availed benefit for establishing capacities in various states in the form of Sales Tax Deferral. The repayment schedule is given below:

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

Classified as "Other Current Liabilities" (Refer Note 8)

NOTES TO FINANCIAL STATEMENTS

5. Deferred Tax Liabilities (Net)

The net deferred tax liability of `52.04 Cr. as at 31 March 2014 (Previous Year `52.29 Cr.) comprises the following:

` in Crores

Nature - Liability/(Asset)	As at 01.04.2013	Charged/(Credited) to Statement of Profit and Loss	As at 31.03.2014
Deferred Tax Liabilities			
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961	64.09	(0.07)	64.02
Total (A)	**64.09**	**(0.07)**	**64.02**
Deferred Tax Assets			
Deferred Revenue Expenses	(1.13)	0.51	(0.62)
Provision for Doubtful Trade Receivables	(2.91)	0.31	(2.60)
Provision for Employee Benefits and Others	(7.76)	(1.00)	(8.76)
Total (B)	**(11.80)**	**(0.18)**	**(11.98)**
Net Deferred Tax Liabilities (A+B)	**52.29**	**(0.25)**	**52.04**

6. Short Term Borrowings

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Secured Borrowings		
(secured by *pari passu* first charge on inventories and trade receivables)		
From Banks		
Foreign Currency Loans	119.83	38.00
Working Capital Demand Loans	-	120.00
Cash Credit and other borrowings	131.77	38.14
	251.60	**196.14**
Unsecured Borrowings		
From Banks		
Foreign Currency Loans	-	56.61
Working Capital Demand Loans	-	50.00
Cash Credit and other borrowings	1.33	0.42
Commercial paper	50.00	-
	51.33	**107.03**
	302.93	**303.17**

7. Trade Payables

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Trade Payables		
- Dues to Micro, Small & Medium Enterprises (See Note below)	1.06	1.48
- Goods and Services *	357.67	326.89
Acceptances	225.78	157.04
	584.51	**485.41**
* Includes Dues to Subsidiaries		
- Sedis SAS	0.07	-
- Cholamandalam Investment and Finance Co Ltd	0.01	-
- Shanthi Gears Ltd	0.01	0.01

Note:

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

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Principal amount due to suppliers under MSMED Act	1.03	1.39
Interest accrued and due to suppliers under MSMED Act, on the above amount	0.00	0.05
Payment made to suppliers (other than interest) beyond the appointed day, during the year	6.67	9.05
Interest paid to suppliers under MSMED Act (Section 16)	0.02	0.01
Interest due and payable to suppliers under MSMED Act, for payments already made	0.03	0.04
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.03	0.09

8. Other Current Liabilities

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Current Maturities of Long Term Borrowings		
Secured, Listed and Rated Non-Convertible Debentures (NCDs)		
9.90% Privately Placed NCD	100.00	-
11.05% Privately Placed NCD	100.00	-
8.50% Privately Placed NCD	30.00	-
10.95% Privately Placed NCD	100.00	-
11.70% Privately Placed NCD	-	50.00
9.75% Privately Placed NCD	-	150.00
8.75% Privately Placed NCD	-	150.00
External Commercial Borrowing - USD 9.32 Mio.	14.48	14.49
External Commercial Borrowing - USD 15 Mio.	73.50	-
Deferred Payment Liability - Sales Tax Deferral	4.19	3.86
Interest Accrued but Not Due *	47.95	45.98
Unpaid Dividends	1.79	2.00
Advances and Deposits from Customers/Others	8.95	5.42
Dues to Directors	1.28	1.89
Other Liabilities		
- Recoveries from employees	2.80	2.67
- Statutory liabilities	10.98	9.29
- Capital Creditors	20.11	5.34
- Others	0.47	0.48
	516.50	**441.42**
* Includes Dues to Subsidiary - Cholamandalam MS General Insurance Company Limited	0.82	-
Amounts to be Credited to Investor Education and Protection Fund towards Unpaid Dividend	-	-

NOTES TO FINANCIAL STATEMENTS

Notes:

(a) The 11.05% Debentures are secured by a *pari passu* first charge on certain immovable properties of the Company. The Debentures are redeemable at par, on 26 September 2014.

(b) The 10.95% Debentures are secured by a *pari passu* first charge on certain immovable properties of the Company. The Debentures are redeemable at par, on 15 December 2014.

(c) The 11.70% Debentures were secured by a *pari passu* first charge on all the Plant & Machinery and certain immovable properties of the Company. The Debentures were redeemed at par on 25 February 2014.

(d) The 9.75% & 8.75% Debentures were secured by a *pari passu* first charge on certain immovable properties of the Company. The Debentures were redeemed at par on 25 September 2013 and 7 May 2013 respectively.

9. Short Term Provisions

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Provision for Compensated Absences	15.53	14.96
Provision for Warranties (Refer Note a below)	1.28	1.96
Provision for Wealth Tax	0.07	0.07
Provision for Contingency/Others (Refer Note b below)	14.34	16.02
Proposed Dividend	9.34	9.33
Distribution Tax on Proposed Dividend	1.59	1.59
	42.15	**43.93**

(a) Provision for Warranties

` in Crores

Particulars	2013-14	2012-13
At the beginning of the year	1.96	1.63
Created during the year	2.37	2.56
Utilised during the year	(3.05)	(2.23)
At the end of the year	**1.28**	**1.96**

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

(b) Provision for Contingencies/Others

` in Crores

Particulars	2013-14	2012-13
At the beginning of the year	16.02	15.81
(Utilised)**/**Created during the year	(1.68)	0.21
At the end of the year	**14.34**	**16.02**

The above provision includes provision towards various claims against the Company not acknowledged as debts.

10. Tangible Assets

` in Crores

Particulars	Gross Block at Cost				Depreciation/Amortisation				Net Block	
	As at 31.03.2013	Additions	Deletions	As at 31.03.2014	As at 31.03.2013	For the Year (Note 1)	On Deletions	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Land (Freehold)	**58.51**	**62.08**	**-**	**120.59**	**-**	**-**	**-**	**-**	**120.59**	**58.51**
	(54.51)	(4.00)	-	(58.51)	-	-	-	-	(58.51)	(54.51)
Land (Leasehold)	**1.14**	**-**	**-**	**1.14**	**0.14**	**0.02**	**-**	**0.16**	**0.98**	**1.00**
	(1.14)	-	-	(1.14)	(0.11)	(0.03)	-	(0.14)	(1.00)	(1.03)
Buildings (Note 2)	**190.34**	**15.82**	**0.20**	**205.96**	**54.18**	**6.22**	**0.12**	**60.28**	**145.68**	**136.16**
	(174.33)	(16.13)	(0.12)	(190.34)	(48.38)	(5.85)	(0.05)	(54.18)	(136.16)	(125.95)
Plant & Machinery	**1006.13**	**66.97**	**12.06**	**1061.04**	**583.41**	**71.16**	**8.88**	**645.69**	**415.35**	**422.72**
	(941.70)	(79.98)	(15.55)	(1006.13)	(530.15)	(68.05)	(14.79)	(583.41)	(422.72)	(411.55)
Railway Siding	**0.21**	**-**	**-**	**0.21**	**0.20**	**-**	**-**	**0.20**	**0.01**	**0.01**
	(0.21)	-	-	(0.21)	(0.20)	-	-	(0.20)	(0.01)	(0.01)
Office Equipment	**22.99**	**2.00**	**1.35**	**23.64**	**16.83**	**3.83**	**1.50**	**19.16**	**4.48**	**6.16**
	(27.21)	(2.70)	(6.92)	(22.99)	(19.97)	(3.44)	(6.58)	(16.83)	(6.16)	(7.24)
Furniture & Fixtures	**13.17**	**0.85**	**1.26**	**12.76**	**9.50**	**1.36**	**1.22**	**9.64**	**3.12**	**3.67**
	(12.11)	(1.86)	(0.80)	(13.17)	(9.28)	(1.02)	(0.80)	(9.50)	(3.67)	(2.83)
Vehicles	**7.26**	**2.73**	**2.14**	**7.85**	**3.88**	**1.65**	**1.75**	**3.78**	**4.07**	**3.38**
	(7.11)	(1.85)	(1.70)	(7.26)	(3.72)	(1.38)	(1.22)	(3.88)	(3.38)	(3.39)
TOTAL	**1299.75**	**150.45**	**17.01**	**1433.19**	**668.14**	**84.24**	**13.47**	**738.91**	**694.28**	**631.61**
Previous Year	(1218.32)	(106.52)	(25.09)	(1299.75)	(611.81)	(79.77)	(23.44)	(668.14)	(631.61)	(606.51)

Notes:

1. Depreciation/Amortisation for the year includes depreciation amounting to `5.10 Cr. (Previous Year `2.25 Cr.) charged additionally on certain assets.
2. Net Block of Buildings includes Improvement to Buildings `10.22 Cr. (Previous Year `10.61 Cr.) constructed on Leasehold Land.
3. Previous Year Figures are given in brackets.

NOTES TO FINANCIAL STATEMENTS

11. Non-Current Investments

(Valued at cost unless stated otherwise)

` in Crores

Particulars	Nominal Value (`)/Unit	Number		Amount	
		As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Investment in Subsidiary Companies:					
Trade Investments:					
Equity Shares (Fully Paid) - Quoted					
Shanthi Gears Ltd.	1	5,72,96,413	5,72,96,413	464.10	464.10
Equity Shares (Fully Paid) - Unquoted					
Financiere C10 SAS. (Note a)	Euro 15	2,23,920	2,23,920	61.15	60.14
TICI Motors (Wuxi) Company Ltd. (Note b)				-	3.81
Non-Trade Investments:					
Equity Shares (Fully Paid) - Quoted					
Cholamandalam Investment & Finance Co Ltd.	10	7,22,33,019	7,22,33,019	645.83	645.83
Equity Shares (Fully Paid) - Unquoted					
Cholamandalam MS General Insurance Company Ltd. (Note c)	10	22,11,15,659	21,60,70,204	327.14	271.64
TI Financial Holdings Ltd.	10	1,10,000	1,10,000	0.11	0.11
Investment in Joint Venture:					
Non-Trade Investments:					
Equity Shares (Fully Paid) - Unquoted					
Cholamandalam MS Risk Services Ltd.	10	9,89,979	9,89,979	0.99	0.99
TI Tsubamex Private Ltd. (Note d)	10	20,00,000	-	2.00	-
Other Investments:					
Trade Investments:					
Equity Shares (Fully Paid) - Quoted					
LG Balakrishnan & Bros. Ltd. (Cost - `40,238 only)	10	2,596	2,596	-	-
LGB Forge Ltd.	1	25,960	25,960	-	-
Non Trade Investments:					
Equity Shares (Fully Paid) - Quoted					
Carborundum Universal Ltd (Cost - `23,574 only)	1	6,000	6,000	-	-
Kartik Investments Trust Ltd.	10	33,790	33,790	0.04	0.04
Coromandel Engineering Company Ltd. (Refer Note e)	10	4,33,481	42,919	0.82	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

NOTES TO FINANCIAL STATEMENTS

` in Crores

Particulars	Nominal Value (`)/Unit	Number		Amount	
		As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
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	-	-
Cauvery Power Generation Chennai Pvt Ltd. (Refer Note f)	10	24,00,000	-	2.41	-
Others - Unquoted					-
Government of India Securities				0.01	0.03
Less: Provision for Diminution in Value of Investment (Note b)				-	(3.81)
				1,505.69	**1,444.01**

	As at 31.03.2014	As at 31.03.2013
Quoted		
Cost	1111.03	1110.25
Market value	2464.78	2296.63
Unquoted		
Cost	394.66	333.76

Notes:

a. During the previous year, the Company acquired 22.87% stake in Financiere C10 SAS (FC10), an Overseas Subsidiary in France at an investment of `16.55 Cr, pursuant to which FC10 became a Wholly Owned Overseas Subsidiary of the Company. During the year, the final consideration of `1.01 Cr based on the terms of the contract has been paid to the erstwhile Shareholders.

b. During the previous year the Company had decided to voluntarily liquidate TICI Motors (Wuxi) Company Limited, a Wholly Owned Overseas Subsidiary in China and consequently a sum of `3.81 Cr. was provided towards the diminution in the value of investment. During the year, consequent to the completion of the liquidation process, the Company has received an amount of `0.06 Cr. towards proceeds on liquidation of the said Wholly Owned Overseas Subsidiary. As a result, the Company has written back the provision for diminution in the value of the Investment of `3.81 Cr. and has also written off the net carrying value of Investment amounting to `3.75 Cr.

c. During the year, the Company subscribed to 50,45,455 Equity Shares of `10 each of Cholamandalam MS General Insurance Company Limited, a Subsidiary, offered on Rights basis at `110 per share amounting to `55.50 Cr.

d. During the year, the Company subscribed to 20,00,000 Equity Shares of `10 each of TI Tsubamex Private Limited, a joint venture entity, at `10 per share amounting to `2.00 Cr.

e. During the year, the Company subscribed to 3,90,562 Equity Shares of `10 each of Coromandel Engineering Company Limited, offered on Rights basis at `20 per share amounting to `0.78 Cr.

f. During the year, the Company purchased 24,00,000 Equity Shares of `10 each of Cauvery Power Generation Chennai Private Limited, at the cost of `2.41 Cr.

NOTES TO FINANCIAL STATEMENTS

12. Long Term Loans and Advances

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

Particulars	As at 31.03.2014	As at 31.03.2013
Capital Advances		
- Secured	16.74	21.35
- Unsecured	5.52	5.02
Loans and Advances		
- Electricity and other deposits	7.73	6.00
- Others	0.90	1.61
Deposits with Government, Public bodies and others:		
- Balance with Customs, Excise and Sales Tax Authorities	5.12	6.60
- Advance Income Tax Paid (Net of Provision)	28.99	38.11
	65.00	**78.69**

13. Current Investments

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Others (At Cost) - Unquoted		
Government Securities	0.02	0.02
	0.02	**0.02**

Note:

During the year, the Company has invested an aggregate amount of `716.00 Cr. (Previous Year `985.54 Cr.) in units of various Cash Management Schemes of Mutual Funds, for the purpose of deployment of temporary cash surpluses. The total consideration on sale of these units during the year was `717.51 Cr. (Previous Year `989.52 Cr.).

14. Inventories

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

Particulars	As at 31.03.2014	As at 31.03.2013
Raw Materials	140.29	145.46
Work-in-Progress	88.04	81.93
Finished Goods	101.02	97.22
Stock-in-Trade	15.93	21.20
Stores and Spare Parts	6.29	5.70
Goods-in-Transit		
- Raw Materials	16.77	4.02
- Stock-in-Trade	1.87	1.24
	370.21	**356.77**

NOTES TO FINANCIAL STATEMENTS

Details of Inventories

` in Crores

Particulars	Cycles/Components/ E-Scooters		Steel Strips and Tubes		Metal Formed Products		Total	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Raw Materials	39.65	53.78	70.24	65.12	30.40	26.56	140.29	145.46
Work-in-Progress	29.99	24.16	34.68	31.65	23.37	26.12	88.04	81.93
Finished Goods	25.51	19.04	54.74	57.24	20.77	20.94	101.02	97.22
Stock-in-Trade	14.66	19.78		-	1.27	1.42	15.93	21.20
Stores and Spare Parts	-	-	3.96	3.87	2.33	1.83	6.29	5.70
Goods-in-Transit								
- Raw Materials	6.63	2.89	9.05	0.77	1.09	0.36	16.77	4.02
- Stock-in-Trade	1.84	1.24	-	-	0.03	-	1.87	1.24
Total Inventories	**118.28**	**120.89**	**172.67**	**158.65**	**79.26**	**77.23**	**370.21**	**356.77**

15. Trade Receivables

(Unsecured)

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	4.29	2.53
- Doubtful	7.06	8.28
	11.35	**10.81**
Others		
- Considered good *	441.65	391.87
- Doubtful	0.57	0.27
	442.22	**392.14**
Gross Trade Receivables	**453.57**	**402.95**
Provision for Doubtful Receivables	(7.63)	(8.55)
	445.94	**394.40**
* Includes Dues from Subsidiaries		
- Financiere C10 SAS	-	4.62
- Societe De Commercialisation De Composants Industriels - SARL	1.08	0.85
- Sedis SAS	5.79	4.09
- Shanthi Gears Limited	0.01	0.84

NOTES TO FINANCIAL STATEMENTS

16. Cash and Cash Equivalents

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Balance with Banks		
- Current Accounts *	28.37	31.16
- Unpaid Dividend Accounts	1.79	2.00
	30.16	**33.16**
Cash on Hand	0.11	0.11
	30.27	**33.27**
* includes balance in restricted bank account	0.91	0.91
Note: Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS 3 - Cash Flow Statements is	27.57	30.36

17. Short Term Loans and Advances

(Unsecured and considered good unless otherwise stated)

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Advances Recoverable		
- Goods and Services	16.31	17.17
- Employee related	1.43	1.14
- Prepaid expenses	3.24	3.95
- Gratuity Fund (Net of Provision) (Refer Note 33)	0.45	0.78
- Others #	2.95	1.93
	24.38	**24.97**
Deposit with Subsidiary - Cholamandalam MS General Insurance Co. Ltd.	0.07	0.07
Other deposits	6.27	5.97
Balances with Customs, Excise and Sales Tax Authorities	35.81	8.40
Fringe Benefits Tax (Net of Provision)	0.01	0.01
	66.54	**39.42**
# Includes dues from TI Tsubamex Private Limited	2.18	-

NOTES TO FINANCIAL STATEMENTS

18. Sale of Products

` in Crores

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Cycles/Components/E-Scooters	1195.94	1273.66
Steel Strips and Tubes	1531.29	1495.66
Metal Formed Products	882.19	872.93
Sale of Products - Gross #	**3609.42**	**3642.25**
Excise Duty on Sales	(257.73)	(251.88)
Sale of Products - Net	**3351.69**	**3390.37**
# Includes Sale of Stock-in-Trade		
- Cycles/Components	62.69	158.08
- Metal Formed Products	12.51	9.94

19. Other Operating Revenues

` in Crores

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Scrap sales (Net of Excise Duty)	153.55	158.11
Conversion Income	1.01	1.29
Cash Discount	0.27	0.90
Export Benefits	5.41	5.85
Service Income from Subsidiaries	8.37	5.36
Liabilities no longer payable written back	2.93	0.77
Others	2.34	2.89
	173.88	**175.17**

20. Other Income

` in Crores

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Dividend income from		
- Subsidiaries	34.45	25.28
- Joint Venture	0.25	0.25
- Non-Trade Investments	0.09	0.38
	34.79	**25.91**
Interest Income		
- Fixed Deposits with Banks	1.44	4.36
- Others	1.39	2.03
	2.83	**6.39**
Rental Income	0.13	0.04
Royalty Income	0.24	0.32
Gain on Exchange Fluctuation (Net)	5.79	-
Profit on Tangible Assets Sold/Discarded (Net)	1.90	-
Profit on Sale of Current Investments	1.51	3.98
	47.19	**36.64**

NOTES TO FINANCIAL STATEMENTS

21. Cost of Materials Consumed

` in Crores

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Opening Raw Material	149.48	180.54
Purchases	2135.70	2072.29
Closing Raw Material	(157.06)	(149.48)
Raw Materials Consumed	**2128.12**	**2103.35**
Itemwise breakup of Raw Material Consumed is given below:		
Steel	1339.19	1330.22
Rims	67.34	70.29
Tyres	80.90	81.81
Cycle Tubes	34.82	32.20
Saddle	36.88	34.82
Chains	13.84	15.16
Frames	121.20	120.45
Forks	44.54	44.14
Mudguards	25.78	26.21
E-Scooters, Bicycle Components and Others	363.63	348.05
Raw Materials Consumed	**2128.12**	**2103.35**

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

` in Crores

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Opening Stock		
Work-in-Progress	81.93	86.47
Finished Goods	97.22	93.82
Stock-in-Trade	22.44	42.18
	201.59	**222.47**
Closing Stock		
Work-in-Progress	88.04	81.93
Finished Goods	101.02	97.22
Stock-in-Trade	17.80	22.44
	206.86	**201.59**
	(5.27)	**20.88**

23. Employee Benefits Expense

` in Crores

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Salaries, Wages and Bonus	246.47	227.49
Contribution to Provident and Other Funds	18.92	14.75
Welfare Expenses	34.13	31.50
	299.52	**273.74**

NOTES TO FINANCIAL STATEMENTS

24. Other Expenses

` in Crores

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Consumption of Stores and Spares	157.49	145.72
Freight and Carriage Inwards	46.37	46.84
Conversion Charges	67.99	75.20
Power and Fuel*	150.91	147.52
Rent	12.14	12.51
Repairs to Buildings	0.35	0.90
Repairs to Machinery	50.37	48.31
Insurance	3.14	3.71
Rates and Taxes	16.11	12.46
Travelling and Conveyance	14.92	14.52
Printing, Stationery and Communication	5.76	5.79
Freight, Delivery and Shipping Charges	112.77	106.42
Discounts/Incentives on Sales	25.79	26.54
Advertisement and Publicity	29.83	25.86
Trade Receivables Written Off	0.32	-
Release of Doubtful Trade Receivables Provision	(0.92)	(0.33)
Loss on Tangible Assets Sold/Discarded (Net)	-	0.17
Auditor's Remuneration (Note a)	0.56	0.60
Commission to Non Whole Time Directors	1.24	1.30
Directors' Sitting Fees	0.08	0.08
Loss on Exchange Fluctuation (Net)	-	2.97
Bank Charges	1.92	2.51
Information Technology Expenses	6.74	7.15
Donations to Charitable and other Institutions	0.73	1.26
Administration Expenses	9.18	8.24
Other Expenses	31.30	38.94
	745.09	**735.19**
* Includes Stores Consumed	84.06	88.33

Note:

a) Auditors' Remuneration

` in Crores

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
As Auditor:		
Audit fee	0.30	0.30
Tax audit fee	0.03	0.03
Limited review	0.08	0.08
Consolidation fee	0.06	0.06
In other capacity:		
Taxation matters	-	0.02
Company law matters	0.01	0.01
Other services (Certification fees)	0.07	0.09
Reimbursement of Expenses	0.01	0.01
	0.56	**0.60**

NOTES TO FINANCIAL STATEMENTS

25. Finance Costs

` in Crores

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest Expense	114.95	93.93
Exchange difference on Foreign Currency Loans	7.61	9.47
Other Borrowing Costs	0.71	0.76
	123.27	**104.16**

26. Commitments and Contingent Liabilities

` in Crores

	Particulars	As at 31.03.2014	As at 31.03.2013
a)	Estimated amount of contracts remaining to be executed on capital expenditure and not provided for	46.99	94.76
b)	Disputed Income-Tax demands from A.Y. 1993-94 to 2009-10 under appeal/ remand pending before various appellate/assessing authorities against which `26.15 Cr. (Previous Year `28.02 Cr.) has been deposited. The balance of `0.48 Cr. (Previous Year `1.47 Cr.) is not deposited for which rectification petitions/appeals have been filed. The Management is of the opinion that the above demands are not sustainable.	26.63	29.49
c)	Disputed Service Tax, Excise and Customs duty demand amounting to `1.69 Cr. (Previous Year `1.78 Cr.) and penalty of `1.22 Cr. (Previous Year `1.22 Cr.) pertaining to financial years 1999-00 to 2005-06 under appeal pending before the Appellate Tribunal. The same has not been deposited. The Management is of the opinion that the demand is arbitrary and the same is not sustainable.	2.91	3.00
d)	Cases decided in favour of the Company against which the department has gone on an appeal		
	1. Income Tax	43.21	43.21
	2. Excise	2.09	2.18
e)	Export obligation under EPCG/Advance License Scheme to be fulfilled. The Company is confident of meeting its obligations under the Schemes within the Stipulated Period.	63.53	68.90
f)	Bills drawn on Customers and Discounted with Banks	1.55	1.44

Note:

Draft Assessment Orders received from Income Tax Authorities and Show Cause Notices received from various other Government Authorities, pending adjudication, have not been considered as Contingent Liabilities.

NOTES TO FINANCIAL STATEMENTS

27. Research and Development Expenses

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

a) **Revenue Expenditure** (disclosed in Notes 23 and 24 under the respective heads) ` in Crores

Particulars	2013-14	2012-13
Salaries, Wages and Bonus	5.63	5.00
Contribution to Provident and Other Funds	0.67	0.48
Welfare Expenses	0.19	0.06
Consumption of Stores and Spares	1.75	1.58
Power and Fuel	0.29	0.29
Repairs to Machinery	0.55	0.16
Other Expenses	3.75	4.41
Total	**12.83**	**11.98**

b) **Capital Expenditure** (disclosed in Note 10 under the respective heads)

Particulars	2013-14	2012-13
Plant & Machinery	0.89	2.76
Office Equipment	0.03	0.25
Furniture & Fixtures	0.00	0.53
Vehicles	0.00	0.09
Total	**0.92**	**3.63**

28. Imported and Indigenous Materials Consumed

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

Particulars	2013-14		2012-13	
	%	` in Crores	%	` in Crores
Imported	7.66	162.97	10.23	215.27
Indigenous	92.34	1965.15	89.77	1888.08
Total	**100.00**	**2128.12**	**100.00**	**2103.35**

(b) **Consumption of Stores and Spares**

Particulars	2013-14		2012-13	
	%	` in Crores	%	` in Crores
Imported	3.14	7.59	3.00	7.01
Indigenous				
- Fuel	34.80	84.06	37.74	88.33
- Others	62.06	149.90	59.26	138.71
Total	**100.00**	**241.55**	**100.00**	**234.05**

29. Value of Imports on CIF Basis

` in Crores

Particulars	2013-14	2012-13
Raw Materials	157.41	223.36
Stores and Spare Parts	13.01	11.06
Finished Goods	42.88	129.12
Capital Goods	128.65	89.34
Total	**341.95**	**452.88**

NOTES TO FINANCIAL STATEMENTS

30. Earnings in Foreign Exchange

` in Crores

Particulars	2013-14	2012-13
FOB Value of Exports	191.26	189.02
Service Income	5.25	4.62
Proceeds on Liquidation of Overseas Subsidiary	0.06	-
Total	**196.57**	**193.64**

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

Particulars	2013-14	2012-13
Dividend* - ` in Crores	0.01	0.01
Number of Non-Resident Shareholders	1	1
Number of Equity Shares held	56,700 of `2 each	56,700 of `2 each
Year for which Dividend Remitted		
- Final	2012-13	2011-12
- Interim	2013-14	2012-13

* The above excludes remittances amounting to `0.98 Cr. (Previous Year `1.61 Cr.) to Global Depository Receipt (GDR) holders through the custodian of GDR holders.

32. Expenditure in Foreign Currency

` in Crores

Particulars	2013-14	2012-13
Travel	0.79	0.66
Interest on Foreign Currency Loans	3.75	4.38
Royalty	0.40	1.46
Others	5.98	4.75
Total	**10.92**	**11.25**

33. Employee Benefits

a) Gratuity

Actuarial data on Gratuity:

` in Crores

Particulars	2013-14	2012-13
Change in Benefit Obligation		
Projected Benefit Obligation as at Year Beginning	32.17	28.88
Service Cost	3.27	2.91
Interest Cost	2.46	2.23
Actuarial Loss	1.38	0.15
Benefits Paid	(2.82)	(2.00)
Projected Benefit Obligation as at Year End	**36.46**	**32.17**
Change in Plan Assets		
Fair Value of Plan Assets as at Year Beginning	32.95	29.59
Expected/Actual Return on Plan Assets	2.79	2.50
Employer's Contribution	3.88	2.61
Benefits Paid	(2.82)	(2.00)
Actuarial Gain	0.11	0.25
Fair Value of Plan Assets as at Year End	**36.91**	**32.95**

NOTES TO FINANCIAL STATEMENTS

` in Crores

Particulars	2013-14	2012-13
Amounts Recognised in the Balance Sheet		
Projected Benefit Obligation at the Year End	36.46	32.17
Fair Value of the Plan Assets at the Year End	36.91	32.95
Asset Recognised in the Balance Sheet	**0.45**	**0.78**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	3.27	2.91
Interest on Obligation	2.46	2.23
Expected/Actual Return on Plan Assets	(2.79)	(2.50)
Actuarial Loss/(Gain) Recognised in the Year	1.27	(0.10)
Net Cost Recognised in the Statement of Profit and Loss	**4.21**	**2.54**
Experience adjustments		
Experience adjustment on Plan Liabilities (Gain)/Loss	1.38	0.15
Experience adjustment on Plan Assets Gain/(Loss)	0.11	0.25
Assumptions	**2013-14**	**2012-13**
Discount Rate	8.00%	8.00%
Future Salary Increase (%)	5.00%	5.00%
Attrition Rate	1 to 3%	1 to 3%
Expected Rate of Return on Plan Assets	8.00%	8.00%

Notes:

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

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

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

iv. The details of Experience adjustments have been disclosed to the extent of the information available.

b) Provident Fund

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

c) Long Term Compensated Absences

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

Assumptions	2013-14	2012-13
Discount Rate	8.00%	8.00%
Future Salary Increase (%)	5.00%	5.00%
Attrition Rate	1 to 3%	1 to 3%
Expected Rate of Return on Plan Assets	8.00%	8.00%

NOTES TO FINANCIAL STATEMENTS

34. Segment Information

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

(A) PRIMARY SEGMENT

` in Crores

PARTICULARS	CYCLES/ COMPONENTS/ E-SCOOTERS		ENGINEERING		METAL FORMED PRODUCTS		ELIMINATIONS		CONSOLIDATED TOTAL	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
REVENUE										
External Sales	1179.42	1255.45	1373.60	1340.60	798.67	794.32			3351.69	3390.37
Inter-Segment Sales			136.08	126.80	0.58	0.47	(136.66)	(127.27)		
Other Operating Revenue	5.57	4.24	112.69	114.81	52.23	55.11			170.49	174.16
Unallocated Corporate Income									3.39	1.01
Total Revenue	**1184.99**	**1259.69**	**1622.37**	**1582.21**	**851.48**	**849.90**	**(136.66)**	**(127.27)**	**3525.57**	**3565.54**
Unallocated Corporate Expenses									(13.41)	(17.10)
RESULTS										
Operating Profit	38.47	52.86	136.04	109.94	65.13	79.59			226.23	225.29
Profit/(Loss) on Sale of Assets	(0.02)	(0.06)	(0.15)	(0.18)	2.07	0.24			1.90	
Net Operating Profit	**38.45**	**52.80**	**135.89**	**109.76**	**67.20**	**79.83**			**228.13**	**225.29**
Dividend Income									34.79	25.91
Finance Costs									(123.27)	(104.16)
Tax Expense									(47.15)	(43.25)
Exceptional Item - Reversal of Provision Net/(Provision) for Diminution in Value of Investment in Subsidiary	0.06	(3.81)							0.06	(3.81)
Profit on Sale of Current Investments									1.51	3.98
Net Profit	**38.51**	**48.99**	**135.89**	**109.76**	**67.20**	**79.83**			**94.07**	**103.96**
ASSETS										
Segment Assets	275.86	284.63	918.17	735.33	622.71	610.11	(25.99)	(23.08)	1790.75	1606.99
Unallocated Corporate Assets *									1584.26	1530.93
Total Assets	**275.86**	**284.63**	**918.17**	**735.33**	**622.71**	**610.11**	**(25.99)**	**(23.08)**	**3375.01**	**3137.92**
LIABILITIES										
Segment Liabilities	214.00	199.35	309.01	235.27	144.78	122.11	(25.99)	(23.08)	641.80	533.65
Unallocated Corporate Liabilities									79.19	68.76
Total Liabilities	**214.00**	**199.35**	**309.01**	**235.27**	**144.78**	**122.11**	**(25.99)**	**(23.08)**	**720.99**	**602.41**
OTHER INFORMATION										
Capital Expenditure	7.51	10.51	124.61	82.24	32.67	48.81			164.79	141.56
Unallocated Corporate Capital Expenditure									4.11	75.60
Depreciation	7.05	8.90	39.15	33.87	34.64	33.93			80.84	76.70
Unallocated Corporate Depreciation									3.40	3.07

* includes Income Tax Assets (Net)

NOTES TO FINANCIAL STATEMENTS

(B) SECONDARY SEGMENT ` in Crores

	Particulars	2013-14	2012-13
1)	**Revenue by Geographic Market**		
	India	3322.52	3365.45
	Rest of the World	203.05	200.09
	Total	**3525.57**	**3565.54**
2)	**Segment Assets by Geographic Market**		
	India	3241.54	3003.91
	Rest of the World	104.47	95.89
	Income Tax Assets	29.00	38.12
	Total	**3375.01**	**3137.92**
3)	**Capital Expenditure by Geographic Market**		
	India	168.90	217.16
	Rest of the World	-	-
	Total	**168.90**	**217.16**

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

a) List of Related Parties

I. **Subsidiary Companies**

a. Shanthi Gears Limited

b. Cholamandalam MS General Insurance Company Limited

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

i. Cholamandalam Distribution Services Limited

ii. Cholamandalam Securities Limited

d. TI Financial Holdings Limited

e. TICI Motors (Wuxi) Company Limited (Refer Note 11 (b))

f. Financiere C10 SAS and its Subsidiaries namely

i. Sedis SAS

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

iii. Sedis Co. Limited

II. **Associate - Investing Company**
Murugappa Holdings Limited

III. **Joint Venture Company**
a. Cholamandalam MS Risk Services Limited
b. TI Tsubamex Private Limited (w.e.f. 3 January 2014)

IV. **Key Management Personnel (KMP)**
Mr. L. Ramkumar - Managing Director

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

b) **During the year the following transactions were carried out with the Related Parties in the ordinary course of business:**

` in Crores

Transaction	Related Party	2013-14	2012-13
Dividend Received	Cholamandalam Investment and Finance Company Limited	25.28	25.28
	Cholamandalam MS Risk Services Limited	0.25	0.25
	Shanthi Gears Limited	9.17	-
Dividend Paid	Murugappa Holdings Limited	12.81	16.01
	Mr. L. Ramkumar	0.05	0.05
Interest on Debentures	Cholamandalam MS General Insurance Company Limited	0.82	-
Claims Received	Cholamandalam MS General Insurance Company Limited	0.53	0.48
Premium Paid	Cholamandalam MS General Insurance Company Limited	4.98	5.40
Rentals Paid	Cholamandalam Investment and Finance Company Limited	0.16	0.14
Subscription to Equity Shares	Cholamandalam MS General Insurance Company Limited	55.50	37.04
	TI Tsubamex Private Limited	2.00	-
Sales and Services rendered	Shanthi Gears Limited	3.17	0.74
	Financiere C10 SAS	5.25	4.62
	Sedis SAS	14.94	11.84
	S2CI	2.90	2.56
Purchases	Shanthi Gears Limited	0.58	0.14
	Sedis SAS	0.16	0.04
Receipt of Liquidation Proceeds	TICI Motors (Wuxi) Company Limited	0.06	-
Recovery of Expenses	Sedis SAS	-	0.16
Reimbursement of Expenses Paid	Cholamandalam MS General Insurance Company Limited	-	0.03
	Shanthi Gears Limited	0.09	-
	Cholamandalam MS Risk Services Limited	0.08	-
Amount received on exercise of Employee Stock Options	Mr. L. Ramkumar	0.28	0.19
Purchase of Fixed Assets	Shanthi Gears Limited	0.17	0.03
	Sedis SAS	-	1.32
Sale of Fixed Assets	Cholamandalam Investment and Finance Company Limited	-	0.03
Rental Deposit Receivable	Cholamandalam Investment and Finance Company Limited	0.01	0.01
Payable	Shanthi Gears Limited	0.01	0.01
	Sedis SAS	0.07	-
	Cholamandalam Investment and Finance Company Limited	0.01	-
	Cholamandalam MS General Insurance Company Limited	10.82	-
	Mr. L. Ramkumar	0.61	0.59
Receivable	Shanthi Gears Limited	0.01	0.84
	TI Tsubamex Private Limited	2.18	-
	Cholamandalam MS General Insurance Company Limited	0.07	0.07
	Financiere C10 SAS	-	4.62
	Sedis SAS	5.79	4.09
	S2CI	1.08	0.85

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

Particulars	2013-14	2012-13
Managing Director's Remuneration		
- Salaries and Allowances	1.70	1.65
- Provident Fund and Super Annuation	0.17	0.16
- Welfare and Perquisites	0.10	0.09
- Incentive	0.61	0.59
	2.58	**2.49**

Notes:

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

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

36. Operating Leases

The Company has Operating Lease agreements for office space and residential accommodation generally which are cancellable in nature. As per the lease terms, an amount of `9.13 Cr. (Previous Year `9.14 Cr.) has been recognised in the Statement of Profit and Loss.

37. Earnings Per Share

Particulars	2013-14	2012-13
Profit after Tax - ` in Crores	94.07	103.96
Weighted Average Number of Shares		
- Basic	18,67,58,789	18,64,65,999
- Diluted	18,70,55,077	18,69,61,944
Earnings Per Share of `2 each		
- Basic	5.04	5.58
- Diluted	5.03	5.56

Stock Options

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

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

Particulars	Vesting Date	Risk-free Interest Rate % (p.a)	Expected Life (Years)	Expected Volatility of Share Price (%)	Dividend Yield (%)	Price of the Underlying Share in the market at the time of Option grant (`)	Fair Value of the Option (`)
Grant 1	31.10.08	7.71	2.50	39.11	3.43	62.85	16.43
Grant 2	30.01.09	7.44	2.50	42.02	3.43	66.10	18.11
Grant 3	31.10.09	8.25	1.62	31.56	1.86	56.80	107.13
	31.10.10	8.23	2.12	32.28	1.86	56.80	107.73
	31.10.11	8.22	2.62	37.07	1.86	56.80	108.53
Grant 4	31.07.09	0.00	0.00	0.00	1.86	44.45	117.15
	31.07.10	8.24	1.99	32.37	1.86	44.45	118.02
	31.07.11	8.22	2.49	34.22	1.86	44.45	118.13
	31.07.12	8.22	2.99	39.82	1.86	44.45	118.38
Grant 5	31.10.09	8.31	0.12	32.98	1.86	24.25	137.33
	31.10.10	8.23	2.12	32.28	1.86	24.25	135.00
	31.10.11	8.22	2.62	37.07	1.86	24.25	134.38
	31.10.12	8.21	3.24	42.55	1.86	24.25	133.62
Grant 6	30.01.10	8.31	0.24	28.04	1.86	31.05	130.44
	30.01.11	8.23	2.24	33.96	1.86	31.05	129.19
	30.01.12	8.22	2.74	38.52	1.86	31.05	128.82
	30.01.13	8.21	3.49	43.77	1.86	31.05	128.32
Grant 7	29.01.12	8.26	1.24	31.69	1.86	140.05	39.45
	29.01.13	8.21	3.48	43.79	1.86	140.05	67.57
	29.01.14	8.21	4.48	46.73	1.86	140.05	76.34
	29.01.15	8.22	5.48	45.74	1.86	140.05	80.72
Grant 8	29.01.12	8.26	1.24	31.69	1.86	140.05	39.45
	29.01.13	8.21	3.48	43.79	1.86	140.05	67.57
	29.01.14	8.21	4.48	46.73	1.86	140.05	76.34
Grant 9	29.01.12	8.26	1.24	31.69	1.86	140.05	39.45
	29.01.13	8.21	3.48	43.79	1.86	140.05	67.57
Grant 10	02.05.12	8.25	1.37	31.38	1.86	140.45	40.44
	02.05.13	8.21	3.74	42.99	1.86	140.45	68.54
	02.05.14	8.21	4.74	47.27	1.86	140.45	78.10
	02.05.15	8.22	5.74	45.12	1.86	140.45	81.25
Grant 11	01.08.12	8.25	1.49	31.76	1.86	159.75	31.78
	01.08.13	8.21	3.99	46.63	1.86	159.75	66.76
	01.08.14	8.22	4.99	47.01	1.86	159.75	73.58
	01.08.15	8.23	5.99	44.83	1.86	159.75	76.81
Grant 12	02.11.12	8.24	1.74	32.74	1.86	143.10	43.55
	02.11.13	8.21	4.24	46.93	1.86	143.10	74.06
	02.11.14	8.22	5.24	46.20	1.86	143.10	79.03
	02.11.15	8.23	6.24	46.36	1.86	143.10	83.69

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

Impact on Profit for the year ` in Crores

Particulars	2013-14	2012-13
Profit for the year (As reported)	94.07	103.96
Stock based employee compensation expense included in net profit	-	-
Stock based employee compensation reversal/(expense) determined under fair value based method (Pro forma)	1.60	(3.49)
Profit for the year (Pro forma)	95.67	100.47

Impact on Earnings Per Share ` in Crores

Particulars	2013-14	2012-13
Basic Earnings per Share of `2 each (As reported)	5.04	5.58
Basic Earnings per Share of `2 each (Pro forma)	5.12	5.39
Diluted Earnings per Share of `2 each (As reported)	5.03	5.56
Diluted Earnings per Share of `2 each (Pro forma)	5.11	5.37

38. Information on Joint Venture Entities

The particulars of the Company's Joint Venture Entities as at 31 March 2014 including its percentage holding and its proportionate share of assets, liabilities, income and expenditure of the Joint Venture Entity are given below:

` in Crores

Name of the Joint Venture	As at 31.03.2014					2013-14	
	% Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitments	Income	Expenses
Cholamandalam MS Risk Services Limited	49.50% (49.50%)	16.53 (6.12)	10.57 (1.28)	- (0.04)	- (0.00)	12.17 (7.17)	10.5 (5.63)
TI Tsubamex Private Limited	50.00%	2.26	1.13	-	-	-	1.03

Notes:

a) Figures in brackets are for the previous year.

b) The above Joint Venture Entities are located in India.

c) TI Tsubamex Private Limited was incorporated on 3 January 2014.

39. Accounting for Derivatives

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

Consequently, as of 31 March 2014, the Company has recognised Mark to Market (MTM) Loss of `0.44 Cr. (Previous Year Loss `0.32 Cr.) relating to Derivative Contracts entered into, to hedge the foreign currency risk of highly probable forecast transactions that are designated as effective cash flow hedges, in the Hedge Reserve Account as part of the Shareholders' Funds.

There was no undesignated/ineffective Derivative Contracts as on 31 March 2014.

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

` in Crores

Particulars	2013-14	2012-13
At the begining of the year	(0.32)	0.46
Net Movement for the year	(0.12)	(0.78)
At the end of the Year	**(0.44)**	**(0.32)**

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

Details of Derivative Exposures are as under:

Type of Derivative	Contracts Booked for	Currency	As at 31.03.2014		As at 31.03.2013	
			Number of Contracts	Value (In Mio.)	Number of Contracts	Value (In Mio.)
Forward Contracts entered into to hedge the foreign currency risk of highly probable forecast transactions	Future Export	USD	2	0.45	-	-
	Future Import	USD	3	0.24	1	0.03
	Future Import	EUR	3	0.46	2	2.46
	Future Import	JPY	1	65.47	-	-
Other Derivatives (including currency swaps)	Borrowings	USD	2	18.11	2	21.21

NOTES TO FINANCIAL STATEMENTS

Details of Unhedged Foreign Currency Exposures are as under: in Million

Currency	As at 31.03.2014		As at 31.03.2013	
	Exports	Imports	Exports	Imports
USD	4.60	4.65	1.56	5.08
EUR	0.47	1.11	1.68	0.75
JPY	-	3.25	-	-

Rupee Equivalent of above unhedged exposure is given below: ` in Crores

As at 31.03.2014		As at 31.03.2013	
Exports	Imports	Exports	Imports
31.45	37.23	20.14	32.78

40. Previous Year's Figures

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

Signatures to Notes to Financial Statements
On behalf of the Board

M M Murugappan
Chairman

Chennai
5 May 2014

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

L Ramkumar
Managing Director

INFORMATION ON SUBSIDIARIES

	Particulars	Cholamandalam Investment and Finance Company Limited		Cholamandalam Distribution Services Limited		Cholamandalam Factoring Limited*		Cholamandalam Securities Limited		Cholamandalam MS General Insurance Company Limited	
		For the year ended Mar '14	For the year ended Mar '13	For the year ended Mar '14	For the year ended Mar '13	For the year ended Mar '14	For the year ended Mar '13	For the year ended Mar '14	For the year ended Mar '13	For the year ended Mar '14	For the year ended Mar '13
1	Share Capital	143.26	143.17	42.40	42.40	-	80.36	20.50	20.50	298.81	291.99
2	Share Application Money Received	0.01	-	-	-	-	-	-	-	-	-
3	Reserves & Surplus (adjusted for debit balance in P&L Account, where applicable)	2,151.43	1,821.59	(7.11)	(11.78)	-	(76.25)	(10.37)	(9.96)	283.09	143.95
4	Total Assets (Fixed Assets + Current Assets + Deferred Tax Asset + Misc. Expenditure not written off)	21,464.37	17,960.29	27.72	28.04	-	72.02	39.07	16.71	1,093.65	982.34
5	Total Liabilities (Debts + Current Liabilities + Deferred Tax Liability)	19,252.09	16,220.04	0.97	0.94	-	67.93	30.32	7.55	2,543.88	2,023.02
6	Investments (Non Current + Current Investments)	82.42	224.51	8.54	3.52	-	0.02	1.38	1.38	2,032.13	1,476.62
7	Total Income	3,262.84	2,555.68	11.88	11.56	-	1.46	8.04	7.21	1,650.94	1,337.99
8	Profit / (Loss) Before Tax	550.21	450.80	4.68	2.00	-	1.43	(0.40)	(0.96)	101.58	87.84
9	Provision for Tax	(186.19)	(144.26)	-	-	-	(0.03)	-	-	(31.48)	(27.64)
10	Profit / (Loss) After Tax	364.02	306.54	4.68	2.00	-	1.40	(0.40)	(0.96)	70.10	60.20
11	Proposed Dividend (includes Preference Dividend) and Tax thereon	16.75	16.74	-	-	-	-	-	-	-	-
	Details of Investments (other than in Subsidiaries)										
	Long Term Investments										
(i)	Government Securities and Government Guaranteed Bonds including Treasury Bills	-	-	-	-	-	-	-	-	742.71	559.51
(ii)	Debentures and Bonds	-	-	-	-	-	-	-	-	809.03	495.94
(iii)	Infrastructure and Social Sector Bonds	-	-	-	-	-	-	-	-	291.35	194.01
(iv)	Investments in Equity shares (Net of Fair Value Change)	1.31	1.29	5.00	-	-	0.02	1.38	1.38	9.09	3.01
(v)	Other Investments	11.44	24.01	2.84	1.92	-	-	-	-	-	-
	Total (A)	**12.75**	**25.30**	**7.84**	**1.92**	**-**	**0.02**	**1.38**	**1.38**	**1,852.18**	**1,252.47**
	Short Term Investments										
(i)	Debentures and Bonds	-	-	-	-	-	-	-	-	60.03	145.24
(ii)	Money market instruments	-	-	-	-	-	-	-	-	4.78	53.84
(iii)	Government Securities and Government Guaranteed Bonds including Treasury Bills	-	-	-	-	-	-	-	-	15.06	-
(iv)	Mutual Funds	-	135.00	0.70	1.60	-	-	-	-	-	-
(v)	Investments in Infrastructure and Social Sector Bonds	-	-	-	-	-	-	-	-	40.06	10.13
(vi)	Other Investments	16.30	6.73	-	-	-	-	-	-	60.02	14.94
	Total (B)	**16.30**	**141.73**	**0.70**	**1.60**	**-**	**-**	**-**	**-**	**179.95**	**224.15**
	Total (A) + (B)	**29.05**	**167.03**	**8.54**	**3.52**	**-**	**0.02**	**1.38**	**1.38**	**2,032.13**	**1,476.62**

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 5 May, 2014, accorded consent for not attaching with the Company's Balance Sheet for the Financial Year 2013-14, the Financial Statements and reports relating to the Company's subsidiaries. Accordingly, the relevant information required to be furnished under the aforesaid Circular in respect of the subsidiaries of the Company viz, Cholamandalam MS General Insurance Company Ltd, Cholamandalam Investment and Finance Company Ltd, Cholamandalam Securities Ltd, Cholamandalam Distribution Services Ltd, Cholamandalam Factoring Ltd, TI Financial Holdings Limited, Shanthi Gears Limited, TICI Motors (Wuxi) Company Ltd, Financiere C10 SAS, Sedis SAS, Societe De Commercialisation De Composants Industriels (S2CI) and Sedis Co. Ltd, is given above. The Annual Report of the Company contains consolidated Financial Statements of the Company and of its subsidiaries, prepared in accordance with the applicable Accounting Standards, duly audited by the statutory auditors.

Chennai
5 May 2014

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

` in Crores

TI Financial Holdings Limited		Shanthi Gears Limited		TICI Motors (Wuxi) Company Limited*		Financiere C10 SAS		SEDIS SAS		S2CI		SEDIS Co.Ltd.	
For the year ended Mar '14	For the year ended Mar '13	For the year ended Mar '14	For the year ended Mar '13	For the year ended Dec '13	For the year ended Dec '12	For the year ended Dec '13	For the year ended Dec '12	For the year ended Dec '13	For the year ended Dec '12	For the year ended Dec '13	For the year ended Dec '12	For the year ended Dec '13	For the year ended Dec '12
0.11	0.11	8.17	8.17	-	4.75	27.67	23.34	53.54	45.18	1.89	1.60	1.94	1.61
-	-	-	-	-	-	-	-	-	-	-	-	-	-
(0.05)	(0.05)	258.23	249.41	-	(4.30)	52.50	42.52	7.48	6.38	3.73	1.86	1.72	1.39
0.01	0.01	248.72	250.38	-	0.56	4.12	6.36	153.62	132.93	11.91	9.44	7.80	5.04
0.00	0.00	32.48	30.79	-	0.11	11.87	14.68	92.60	81.37	6.29	5.98	4.14	2.04
0.05	0.05	50.16	37.99	-	-	87.92	74.18	-	-	-	-	-	-
-	-	165.64	154.17	0.01	7.40	8.67	8.52	247.95	216.67	19.98	18.19	14.14	9.66
-	(0.01)	25.93	22.07	(0.44)	(2.12)	1.53	6.25	(1.51)	0.33	2.24	0.99	0.05	(0.08)
-	-	(7.55)	(6.60)	-	-	0.58	(0.47)	1.44	1.40	(0.73)	(0.33)	(0.01)	0.03
-	(0.01)	18.38	15.47	(0.44)	(2.12)	2.11	5.78	(0.07)	1.73	1.51	0.66	0.04	(0.05)
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
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-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.05	0.05	50.16	37.99	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-		-	-	-	-	-	-	-	-
0.05	**0.05**	**50.16**	**37.99**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
0.05	**0.05**	**50.16**	**37.99**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

* Refer Note 1.2(a)&(b) to consolidated financial statements.

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 31st March, 2014 (closing day of the Company's Financial Year) is furnished below:
   (a) 1 Euro = ` 82.37 for Financiere C10 SAS, Sedis SAS and S2CI.
   (b) 1 Pound Sterling = ` 99.77 for Sedis Co. Ltd.
   (c) 1 RMB = ` 10.23 for TICI Motors (Wuxi) Company Ltd.
3. Annual accounts of the aforesaid subsidiary companies and the related information will be made available to shareholders of the Company and the subsidiaries at any point of time, on request and will also be kept for inspection at the registered offices of the Company and the subsidiaries.

On behalf of the Board

L Ramkumar
Managing Director

M M Murugappan
Chairman

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF TUBE INVESTMENTS OF INDIA LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TUBE INVESTMENTS OF INDIA LIMITED** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2014, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2014;

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

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

Other Matters

We did not audit the financial statements of eight subsidiaries and two jointly controlled entities, whose financial statements reflect total assets (net) of `3,350.17 Crores as at 31 March 2014, total revenues of `1,914.81 Crores and net cash flows amounting to `52.20 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 by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, is based solely on the reports of the other auditors.

The Consolidated Financial Statements include the financial results of one subsidiary which has been liquidated during the year. The financial information of the said subsidiary has been considered based on the unaudited financial information contained in the verification report of Tax returns on Corporate Tax settlement for the period from 1 January 2013 to 28 February 2013, prepared and issued by a Tax Accounting Firm in China, and from the Audited Liquidated Financial Statements for the period from 1 March 2013 to 31 July 2013 (date of liquidation), reflecting total revenues of `0.01 Crores and ` Nil, respectively. However, the size of this subsidiary in the context of the Group is not material.

Our opinion is not qualified in respect of the above matters.

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

Geetha Suryanarayanan
Partner
(Membership No. 29519)

CHENNAI, 5 May 2014

CONSOLIDATED BALANCE SHEET

` in Crores

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2	37.38	37.33
(b) Reserves and Surplus	3	1913.65	1621.84
		1951.03	**1659.17**
Minority Interest		**1364.11**	**1159.03**
Non-Current Liabilities			
(a) Long Term Borrowings	4	10461.04	8929.07
(b) Deferred Tax Liabilities (Net)	5	57.52	61.44
(c) Other Long Term Liabilities	6	1258.35	1007.47
(d) Long Term Provisions	7	113.94	92.06
		11890.85	**10090.04**
Current Liabilities			
(a) Short Term Borrowings	8	3485.48	3297.51
(b) Trade Payables	9	858.58	676.99
(c) Other Current Liabilities	10	7537.49	6024.40
(d) Short Term Provisions	11	271.57	254.42
		12153.12	**10253.32**
TOTAL		**27359.11**	**23161.56**
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	949.76	887.74
(ii) Intangible Assets	12	16.29	17.87
(iii) Capital Work-in-Progress		200.69	164.30
Fixed Assets - Share in Joint Ventures		0.57	0.61
(b) Goodwill on Consolidation		351.50	351.50
(c) Non-Current Investments	13	1868.53	1282.30
(d) Deferred Tax Assets (Net)	14	130.32	69.48
Deferred Tax Assets (Net) - Share in Joint Ventures		0.46	0.13
(e) Long Term Loans and Advances	15	225.32	622.82
(f) Receivable under Financing Activity	16	13079.05	11473.65
(g) Other Non-Current Assets	17	614.31	459.69
		17436.80	**15330.09**
Current Assets			
(a) Current Investments	18	247.30	405.65
(b) Inventories	19	494.95	462.82
(c) Trade Receivables	20	613.94	536.25
(d) Cash and Cash Equivalents	21	1229.66	764.00
(e) Short Term Loans and Advances	22	553.43	99.60
(f) Receivable under Financing Activity	23	6349.08	5220.13
(g) Other Current Assets	24	433.95	343.02
		9922.31	**7831.47**
TOTAL		**27359.11**	**23161.56**
Significant Accounting Policies	1		

See accompanying Notes forming part of the Consolidated Financial Statements.

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

Geetha Suryanarayanan
Partner

Chennai
5 May 2014

On behalf of the Board

M M Murugappan
Chairman

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

L Ramkumar
Managing Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

` in Crores

Particulars	Note No.	Year Ended 31.03.2014	Year Ended 31.03.2013
Revenue from Operations			
Sale of Products - Gross		4005.68	3932.64
Less: Excise Duty on Sales		273.64	258.26
Sale of Products - Net		**3732.04**	**3674.38**
Income from Financing Operations		3199.81	2502.54
Revenue from Operations - Share in Joint Ventures		11.76	6.95
Premium Earned		1426.38	1162.03
Other Operating Revenues		464.50	405.74
Total		**8834.49**	**7751.64**
Other Income	25	28.83	24.55
Total Revenue		**8863.32**	**7776.19**
Expenses			
Cost of Materials Consumed		2236.73	2173.55
Purchase of Stock-in-Trade - Cycles/Components and Metal Formed Products		102.17	180.13
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26	(17.42)	25.84
Employee Benefits Expense	27	677.15	588.63
Other Expenses	28	1401.82	1282.37
Claims Incurred (Net of Recovery)		1136.87	899.88
Business Origination Outsourcing		200.63	178.48
Provisions, Loan Losses and Other Charges	29	283.39	123.34
Financing Charges		1769.37	1410.00
Total Expenses		**7790.71**	**6862.22**
Earnings Before Finance Costs, Tax, Depreciation and Amortisation Expense		**1072.61**	**913.97**
Depreciation and Amortisation Expense	12	158.48	132.43
Depreciation and Amortisation Expense - Share in Joint Ventures		0.22	0.19
Finance Costs	30	124.54	107.41
Profit Before Tax		**789.37**	**673.94**
Tax Expense			
Income Tax			
- Current Year		314.51	237.31
- Prior Years		0.01	(8.20)
MAT Credit Entitlement		(0.94)	(0.50)
Deferred tax (Net)		(42.13)	(11.78)
Provision for Tax Expense - Share in Joint Ventures		0.39	0.50
		271.84	**217.33**
Profit for the Year before Minority Interest and Share of Profit from Associate		**517.53**	**456.61**
Minority Interest in Profit		(206.22)	(169.57)
Share of Profit from Associate		-	1.47
Net Profit for the Year		**311.31**	**288.51**
Earnings per Equity Share of `2 each	39		
Basic		16.67	15.47
Diluted		16.64	15.43
Significant Accounting Policies	1		

See accompanying Notes forming part of the Consolidated Financial Statements.

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

Geetha Suryanarayanan
Partner

Chennai
5 May 2014

On behalf of the Board

M M Murugappan
Chairman

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

L Ramkumar
Managing Director

CONSOLIDATED CASH FLOW STATEMENT

` in Crores

Particulars		Year Ended 31.03.2014	Year Ended 31.03.2013
A.	**Cash Flow from Operating Activities:**		
	Net Profit Before Tax	**789.37**	**673.94**
	Adjustments for :		
	Depreciation and Amortisation Expense	158.70	132.62
	Financing Charges	1769.37	1410.00
	Finance Costs	124.54	107.41
	Profit on Tangible Assets Sold/Discarded (Net)	(2.37)	(0.91)
	Profit on Sale of Investments (Net)	(32.22)	(26.48)
	(Reversal of Provision)/Provision for Doubtful Debts and Advances (Net)	(0.53)	0.06
	Provision for Standard Assets (Net)	6.60	7.69
	Provision for Non Performing Assets under Financing Activity (Net)	37.75	74.64
	Reversal of Provision for Credit Enhancement and Servicing Costs on Assets De-recognised (Net)	(0.75)	(1.11)
	(Reversal of Provision)/Provision for Others	(1.06)	4.14
	Trade Receivables Written off	0.32	-
	Loss on Repossessed Assets (Net)	153.30	29.95
	Loss Assets Written Off	86.43	11.54
	Claims from Declined Risk Pool (Net)	(7.75)	8.08
	Non-cash Expenses-Terrorism pool	1.02	2.18
	Liabilities no longer payable written back	(3.78)	(4.03)
	Unrealised Losses on Foreign Currency Borrowings (Net)	1.25	0.89
	Gain on prepayment of Commercial paper and Debentures (Net)	(1.88)	-
	Interest Income	(271.44)	(212.36)
	Dividend Income	(38.65)	(1.56)
	Operating Profit before Working Capital/Other Changes	**2768.22**	**2216.69**
	Adjustments for :		
	Increase in Liabilities and Provisions	688.67	926.26
	Increase in Loans and Advances	(278.56)	(565.33)
	(Increase)/Decrease in Inventories	(21.22)	70.30
	(Increase)/Decrease in Trade Receivables	(55.15)	29.09
	Increase in Receivable Under Financing Activity (including Repossessed Assets)	(6359.64)	(6528.43)
	Decrease in Securitisation/Bilateral Assignment of Receivables	3380.78	2187.75
	Cash Generated From Operations	**123.10**	**(1663.67)**
	Financing Charges Paid	(1667.55)	(1332.21)
	Direct Taxes Paid (Net)	(327.59)	(232.27)
	Net Cash Flow Used in Operating Activities	**(1872.04)**	**(3228.15)**
B.	**Cash Flow from Investing Activities:**		
	Capital Expenditure (Including Capital Work-in-Progress and Capital Advances)	(233.02)	(293.36)
	Proceeds from Sale of Assets	6.84	5.45
	Investments in Subsidiaries	(1.01)	(480.65)
	Purchase of Other Investments	(26331.81)	(20645.87)
	Sale/Redemption of Other Investments	25755.32	20358.88
	Interest Received	243.65	191.76
	Dividend Received	73.35	1.56
	Net Cash Used in Investing Activities	**(486.68)**	**(862.23)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds from exercise of Employees Stock Option	1.30	2.05
	Increase in Equity Share Capital and Securities Premium (Net of Expenses)	21.01	309.22
	Repayment of Sales Tax Deferral	(3.86)	(2.98)
	Increase in Long Term Borrowings	1590.61	1607.88
	Increase in Short Term Borrowings (Net)	1269.75	2717.64
	Increase in Fixed Deposits	(0.58)	(0.14)
	Finance Costs Paid (Including Exchange Differences on Foreign Currency Loans)	(123.53)	(81.21)
	Dividends Paid (Including Dividend Distribution Tax - Net)	(111.90)	(88.24)
	Receipt of Industrial Promotion Subsidy	0.10	0.47
	Net Cash From Financing Activities	**2642.90**	**4464.69**
	Net Increase in Cash and Cash Equivalents [A+B+C]	**284.18**	**374.31**
	Cash and Cash Equivalents at the Beginning of the Year	**797.87**	**399.83**
	Cash and Cash Equivalents of Subsidiary Acquired during the Year	**-**	**23.73**
	Cash and Cash Equivalents as at End of the Year	**1082.05**	**797.87**
	Reconciliation with Note 21		
	Cash and Cash Equivalents as at End of the Year as per Cash Flow Statement	1082.05	797.87
	Current Investments (Excluding Investments under Lien)	(50.16)	(174.77)
	Bank Deposits held for More than Three Months	71.09	58.76
	Bank Deposits under Lien	5.91	78.04
	Balance in Restricted Bank Account	118.07	0.91
	Balance in Dividend Accounts	2.70	3.19
	Cash and Cash Equivalents as at End of the Year as per Note 21	**1229.66**	**764.00**

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

Geetha Suryanarayanan
Partner

Chennai
5 May 2014

On behalf of the Board

M M Murugappan
Chairman

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

L Ramkumar
Managing Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

1.1. Principles of Consolidation

The Consolidated Financial Statements relate to Tube Investments of India Limited (the Company), its Subsidiary Companies and Joint Ventures (Collectively referred to as 'the Group') and the Group's share of Profit/Loss in its associates.

a) The Financial Statements of the Subsidiaries and Joint Ventures used in the Consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March except for some of the Subsidiaries indicated in Para 1.2 below for which the Financial Statements as on the reporting date are not available and hence, the same have been consolidated based on the latest available audited Financial Statements as at 31 December. No significant transactions or events have occurred between this date and the date of consolidation.

b) The Financial Statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating material intra-group balances, intra-group transactions and the resulting unrealised profits or losses, unless cost cannot be recovered, as per Accounting Standard 21 - Consolidated Financial Statements.

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

d) The excess of Cost to the Company of its Investment in the Subsidiaries and Joint Ventures over the Company's portion of the Equity, at the dates on which the investments are made, is recognised in the Consolidated Financial Statements as Goodwill. The carrying value of Goodwill arising on Consolidation is not amortised but tested for impairment as at the end of each reporting period.

e) The excess of the Company's portion of Equity of the Subsidiaries and Joint Ventures over its Cost of Investment, at the dates on which the investments are made, is treated as Capital Reserve.

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

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

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

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

1.2. Particulars of Consolidation

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

Company	Relationship	Year End	Country of Incorporation	Proportion of Ownership	
				As at 31.03.2014	As at 31.03.2013
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 a below)	China	(Refer Note a below)	100.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

Company	Relationship	Year End	Country of Incorporation	Proportion of Ownership	
				As at 31.03.2014	As at 31.03.2013
Financiere C10 SAS (FC 10) Subsidiaries of FC 10 - Sedis SAS - Societe De Commercialisation De Composants Industriels - SARL (S2CI) - Sedis Co. Ltd	Subsidiary	31 December	France United Kingdom	100%	100%
Cholamandalam Investment and Finance Company Limited (CIFCL) Subsidiaries of CIFCL - Cholamandalam Distribution Services Limited (CDSL) - Cholamandalam Securities Limited (CSEC) - Cholamandalam Factoring Limited (CFACT) (Refer Note b below)	Subsidiary	31 March	India	50.45%	50.47%
Shanthi Gears Limited (SGL)	Subsidiary w.e.f. 19 November 2012. Associate for the period from 3 September 2012 to 18 November 2012.	31 March	India	70.12%	70.12%
Cholamandalam MS Risk Services Limited (CMSRSL)	Joint Venture	31 March	India	49.50%	49.50%
TI Tsubamex Private Limited (TTPL)	Joint Venture w.e.f. 03 January 2014	31 March	India	50.00%	NA

Notes:

a) During the year the Company had voluntarily liquidated TMWCL on 31 July 2013. TMWCL had a net Cash and Bank balance of RMB 57,699.06 (`0.06 Cr.) as on 31 July 2013 as per the Liquidated Balance Sheet and the amount was remitted to the Company on 28 February 2014. With respect to TMWCL, the financial information for the purpose of Consolidated Financial Statements for the year ended 31 March 2014, has been considered using the unaudited financial information contained in the verification report of Tax returns on Corporate Tax settlement of TMWCL for the period from 1 January 2013 to 28 February 2013, prepared and issued by a Tax Accounting Firm in China and from the Audited Liquidated Financial Statements of TMWCL for the period from 1 March 2013 to 31 July 2013.

b) CFACT was a Non-Banking Finance Company (NBFC) and a wholly-owned subsidiary of CIFCL. The Board of Directors of CIFCL at their meeting held on 30 October 2012 approved a Scheme of Amalgamation of CFACT with CIFCL subject to the approval of Hon'ble High Court of Judicature at Madras and other necessary approvals and sanctions. The Hon'ble High Court of Judicature at Madras sanctioned the Scheme with an Appointed date of 1 April 2012 and is effective from 24 May 2013, being date of filing the order with the Registrar of Companies. In accordance with the said Scheme, CIFCL has accounted for this amalgamation in the nature of merger under the pooling-of-interest method, during the current period with retrospective effect from the appointed date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

1.3. Accounting Convention

The Consolidated Financial Statements of the Group are prepared under the historical cost convention, on an accrual basis, in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under section 211(3C) of the Companies Act, 1956 ("1956 Act") (which continue to be applicable in respect of section 133 of the Companies Act, 2013 ("2013 Act") in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs)/issued by the Institute of Chartered Accountants of India (ICAI), as applicable, and the relevant provisions of the "1956 Act"/"2013 Act", as applicable. The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the previous year.The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances with certain exceptions as mentioned in the paragraphs below and are presented to the extent possible, in the same manner as the Company's separate Financial Statements .

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

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

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

1.4. Presentation and disclosure of Financial Statements

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

a) It is expected to be realised in, or is intended for sale or consumption in, the normal operating cycle relevant for each of the entities in the Group;

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

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

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

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

a) It is expected to be settled within the normal operating cycle relevant for each of the entities in the Group;

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

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

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

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

1.5. Use of Estimates

The preparation of the Financial Statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the Financial Statements and the reported income and expenses during the reporting year. The Management believes that the estimates used in the preparation of the Financial Statements are prudent and reasonable. Future results may vary from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

1.6. Cash and Cash Equivalents (for the purpose of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

1.7. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

1.8. Tangible Fixed Assets

Fixed Assets are stated at historical cost less accumulated depreciation and impairment losses, if any. Cost includes related taxes, duties, freight, insurance, etc. attributable to the acquisition and installation of the fixed assets but excludes duties and taxes that are recoverable from tax authorities. Borrowing costs are capitalised as part of qualifying fixed assets.

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

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

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

1.9. Impairment of Assets

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

1.10. Investments

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

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

c) In the case of CMSGICL:

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

(ii) Listed and actively traded equity securities are stated at last quoted closing price on the National Stock Exchange (NSE). Where a security is not listed on NSE, the last quoted closing price on Bombay Stock Exchange (BSE) is adopted.

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

(iv) In accordance with the Regulations, unrealized gain/loss arising due to changes in fair value of listed Equity Shares and mutual fund investments are taken to the "Fair Value Change Account". The credit balance, if any, in the fair value change account is not available for distribution, pending realisation.

(v) Segregation of invested assets is done by notionally allocating the closing Technical Reserves (Aggregate of Net Claims Outstanding and Reserve for Unexpired Risk) to Policyholders' Funds with the balance being reflected as Shareholders' Funds.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

(vi) Investment income, where directly identifiable with a specific business segment is credited to the business segment and in all other cases is allocated to the respective Revenue Account and the Profit and Loss Account based on the ratio of "Technical Funds" and "Shareholders Funds", respectively.

d) In the case of CIFCL:

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

1.11. Inventories

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

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

c) Due allowance is made for slow/non-moving items.

1.12. Revenue and Other Income

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

b) Service revenues are recognised when services are rendered.

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

d) Interest Income is recognised on time proportion basis.

e) In the case of CMSGICL:

(i) Premium (net of service tax) is recognised as income on assumption of risk, after adjusting for unexpired risk, which recognition in the case of Rashtriya Swasthya Bima Yojna Scheme (RSBY) is done based on the uploaded data in respect of the enrolled lives. Any cancellations or changes in premium are accounted for in the period in which they occur.

(ii) Reserve for Unexpired Risks:

a. Direct Business:

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" in terms of Circular No IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013.

b. Inward Business from Pooling Arrangements:

- In the case of the inward premium from IMTPDRIP (DR Pool), in view of the "clean cut" arrangement, the entire inward premium is recognised as revenue.
- In the case of the inward premium from Terrorism Pool (Fire and Engineering lines of business), 50% of the premium advised by the Pool Manager for a twelve month period is considered as Reserve for Unexpired Risks.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies *(Contd.)*

f) In the case of CIFCL:

1. Interest Income is recognised under the Internal Rate of Return method to provide a constant periodic rate of return on net investment outstanding on the Loan contracts. In the case of Non-Performing Loans, interest income is recognised upon realisation, as per RBI guidelines. Unrealised interest recognised as income in the previous period is reversed in the month in which the loan is classified as Non-Performing.
2. Service Charges are recognised on issue of delivery instruction to the dealer/manufacturer in respect of the assets financed or on release of disbursement amount, whichever is earlier, and when there is no uncertainty in receiving the same.
3. Additional Finance Charges, Cheque bounce charges, Field visit charges and other penal/servicing charges are recognised as income on realisation due to uncertainty in their collection.
4. Interest spread on bilateral assignment or securitisation of receivables is recognised on accrual basis over the tenor of the underlying assets.
5. Loss if any in respect of securitisation and assignment is recognised upfront in the Statement of Profit and Loss.
6. Income from Non-Financing Activity is recognised as per the terms of the respective contract on accrual basis.
7. Brokerage Income on stock broking and other charges are recognised on the trade date of transaction upon confirmation of the transaction by the exchanges.
8. Income from depository services, finance charges on client dues are recognised on the basis of agreements entered into with the clients and when the right to receive the income is established.
9. Interest income on bonds and deposits and pass through certificates is recognised on accrual basis.
10. Commission is recognised on an accrual basis based on contractual obligations and when there is no uncertainty in receiving the same. Commission income is net of service tax.
11. Profit/loss on sale of investments is recognised at the time of sale or redemption.

1.13. Reinsurance Ceded and Commission Received (CMSGICL):

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

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

1.14. Acquisition Cost of New Insurance Contracts (CMSGICL)

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

1.15. Claims and Premium Deficiency (CMSGICL)

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

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

c) Estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by the Appointed Actuary in compliance with guidelines issued by IRDA vide circular No 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2006, IBNR Manual dated May 22, 2008 and applicable provisions of the Actuarial Practice Standard 21 issued by the Institute of Actuaries in India. The Appointed Actuary has used alternative methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of businesses.

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

g) In accordance with IRDA Circular No IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013, enrolment costs in RSBY Schemes are absorbed in proportion of the elapsed policy period to total policy period. The costs pertaining to future accounting periods are shown as reduction from Reserve for Unexpired Risks.

1.16. Government Grants, Subsidies and Export Incentives

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

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

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

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

1.17. Receivables Under Financial Activity (CIFCL)

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

a) unearned income

b) instalments appropriated upto the year end

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

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

1.18. Employee Benefits

a) Defined Contribution Plan

(i) **Superannuation**

Contributions at a sum equivalent to 15% of eligible employees salary are made to Superannuation Funds administered by trustees and managed by Life Insurance Corporation of India (LIC). There is no liability for future Superannuation Fund benefits other than the annual contribution and such contributions are recognised as an expense in the year in which they are incurred.

(ii) **Provident Fund**

Contributions towards Employees Provident Fund made to the Regional Provident Fund are recognised as expense in the year in which they are incurred.

b) Defined Benefit Plan

(i) **Gratuity**

Annual contributions are made to Gratuity Funds administered by trustees and managed by LIC/Private Insurance Company. The liability for future gratuity benefits is accounted for based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method less the Fair Value of Plan Assets out of which the obligations are expected to be settled. Actuarial gains/losses are immediately recognised in the Statement of Profit and Loss.

(ii) **Provident Fund**

In respect of employees not covered under Point 1.18 (a) (ii), contributions to the Company's Employees Provident Fund Trust are made in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

c) Long Term Compensated Absences

The liability for long term compensated absences carried forward on the Balance Sheet date is provided for based on an actuarial valuation using Projected Unit Credit Method less the Fair Value of Plan Assets out of which the obligations are expected to be settled, as at the Balance Sheet date.

d) Short Term Employee Benefits

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

e) Voluntary Retirement Scheme

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

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

1.19. Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis.

1.20. Foreign Currency Transactions

Initial Recognition

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

Measurement

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

Non-monetary items are carried at historical cost.

Treatment of Exchange Differences

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

Accounting of Forward Contracts

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

Consolidation of Subsidiaries Situated in Foreign Countries

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

1.21. Derivative Instruments and Hedge Accounting

Company

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

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

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

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

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

CIFCL

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

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

1.22. Depreciation and Amortisation

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

c) Additional depreciation is provided for, where, in the opinion of the Management, the recovery of the fixed asset is likely to be affected by the variation in demand and/or its condition/usability.

d) Finance lease:

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

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

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

1.23. Research and Development

Revenue expenditure on research and development is expensed when incurred. Capital expenditure on research and development is capitalised under fixed assets and depreciated in accordance with Note 1.22 above.

1.24. Taxes on Income

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

Deferred Tax is recognised on timing differences; being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and tax laws enacted or substantively enacted as at the reporting date.

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

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

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

1.25. Provisions and Contingencies

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

1.26. Segment Accounting

1. The Generally Accepted Accounting Principles used in the preparation of the Financial Statements are applied to record revenue and expenditure in individual segments.
2. 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.

3. 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.
4. Segments Assets and Liabilities include those directly identifiable with the respective segments. Unallocated Corporate Assets and Liabilities represent the Assets and Liabilities that relate to the Company as a whole and are not allocable to any segment.

1.27. Borrowing Costs

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

1.28. Prepaid Finance Charges (CIFCL)

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

1.29. Earnings Per Share

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

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

1.30. Employees Stock Option

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

1.31. Provision for Claw Back of Commission Income (CIFCL)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Share Capital

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Authorised Capital		
21,50,00,000 Equity Shares of `2 each	43.00	43.00
Issued, Subscribed and Paid-up Capital		
18,68,92,766 Equity Shares of `2 each fully paid up (Previous Year 18,66,79,308 Equity Shares of `2 each fully paid up)	37.38	37.33
	37.38	**37.33**

a) The Reconciliation of Share Capital is given below:

Particulars	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	` in Crores	No. of Shares	` in Crores
At the beginning of the year	18,66,79,308	37.33	18,63,15,317	37.26
Shares allotted on exercise of employee stock options (Refer Note e below)	2,13,458	0.05	3,63,991	0.07
At the end of the year	**18,68,92,766**	**37.38**	**18,66,79,308**	**37.33**

b) Terms/Rights attached to class of shares:

The Company has only one class of shares referred to as Equity Shares having a par value of `2. The holders of Equity Shares are entitled to one vote per share. Dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. Repayment of capital will be in proportion to the number of Equity Shares held.

c) Details of Shareholder(s) holding more than 5% of Equity Shares in the Company:

Name of the Shareholder	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	% against total number of Shares	No. of Shares	% against total number of Shares
Murugappa Holdings Limited (Associate - Investing Company)	6,40,54,680	34.27%	6,40,54,680	34.31%

d) Status on Global Depository Receipts:

The aggregate number of Global Depository Receipts (GDRs) outstanding as at 31 March 2014 is 49,30,630 (As at 31 March 2013 - 52,23,460) each representing one Equity Share of `2 face value. GDR % against total number of shares is 2.64% (As at 31 March 2013 - 2.80%). The GDRs carry the same terms/rights attached to Equity Shares of the Company.

e) **Stock Options**

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

Particulars	Date of Grant	Weighted Average Exercise Price (`)	Options Granted	Options Cancelled/ lapsed	Options Exercised & allotted	Options vested and Outstanding at the End of the Year	Options unvested and 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	2,36,496	3,63,624	-	-	31.10.08 - 100%
Grant 2	31-Jan-08	66.10	1,05,460	24,136	81,324	-	-	31.01.09 - 100%
Grant 3	24-Mar-08	56.80	26,55,260	10,42,983	13,40,504	271,773	-	31.10.09 - 25% 31.10.10 - 37.5% 31.10.11 - 37.5%
Grant 4	31-Jul-08	44.45	3,86,900	92,595	2,34,919	59,386	-	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	23,760	30,240	-	-	31.10.09 - 20% 31.10.10 - 20% 31.10.11 - 30% 31.10.12 - 30%
Grant 6	30-Jan-09	31.05	28,100	4,777	23,323	-	-	30.01.10 - 20% 30.01.11 - 20% 30.01.12 - 30% 30.01.13 - 30%
Grant 7	29-Jan-11	140.05	4,25,400	1,55,792	2,600	176,618	90,390	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	96,372	36,232	59,796	-	29.01.12 - 40% 29.01.13 - 30% 29.01.14 - 30%
Grant 9	29-Jan-11	140.05	13,900	2,780	-	11,120	-	29.01.12 - 50% 29.01.13 - 50%
Grant 10	2-May-11	140.45	55,000	32,368	-	7,872	14,760	02.05.12 - 20% 02.05.13 - 20% 02.05.14 - 30% 02.05.15 - 30%
Grant 11	1-Aug-11	159.75	33,600	33,600	-	-	-	01.08.12 - 20% 01.08.13 - 20% 01.08.14 - 30% 01.08.15 - 30%
Grant 12	2-Nov-11	143.10	1,26,800	6,920	-	38,820	81,060	02.11.12 - 20% 02.11.13 - 20% 02.11.14 - 30% 02.11.15 - 30%
			46,76,940	**17,52,579**	**21,12,766**	**6,25,385**	**1,86,210**	

During the past 5 years, the Company has allotted 21,12,766 (Previous Year 18,99,308) Shares of `2 each to employees, pursuant to the exercise of their option under the Employees Stock Option Scheme.

The total number of such Options outstanding as at 31 March 2014 is 8,11,595 (Previous Year 11,84,216) and each Option is exercisable into one equity share of `2 face value within three/six years from the date of vesting.

The movement in Stock Options during the year is given below:

Particulars	Date of Grant	Options Outstanding at the Beginning of the Year	During the Year			Options Outstanding at the End of the Year	Options vested but not exercised as at the Beginning of the Year	Options vested but not exercised as at the End of the Year
			Options Granted	Options Cancelled/ lapsed	Options Exercised & allotted			
Grant 1	31-Oct-07	-	-	-	-	-	-	-
Grant 2	31-Jan-08	-	-	-	-	-	-	-
Grant 3	24-Mar-08	4,07,018	-	993	1,34,252	2,71,773	4,07,018	2,71,773
Grant 4	31-Jul-08	1,19,872	-	-	60,486	59,386	1,19,872	59,386
Grant 5	31-Oct-08	-	-	-	-	-	-	-
Grant 6	30-Jan-09	-	-	-	-	-	-	-
Grant 7	29-Jan-11	3,36,902	-	69,894	-	2,67,008	1,19,642	1,76,618
Grant 8	29-Jan-11	1,35,468	-	56,952	18,720	59,796	89,688	59,796
Grant 9	29-Jan-11	11,120	-	-	-	11,120	11,120	11,120
Grant 10	2-May-11	23,616	-	984	-	22,632	3,936	7,872
Grant 11	1-Aug-11	26,880	-	26,880	-	-	-	-
Grant 12	2-Nov-11	1,23,340	-	3,460	-	1,19,880	21,900	38,820
Total		**11,84,216**	**-**	**1,59,163**	**2,13,458**	**8,11,595**	**7,73,176**	**6,25,385**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Reserves and Surplus

` in Crores

Particulars	As at 31.03.2013	Movement	As at 31.03.2014
Capital Reserve (Refer Note a below)	1.26	0.10	1.36
Capital Reserve on Consolidation	0.16	0.00	0.16
Capital Redemption Reserve	22.81	(0.01)	22.80
Securities Premium Account	252.73	1.63	254.36
Debenture Redemption Reserve	135.10	19.28	154.38
Hedge Reserve Account	(0.32)	(0.12)	(0.44)
Statutory Reserve (Refer Note b below)	94.72	37.41	132.13
Foreign Currency Translation Reserve	0.73	(0.99)	(0.26)
Contingency Reserve for Unexpired Risk	18.66	(18.66)	-
Fair Value Change Account	(0.65)	0.65	-
General Reserve	977.00	204.85	1,181.85
	1502.20	**244.14**	**1746.34**
Surplus/(Deficit) in the Statement of Profit and Loss			
Surplus at the beginning of the year	292.29		119.64
Profit for the year	288.51		311.31
Final Dividend including Dividend Distribution Tax	(0.00)		0.00
Transfer to General Reserve	(250.74)		(133.70)
Transfer to Statutory Reserve	(61.59)		(72.81)
Transfer to Contingency Reserve for Unexpired Risk	(25.21)		-
Transfer to Debenture Redemption Reserve	(84.27)		(19.28)
Interim Dividend @ `1.50 (Previous year `1.50) per Equity Share of `2/- each	(27.99)		(28.02)
Final Dividend Proposed @ `0.50 (Previous year `0.50) per Equity Share of `2/- each	(9.33)		(9.34)
Dividend Distribution Tax	(3.20)		(2.08)
Earlier year's provision for Dividend Distribution Tax no longer required	1.17		1.59
Surplus at the end of the year	**119.64**		**167.31**
	1621.84		**1913.65**

Notes:

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

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

4. Long Term Borrowings

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Secured Borrowings		
Non-Convertible Debentures	2745.20	2529.40
Foreign Currency Term Loans from Banks	29.85	142.26
Rupee Term Loans from Banks	5696.50	4391.33
Unsecured Borrowings		
Non-Convertible Debentures	1981.30	1853.70
Deferred Payment Liability - Sales Tax Deferral	8.19	12.38
	10461.04	**8929.07**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Deferred Tax Liabilities (Net)

` in Crores

Nature - Liability/(Asset)		As at 31.03.2014	As at 31.03.2013
COMPANY			
Deferred Tax Liabilities			
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961		64.02	64.09
Total (A)		**64.02**	**64.09**
Deferred Tax Assets			
Deferred Revenue Expenses		(0.62)	(1.13)
Provision for Doubtful Debts/Advances		(2.60)	(2.91)
Provision for Employee Benefits and Others		(8.76)	(7.76)
Total (B)		**(11.98)**	**(11.80)**
Net Deferred Tax Liability (A+B)	**- I**	**52.04**	**52.29**
SUBSIDIARY - FINANCIERE C10 SAS			
Deferred Tax Liabilities			
Others		2.97	2.28
Total (A)		**2.97**	**2.28**
Deferred Tax Assets			
Others		-	-
Total (B)		**-**	**-**
Net Deferred Tax Liability (A+B)	**- II**	**2.97**	**2.28**
SUBSIDIARY - SHANTHI GEARS LIMITED			
Deferred Tax Liabilities			
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961		4.96	9.01
Total (A)		**4.96**	**9.01**
Deferred Tax Assets			
43B liabilities/disallowance		(2.45)	(2.14)
Total (B)		**(2.45)**	**(2.14)**
Net Deferred Tax Liability (A+B)	**- III**	**2.51**	**6.87**
Total Deferred Tax Liability (Net)	**- I+II+III**	**57.52**	**61.44**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Other Long Term Liabilities

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Advances from Customers/Others	0.80	1.16
Interest Accrued but Not Due on Loans/Other Deposits	29.38	45.24
Claims Outstanding	1145.35	922.10
Reserve for Unexpired Risk	80.30	36.71
Other Liabilities	2.52	2.26
	1258.35	**1007.47**

7. Long Term Provisions

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Provision for Standard Assets *	32.67	28.51
Provision for Non-Performing Assets *	70.29	52.17
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised *	7.53	7.53
Provision for Compensated Absences	3.34	3.85
Share in Joint Ventures	0.11	-
	113.94	**92.06**

* Also Refer Note 11 (ii)

8. Short Term Borrowings

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Secured Borrowings		
Foreign Currency Loans	119.83	38.00
Working Capital Demand Loans	-	120.00
Cash Credit and Other Borrowings	2732.32	2149.21
Share in Joint Ventures	6.18	-
	2858.33	**2307.21**
Unsecured Borrowings		
Foreign Currency Loans	-	56.61
Working Capital Demand Loans	-	50.00
Cash Credit and Other Borrowings	30.45	33.64
Commercial Papers	596.70	850.05
	627.15	**990.30**
	3485.48	**3297.51**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Trade Payables

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Trade Payables		
- Dues to Micro, Small & Medium Enterprises	1.06	1.48
- Goods and Services	631.49	518.47
Acceptances	225.78	157.04
Share in Joint Ventures	0.25	-
	858.58	**676.99**

10. Other Current Liabilities

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Current Maturities of Long Term Borrowings	5512.92	4373.26
Deferred Payment Liability - Sales Tax Deferral	4.19	3.86
Interest Accrued but Not Due	427.76	321.17
Unpaid Dividends	2.70	2.76
Income Received in Advance	0.04	0.03
Unclaimed Fixed Deposits and Interest	0.21	0.40
Advances and Deposits from Customers/Others	48.32	91.78
Collections in derecognised assets	228.58	184.87
Claims Outstanding	371.61	261.08
Reserve for Unexpired Risk	702.25	628.89
Unallocated Premium	61.80	12.94
Other Liabilities	176.68	142.86
Share in Joint Ventures	0.43	0.50
	7537.49	**6024.40**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Short Term Provisions

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Provision for Compensated Absences (Net)	28.51	29.19
Provision for Warranties (Refer Note i below)	1.38	1.96
Provision for Wealth Tax	0.07	0.13
Provision for Standard Assets (Refer Note ii below)	15.50	13.06
Provision for Non performing Assets (Refer Note ii below)	191.77	172.14
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised (Refer Note ii below)	-	0.75
Provision for Contingency/Others (Refer Note iii below)	14.68	17.67
Contingent Service Tax Claims (Refer Note ii below)	7.92	7.92
Proposed Dividend	9.34	9.33
Dividend Distribution Tax	1.59	1.59
Share in Joint Ventures	0.81	0.68
	271.57	**254.42**

Notes:

(i) Provision for Warranties - Company and one of its Subsidiaries

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

Particulars	2013-14	2012-13
At the beginning of the year	1.96	1.63
Created during the year	2.47	2.56
Utilised during the year	(3.05)	(2.23)
At the end of the year	**1.38**	**1.96**

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

(ii) Movement in Provisions in CIFCL

(Long Term Provisions and Short Terms Provisions) ` in Crores

Particulars	Provision for Standard Assets	Provision for Non-Performing Assets	Provision for Credit Enhancements and Servicing Costs on Assets Derecognised	Contingent Service Tax Claims
Opening Balance				
- Long Term (Refer Note 7)	28.51	52.17	7.53	-
- Short Term	13.06	172.14	0.75	7.92
Provision Created during the year	6.60	153.60	-	-
Utilised/(Reversed) during the year	-	(115.85)	(0.75)	-
Closing Balance				
- Long Term (Refer Note 7)	32.67	70.29	7.53	-
- Short Term	15.50	191.77	-	7.92

(iii) Provision for Contingency/Others - Company and its Subsidiaries ` in Crores

Particulars	2013-14	2012-13
At the beginning of the year	17.67	16.81
(Utilised)/created during the year	(2.99)	0.86
At the end of the year	**14.68**	**17.67**

The above provision includes provision towards various claims against the Company not acknowledged as debts.

12. Fixed Assets

` in Crores

Particulars	Gross Block at Cost					Depreciation/Amortisation					Net Block	
	As at 31.03.2013	Addition on Acquisition of Subsidiary	Additions/ Adjustments	Deletions/ Adjustments	As at 31.03.2014	As at 31.03.2013	Addition on Acquisition of Subsidiary	For the Year (Note 1)	On Deletion	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Assets												
Land (Freehold)	**76.89**	**-**	**62.85**	**0.11**	**139.63**	**-**	**-**	**-**	**-**	**-**	**139.63**	**76.89**
	(64.06)	(5.50)	(7.33)	-	(76.89)	-	-	-	-	-	(76.89)	(64.06)
Land (Leasehold)	**1.14**	**-**	**-**	**-**	**1.14**	**0.14**	**-**	**0.02**	**-**	**0.16**	**0.98**	**1.00**
	(1.14)	-	-	-	(1.14)	(0.12)	-	(0.02)	-	(0.14)	(1.00)	(1.02)
Buildings (Note 2)	**310.63**	**-**	**29.82**	**0.20**	**340.25**	**95.95**	**-**	**14.45**	**0.12**	**110.28**	**229.97**	**214.68**
	(250.39)	(34.01)	(26.35)	(0.12)	(310.63)	(57.13)	(9.33)	(29.54)	(0.05)	(95.95)	(214.68)	(193.26)
Plant & Machinery	**1465.08**	**-**	**102.83**	**15.65**	**1552.26**	**936.01**	**-**	**95.49**	**0.97**	**1030.53**	**521.73**	**529.07**
	(1088.29)	(303.90)	(90.50)	(17.61)	(1465.08)	(661.30)	(221.57)	(70.08)	(16.94)	(936.01)	(529.07)	(426.99)
Railway Siding	**0.21**	**-**	**-**	**-**	**0.21**	**0.20**	**-**	**-**	**-**	**0.20**	**0.01**	**0.01**
	(0.21)	-	-	-	(0.21)	(0.20)	-	-	-	(0.20)	(0.01)	(0.01)
Office Equipment	**67.22**	**-**	**13.05**	**2.94**	**77.33**	**34.70**	**-**	**22.28**	**0.18**	**56.80**	**20.53**	**32.52**
	(30.11)	(8.25)	(36.71)	(7.85)	(67.22)	(20.85)	(7.58)	(13.57)	(7.30)	(34.70)	(32.52)	(9.26)
Improvement to Premises (Leasehold and Owned)	**22.00**	**-**	**8.59**	**0.17**	**30.42**	**9.26**	**-**	**6.75**	**0.16**	**15.85**	**14.57**	**12.74**
	(7.02)	-	(15.62)	(0.64)	(22.00)	(2.37)	-	(7.52)	(0.63)	(9.26)	(12.74)	(4.65)
Furniture & Fixtures	**32.02**	**-**	**5.78**	**1.56**	**36.24**	**20.68**	**-**	**5.28**	**1.50**	**24.46**	**11.78**	**11.34**
	(27.40)	(1.94)	(3.70)	(1.02)	(32.02)	(19.49)	(1.47)	(0.71)	(0.99)	(20.68)	(11.34)	(7.91)
Vehicles	**18.19**	**-**	**5.69**	**4.48**	**19.40**	**8.70**	**-**	**3.67**	**3.53**	**8.84**	**10.56**	**9.49**
	(13.44)	(2.80)	(5.01)	(3.06)	(18.19)	(5.85)	(2.14)	(2.92)	(2.21)	(8.70)	(9.49)	(7.59)
Total	**1993.38**	**-**	**228.61**	**25.11**	**2196.88**	**1105.64**	**-**	**147.94**	**6.46**	**1247.12**	**949.76**	**887.74**
	(1482.06)	(356.40)	(185.22)	(30.30)	(1993.38)	(767.31)	(242.09)	(124.36)	(28.12)	(1105.64)	(887.74)	(714.75)
Intangible Assets												
- Computer Software	**67.13**	**-**	**9.01**	**0.65**	**75.49**	**49.48**	**-**	**10.45**	**0.65**	**59.28**	**16.21**	**17.65**
	(48.68)	(4.69)	(13.76)	-	(67.13)	(38.25)	(3.25)	(7.98)	-	(49.48)	(17.65)	(10.43)
- Others	**1.84**	**-**	**0.03**	**0.16**	**1.71**	**1.62**	**-**	**0.09**	**0.08**	**1.63**	**0.08**	**0.22**
	(6.65)	-	-	(4.81)	(1.84)	(3.98)	-	(0.09)	(2.45)	(1.62)	(0.22)	(2.67)
Total	**68.97**	**-**	**9.04**	**0.81**	**77.20**	**51.10**	**-**	**10.54**	**0.73**	**60.91**	**16.29**	**17.87**
Total	(55.33)	(4.69)	(13.76)	(4.81)	(68.97)	(42.23)	(3.25)	(8.07)	(2.45)	(51.10)	(17.87)	(13.10)
Grand Total	**2062.35**	**-**	**237.65**	**25.92**	**2274.08**	**1156.74**	**-**	**158.48**	**7.19**	**1308.03**	**966.05**	**905.61**
Previous Year	(1537.39)	(361.09)	(198.98)	(35.11)	(2062.35)	(809.54)	(245.34)	(132.43)	(30.57)	(1156.74)	(905.61)	(727.85)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes:

1. Depreciation/Amortisation for the year includes depreciation amounting to `5.10 Cr. (Previous Year `2.25 Cr.) charged additionally on certain assets.
2. Net Block of Buildings includes Improvement to Buildings `10.22 Cr. (Previous Year `10.61 Cr.) constructed on Leasehold Land.
3. Previous Year Figures are given in brackets.

13. Non - Current Investments

(Valued at Cost unless stated otherwise) ` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Long Term Investments		
Trade Investments:		
Government Securities	742.72	559.55
Other Investments:		
Equity Shares (Fully paid) - Quoted (Refer Note a and b below)	15.19	3.33
Equity Shares (Fully paid) - Unquoted	5.95	3.54
Debentures and Bonds	799.03	495.94
Investment in Mutual Fund Units	2.85	1.92
Investment in Infrastructure Bonds	291.35	194.01
Others	11.44	24.01
	1868.53	**1282.30**

Notes:

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

b) Market Value of Quoted Investments is `21.05 Cr. (Previous Year `4.54 Cr.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Deferred Tax Assets (Net)

` in Crores

Nature - (Liability)/Asset	As at 31.03.2014	As at 31.03.2013
SUBSIDIARY - CMSGICL		
Deferred Tax Liabilities		
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961	(1.61)	(1.17)
Total (A)	**(1.61)**	**(1.17)**
Deferred Tax Assets		
Provision for Employee Benefits and Others	1.40	1.23
Provision for dimunution in investments	0.37	0.37
Others	0.51	0.19
Total (B)	**2.28**	**1.79**
Net Deferred Tax Asset (A+B) - I	**0.67**	**0.62**
SUBSIDIARY - CIFCL		
Deferred Tax Liabilities		
Unamortised Prepaid Finance Charges	(21.53)	(21.81)
Total (A)	**(21.53)**	**(21.81)**
Deferred Tax Assets		
Provision for Standard Assets	16.37	14.13
Provision for Non-Performing Assets	89.07	53.19
Provision for Credit Enhancements and Servicing Costs on Assets De-Recognised	2.56	2.82
Provision for Repossessed Stock	8.43	4.07
Provision for Contingent Service Tax	2.69	2.69
Income De-recognised on Non-Performing Assets	21.19	7.51
Provision for Employee Benefits and Others	3.09	3.56
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961	2.01	2.00
Others	5.77	0.70
Total (B)	**151.18**	**90.67**
Net Deferred Tax Asset (A+B) - II	**129.65**	**68.86**
Total Deferred Tax Assets (Net) - I + II	**130.32**	**69.48**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Long Term Loans and Advances

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

Particulars	As at 31.03.2014	As at 31.03.2013
Capital Advances		
- Secured	16.74	21.35
- Unsecured	7.60	6.93
Loans and Advances		
- Receivable from Terrorism Pool	61.38	49.61
- Electricity and Other Deposits	7.73	6.00
- Others	1.30	1.87
Deposits with Government, Public Bodies and Others	9.95	13.86
Balance with Customs, Excise and Sales Tax Authorities	5.12	6.60
Receivable from Indian Motor Third Party Insurance Pool Members	-	418.53
Sundry Deposits	9.00	4.37
Advance Income Tax (Net of Provision)	103.48	91.69
MAT Credit Entitlement	2.99	1.98
Share in Joint Ventures	0.03	0.03
	225.32	**622.82**

16. Receivable under Financing Activity - Non-Current

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Secured		
Automobile Financing	8519.27	7414.12
Loans against Immovable Property	4536.06	3991.78
Loans against Securities	19.02	54.25
Other Loans	4.67	13.14
Unsecured		
Consumer Loans	0.03	0.36
	13079.05	**11473.65**
Of the above:		
Considered Good	12920.11	11402.47
Others - Non Performing Assets	158.94	71.18
	13079.05	**11473.65**

Note:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Other Non-Current Assets

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

Particulars	As at 31.03.2014	As at 31.03.2013
Non-Current Bank Balances	520.00	350.97
Excess Interest spread - De-recognised Assets	43.28	51.13
Prepaid Finance Charges	48.90	49.49
Financial Assets	-	5.99
Deposits	2.13	2.11
	614.31	**459.69**

18. Current Investments

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

Particulars	As at 31.03.2014	As at 31.03.2013
Investment in Infrastructure Bonds	40.06	10.13
Debentures/Bonds	60.03	145.24
Mutual Funds and Money Market Instruments	115.71	243.41
Government Securities	31.39	6.75
Share in Joint Ventures	0.11	0.12
	247.30	**405.65**

19. Inventories

[Lower of Cost and Estimated Net Realisable Value (Net of Allowances)] ` in Crore

Particulars	As at 31.03.2014	As at 31.03.2013
Raw Materials	178.57	180.04
Work-in-Progress	147.60	131.44
Finished Goods	112.94	107.36
Stock-in-Trade	15.93	21.20
Stores and Spare Parts	20.46	16.93
Goods-in-Transit		
- Raw Materials	17.14	4.49
- Stock-in-Trade	2.31	1.36
	494.95	**462.82**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. Trade Receivables

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	36.09	55.35
Doubtful	7.60	8.28
	43.69	**63.63**
Others		
Considered good	573.50	477.84
Doubtful	2.03	0.78
	575.53	**478.62**
Gross Trade Receivables	**619.22**	**542.25**
Provision for Doubtful Debts	(9.63)	(9.06)
Share in Joint Ventures	4.35	3.06
	613.94	**536.25**
Of the above:		
- Secured	16.20	4.36
- Unsecured	597.74	531.89
	613.94	**536.25**

21. Cash and Cash Equivalents

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Balance with Banks		
- Current Accounts	781.99	465.89
- Unpaid Dividend Accounts	2.70	2.76
- On Deposit Accounts		
- Free of Lien	168.40	151.11
- Under Lien	7.17	6.31
- On Client and Exchange Related Accounts	1.87	2.84
- Deposits as Collateral towards Assets De-recognised	115.02	66.83
- Public Deposit Escrow Account	0.27	0.56
- In Deposit Accounts - Original maturity more than 3 months	68.94	7.44
Share in Joint Ventures	4.22	1.78
	1150.58	**705.52**
Cheques on Hand	28.92	25.84
Cash on Hand	50.16	32.64
	1229.66	**764.00**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. Short Term Loans and Advances

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Advances Recoverable		
- Goods and Services	19.63	18.83
- Employee Related	17.48	12.12
- Prepaid Expenses	7.58	7.48
- Gratuity Fund (Net of Provision)	0.95	0.78
- Others	17.95	4.11
	63.59	**43.32**
Other Deposits	11.95	11.28
Receivable from Declined Risk Pool	6.02	-
Receivable from IMTPIP	425.98	32.17
Balances with Customs, Excise and Sales Tax Authorities	39.95	12.39
Advance Tax (Net of Provision)	-	0.04
Fringe Benefits Tax (Net of Provision)	0.01	0.01
Share in Joint Ventures	5.93	0.39
	553.43	**99.60**

23. Receivable under Financing Activity - Current

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Secured		
Automobile Financing	5321.12	4357.86
Loans against Immovable Property	374.99	342.84
Loans against Securities	84.70	100.47
Loans against Gold	-	15.34
Other Loans	12.25	-
Instalments and Other Dues from Borrowers	475.23	236.61
Unsecured		
Consumer Loans	0.23	68.87
Bills Discounted	1.64	-
Other Loans	77.61	85.06
Instalments and Other Dues from Borrowers	1.31	13.08
	6349.08	**5220.13**
Notes:		
a) Instalments and Other Dues from Borrowers include dues from borrowers in respect of assets De-recognised on account of Assignment of Receivables.	43.16	25.61
b) Secured Instalments and Other Dues to Borrowers include amounts outstanding for more than 6 months.	158.44	56.43
c) Unsecured Instalments and Other Dues to Borrowers include amounts outstanding for more than 6 months.	0.49	11.08
Of the above:		
Considered Good	6072.15	5090.89
Others - Non Performing Assets	276.93	129.24
	6349.08	**5220.13**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24. Other Current Assets

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Excess Interest spread - De-recognised assets	5.20	6.76
Prepaid Finance Charges	14.45	14.67
Prepaid Discount on Commercial papers	16.93	26.48
Reposessed Vehicles	11.05	6.28
Interest and Other Income Accrued but Not Due		
- on Loans to Borrowers	238.19	190.09
- on Deposits and Investments	81.73	58.89
Financial Assets on derivative transactions	9.39	17.56
Unbilled Revenue	0.09	0.16
Other Accruals and Receivables	56.92	22.13
	433.95	**343.02**

25. Other Income

` in Crores

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest and Dividend Income	12.60	12.20
Royalty Income	0.24	0.32
Profit on Tangible Assets sold/Discarded (Net)	2.37	0.91
Profit on Sale of Investments (Net)	6.57	4.08
Miscellaneous Income	6.64	6.82
Share in Joint Ventures	0.41	0.22
	28.83	**24.55**

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

` in Crores

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Opening Stock		
Work-in-Progress	131.44	105.28
Finished Goods	107.36	102.39
Stock-in-Trade	22.56	46.85
	261.36	**254.52**
Addition on Acquisition of new Subsidiary	-	32.68
Closing Stock		
Work-in-Progress	147.60	131.44
Finished Goods	112.94	107.36
Stock-in-Trade	18.24	22.56
	278.78	**261.36**
	(17.42)	**25.84**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

27. Employee Benefits Expense

` in Crores

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Salaries, Wages and Bonus	572.78	496.78
Contribution to Provident and Other Funds	52.74	43.53
Welfare Expenses	47.61	45.58
Share in Joint Ventures	4.02	2.74
	677.15	**588.63**

28. Other Expenses

` in Crores

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Consumption of Stores and Spares	160.03	149.55
Freight and Carriage Inwards	47.36	47.22
Conversion Charges	67.99	76.12
Power and Fuel	171.91	165.60
Rent	55.69	64.52
Repairs to Buildings	2.79	2.04
Repairs to Machinery	59.45	54.12
Repairs to Others	3.51	2.69
Insurance	5.77	4.50
Rates and Taxes	52.41	38.57
Travelling and Conveyance	47.68	38.51
Printing, Stationery and Communication	25.48	25.05
Freight, Delivery and Shipping Charges	120.71	113.75
Discounts/Incentives on Sales	27.74	27.87
Advertisement and Publicity	32.85	32.01
Bad Debts Written Off	0.87	0.51
Release of Bad Debts provision	(0.92)	(0.33)
Provision for Doubtful Debts	-	0.18
Advances Written Off	-	0.11
Auditors' Remuneration (Refer Note below)	1.80	1.82
Commission to Non Whole Time Directors - Company	1.24	1.30
Directors' Sitting Fees - Company	0.08	0.08
Loss on Exchange Fluctuation (Net)	3.44	9.24
Provision for Contingencies	-	0.63
Marketing Expenses	130.73	128.40
Bank Charges	2.20	2.59
EDP Expenses	27.65	26.93
Donations to Charitable and other instiutions	0.89	1.38
Administration Expenses	70.97	55.11
Insurance Commission (Net)	21.86	17.05
Recovery Charges	82.77	64.98
Other Expenses	169.83	127.57
Share in Joint Ventures	7.04	2.70
	1401.82	**1282.37**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note: Auditors' Remuneration (Including for other Auditors)

` in Crores

Particulars	2013-14	2012-13
Statutory Audit	1.27	1.22
Tax Audit & Other Services	0.50	0.55
Reimbursement of Expenses	0.03	0.05
Sub-Total	**1.80**	**1.82**
Share in Joint Ventures	0.02	0.02
Total	**1.82**	**1.84**

29. Provisions, Loan Losses and Other Charges

` in Crores

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Loss Assets Written Off	86.43	11.54
Loss on Repossessed Assets (Net)	153.30	29.95
Provision for Non Performing Assets	153.60	107.57
Provision Released for Non Performing Assets on Recovery/Write off	(116.59)	(33.64)
Provision for Standard Assets (Net)	6.60	7.69
Provision for other Doubtful Debts and Advances	0.03	0.21
Loss on Sale of Shares held as Stock-in-Trade (Net)	0.02	0.01
Provision for Dimunition in value of Investment	-	0.01
	283.39	**123.34**

30. Finance Costs

` in Crores

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest Expense	115.51	96.64
Exchange difference on Foreign Currency Loans (Net)	8.06	9.96
Other Borrowing Costs	0.71	0.81
Share in Joint Ventures	0.26	-
	124.54	**107.41**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31. Commitments and Contingent Liabilities

` in Crores

	Particulars	As at 31.03.2014	As at 31.03.2013
a)	Estimated amount of contracts remaining to be executed on capital expenditure and not provided for	62.67	107.22
b)	Disputed Income-Tax demands from A.Y. 1993-94 to 2009-10 under appeal/ remand pending before various appellate/ assessing authorities against which `26.15 Cr. (Previous Year `28.02 Cr.) has been deposited. The Balance of `0.48 Cr. (Previous Year `1.47 Cr.) is not deposited for which rectification petitions/ appeals have been filed. The Management is of the opinion that the above demands are not sustainable.	26.63	29.49
c)	Disputed Service Tax, Excise and Customs duty demand amounting to `1.69 Cr. (Previous Year `1.78 Cr.) and penalty of `1.22 Cr. (Previous Year `1.22 Cr.) pertaining to financial years 1999-00 to 2005-06 under appeal pending before the Appellate Tribunal. The same has not been deposited. The Management is of the opinion that the demand is arbitrary and the same is not sustainable.	2.91	3.00
d)	Cases decided in favour of the Company against which the department has gone on an appeal		
	i. Income Tax	43.21	43.21
	ii. Excise	2.09	2.18
e)	Export obligation under EPCG/Advance License Scheme not yet fulfilled. The Company is confident of meeting its obligations under the Schemes within the Stipulated Period.	63.53	68.90
f)	Bills Drawn of Customers and Discounted with Banks	1.55	1.44
g)	Counter Guarantees Provided by two of the Subsidiaries	35.22	39.86
h)	Disputed claims against one of the Subsidiary lodged by various parties pending litigation (to the extent quantifiable)	17.12	15.13
i)	Cases decided in favour of the Subsidiaries against which the Income Tax Department has gone on appeal	0.98	0.98
j)	Disputed Excise/Sales/Service Tax Demands in respect of the Subsidiaries and Joint Ventures	57.09	42.81
k)	Disputed Income Tax Demands in respect of the Subsidiaries and Joint Ventures	82.31	64.25
l)	Claims Against Company not acknowledged as debts in one of Subsidiary	7.25	7.25
m)	Claims, under policies, not acknowledged as debts in one of the Subsidiaries - in respect of a disputed claim under a fire policy.	Refer Note (a) below	Refer Note (a) below

Notes:

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

b) Draft Assessment Orders received from Income Tax Authorities and Show Cause Notices received from various Government Authorities, pending adjudication, have not been considered as Contingent Liabilities.

32. Subsidiary - CMSGICL

a. Terrorism Pool:

Premium received from customers on account of Terrorism cover has been ceded to General Insurance Corporation of India (GIC) Terrorism Pool Account. CMSGICL's share in the Terrorism Pool Account with GIC, based on the statements of account received during the current year for the period upto 31 December 2013 has been accounted under the respective heads as follows:

a) Premium Inwards - Premium on Reinsurance Accepted

b) Claims - under Claims Paid and Claims Outstanding

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

d) Investment Income (provisional statements received upto 31 March 2014) - under Interest and Dividends in the Revenue Accounts

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

CMSGICL 's share in the Terrorism Pool Account with GIC for the period 1 January 2014 to 31 March 2014 will be accounted on receipt of the relevant statements of account from GIC.

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

a) IRDA had vide its Orders IRDA /NL/ORD/MPL/277/12/2011 dated 23 December 2011 and IRDA/NL/ORD/MPL/003/01/2012 dated 3 January 2012 directed dismantling of the IMTPIP with effect from 31 March 2012. The dismantling of the pooling arrangement of IMTPIP implied that the insurers liability on motor third party insurance on commercial vehicles stands restated from industry market share basis to actual policy issued basis.

b) Further, vide Order IRDA/F&A/ORD/MTPP/070/03-2012 dated 22 March 2012, IRDA had directed all members to effect the inter-se settlement of the transitional liabilities arising out the dismantling of IMTPIP. Accordingly, based on the advice from the Pool Administrator, CMSGICL had effected the settlement for the underwriting years 2007-08, 2008-09 and 2009-10 and has created claims outstanding liability for the underwriting years 2010-11 and 2011-12 with a corresponding asset towards receivable from other member companies.

c) IRDA, vide Order No IRDA/F&A/ORD/MTPP/070/03-2012 dated 22 March 2012, amongst other things, had provided an option to insurers for a deferred absorption of the differential liability subject to certain conditions listed in the said Order. CMSGICL, having exercised the option, has recognised in its Miscellaneous Revenue Account for the year ended 31 March 2014, `54.90 Cr. (Previous Year `67 Cr.) representing final tranche of deferred absorption of the cumulative differential actuarially estimated liability for the underwriting years 2009-10, 2010-11 and 2011-12.

d) In terms of the above-said Order dated 22 March 2012 the contents of which has been reaffirmed by IRDA vide Order No. IRDA/NL/ORD/MPL/100/03/2014 dated 28 March 2014, CMSGICL has accrued and recognised for the financial year an interest income of `28.67 Cr. (Previous Year `31.44 Cr.) receivable from the members of the erstwhile IMTPIP.

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

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

(ii) In terms of the DR Pool agreement,

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

b) The member insurance company has the option of either retaining the "Act Only" premium in its books or ceding 75% (Previous Year - 70%) of the premium.

c) The fulfilment or shortfall of the above mandatory obligations shall be determined based on actual premium written (net of reinsurance) by the Insurance Company and premium retained with respect to the business ceded to the DR Pool.

d) The DR Pool shall be extinguished at the end of every financial year on a clean cut basis, based on the statement of accounts drawn by the Pool Administrator.

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

a) Amounts collected towards declined risks is reflected in GWP (Direct) and the ceding to the DR Pool in Premium on reinsurance ceded.

b) Likewise, premium received from the DR Pool is reflected in Reinsurance accepted.

c) Earned Premium is considered at 100% of the premium received from the DR Pool since the risks have been transferred on a clean cut basis.

d) Likewise, CMSGICL's share of incurred claims of the DR Pool has also been considered on 100% of the earned premium and reflected in Claims Paid and Claims Outstanding.

e) CMSGICL's share of administrative expenses of the DR Pool is disclosed under expenses of management and are net of deductions, if any.

(iv) Revenue from Motor segment for the year ended 31 March 2014 includes:

a) `17.18 Cr. arising out of the differential Ultimate Loss Ratio as directed by IRDA vide Order No. IRDA/NL/ORD/MPL/223/11/2013 for the underwriting year 2012-13.

b) `7.50 Cr. for the underwriting year 2013-14 which is a management estimate (based on the statements circulated by GIC for the nine months period ended 31 December 2013). The difference, if any, between the estimates and the actuals for the underwriting year shall be recognised in the calendar quarter in which the Pool Administrator makes available the audited statement.

d. Contingency Reserve for Unexpired Risks

CMSGICL has created the Contingency Reserve for Unexpired Risks for a value of `25.21 Cr. in March 2013, availing the option provided in terms of IRDA Circular No IRDA/F&I/CIR/F&A/015/02/2011 dated 2 February 2011.

In terms of the said circular, the balance in the Contingency Reserve for Unexpired Risks has been transferred to General Reserve as on 31 March 2014.

e. Change in Accounting Policy

IRDA vide Circular No. IRDA/F&A/CIR/FA/126/07/2013 dated 3 July 2013, directed the implementation of the Master Circular on Preparation of Financial Statements for General Insurance Business with effect from 1 April 2013.

Pursuant to the above Circular, the following changes have been affected and the impact of such changes are:

a) Restriction of the requirement of Reserve for Unexpired Risks to be computed principally on "Day Basis"(based on actual number of days left in the policy period divided by total number of days of policy period) from the earlier requirement of 50% of the net premium written or "Day Basis", whichever is higher.

The change has the effect of reducing the Reserve for Unexpired Risks by `3.66 Cr. with a consequent increase in the Net Earned Premium for the year.

b) Change in absorption of the enrolment costs under RSBY Scheme in proportion of the elapsed period to total policy period from the earlier practice of upfront absorption on commencement of policy period.

This change has the effect of reducing the Net Incurred Claims by `3.69 Cr. with a corresponding increase in the Profit for the year.

c) As a result of (a) and (b) above, the Profit before Tax for the year is higher by `7.35 Cr.

f. Encumbrances

The assets of CMSGICL are free from encumbrances except in the case of:

a) Deposits under lien to banks amounting to `1.26 Cr. (Previous Year `0.28 Cr.).

b) Garnishee orders by MACT on bank balances amounting to `1.71 Cr. (Previous Year ` Nil) in respect of Motor Third Party Claims. These amounts duly provided for are included in the Outstanding Claims.

c) Security deposit of `1.83 Cr. (Previous Year `1.83 Cr.) provided by CMSGICL to the Lessor under the operating lease agreement.

33. Subsidiary - CIFCL

Assets De-recognised ` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Assets De-recognised		
- On Bilateral Assignment of Receivables	174.37	429.96
- On Securitisation of Receivables	3912.98	2098.81
Deposits provided as Collateral for Credit Enhancements	662.76	448.29

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

34. Segment Information

(A) PRIMARY SEGMENT

` in Crores

PARTICULARS	CYCLES/ COMPONENTS/ E-SCOOTERS		ENGINEERING		METAL FORMED PRODUCTS		GEARS AND GEAR PRODUCTS		INSURANCE		OTHER FINANCIAL SERVICES		OTHERS		ELIMINATIONS		CONSOLIDATED TOTAL	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUE																		
External Sales	1179.42	1262.58	1373.60	1340.60	1028.06	1008.13	150.96	63.07	1426.38	1162.03	3199.81	2502.54	11.76	6.95			8369.99	7345.90
Inter-Segment Sales			136.08	126.80	0.58	0.47	0.58	0.14	5.80	5.40					(143.04)	(132.81)	0.00	0.00
Other Operating Income	5.57	4.24	112.69	114.81	48.66	50.49	4.17		213.64	170.56	79.50	65.37					464.23	405.47
Unallocated Corporate Income																	0.27	0.27
Total Revenue	**1184.99**	**1266.82**	**1622.37**	**1582.21**	**1077.30**	**1059.09**	**155.71**	**63.21**	**1645.82**	**1337.99**	**3279.31**	**2567.91**	**11.76**	**6.95**	**(143.04)**	**(132.81)**	**8834.49**	**7751.64**
Unallocated Corporate Expenses																	(13.41)	(17.10)
RESULT																		
Operating Profit	38.03	50.82	136.04	109.94	67.64	83.59	21.99	5.35	95.64	89.01	554.38	451.99	0.87	1.44			901.18	775.04
Profit/(Loss) on Sale of Assets	(0.02)	(0.06)	(0.15)	(0.18)	2.10	0.31	0.31	0.83	0.08		0.05	0.01					2.37	0.91
Net Operating Profit	**38.01**	**50.76**	**135.89**	**109.76**	**69.74**	**83.90**	**22.30**	**6.18**	**95.72**	**89.01**	**554.43**	**452.00**	**0.87**	**1.44**			**903.55**	**775.95**
Dividend Income																	3.79	1.32
Interest Expense																	(124.54)	(107.41)
Income Taxes																	(271.84)	(217.33)
Profit on Sale of Investments																	6.57	4.08
Minority Interest in Net Income																	(206.22)	(169.57)
Share in Associate Profit																		1.47
Net Profit	**38.01**	**50.76**	**135.89**	**109.76**	**69.74**	**83.90**	**22.30**	**6.18**	**95.72**	**89.01**	**554.43**	**452.00**	**0.87**	**1.44**			**311.31**	**288.51**
Other Information																		
Segment Assets	275.86	285.19	918.17	735.33	791.02	753.11	298.88	288.35	3125.12	2458.32	21414.55	18159.68	15.21	5.99	(44.92)	(33.64)	26793.89	22652.33
Unallocated Corporate Assets																	82.94	88.12
Total Assets	**275.86**	**285.19**	**918.17**	**735.33**	**791.02**	**753.11**	**298.88**	**288.35**	**3125.12**	**2458.32**	**21414.55**	**18159.68**	**15.21**	**5.99**	**(44.92)**	**(33.64)**	**26876.83**	**22740.45**
Segment Liabilities	214.00	199.46	309.01	235.27	213.58	175.34	29.97	18.18	2543.87	2023.01	19240.62	16259.17	2.69	1.27	(44.92)	(33.64)	22508.82	18878.06
Unallocated Corporate Liabilities																	89.19	68.76
Total Liabilities	**214.00**	**199.46**	**309.01**	**235.27**	**213.58**	**175.34**	**29.97**	**18.18**	**2543.87**	**2023.01**	**19240.62**	**16259.17**	**2.69**	**1.27**	**(44.92)**	**(33.64)**	**22598.01**	**18946.82**
Capital Expenditure	7.51	10.51	124.61	82.24	43.57	61.62	4.78	3.10	21.47	24.02	26.88	35.98	0.09	0.29			228.91	217.76
Unallocated Corporate Capital Expenditure																	4.11	75.60
Depreciation	7.05	8.98	39.15	33.87	45.66	42.34	25.61	12.46	12.97	10.14	24.64	21.57	0.22	0.19			155.30	129.55
Unallocated Corporate Depreciation																	3.40	3.07

(B) SECONDARY SEGMENT

` in Crores

	Particulars	2013-14	2012-13
1.	**Revenue by Geographic Market**		
	India	8400.21	7330.57
	Rest of the World	434.28	421.07
	Total	**8834.49**	**7751.64**
2.	**Segment Assets by Geographic Market**		
	India	26366.79	22337.67
	Rest of the World	272.78	239.45
	Income Tax Assets	237.26	163.33
	Total	**26876.83**	**22740.45**
3.	**Capital Expenditure by Geographic Market**		
	India	222.12	280.55
	Rest of the World	10.90	12.81
	Total	**233.02**	**293.36**

35. 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
In TI Tsubamex Private Limited:
Tsubamex Company Limited

II. Associate - Investing Company
Murugappa Holdings Limited

III. Joint Venture Companies
Cholamandalam MS Risk Services Limited
TI Tsubamex Private Limited

IV. Key Management Personnel (KMP)
In Company
Mr. L Ramkumar - Managing Director

Note: Related Party relationships are as identified by the Management and relied upon by the Auditor.

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	2013-14	2012-13
Rentals Received/Recovered	Mitsui Sumitomo Insurance Company Limited.	0.81	0.70
Management Expenses	Mitsui Sumitomo Insurance Company Limited.		
(a) Paid/Payable		1.04	0.91
(b) Recovery		0.25	0.39
Reinsurance Ceded	Mitsui Sumitomo Insurance Company Limited.	46.71	44.64
Reinsurance Commission Received	Mitsui Sumitomo Insurance Company Limited.	6.45	6.03
Reinsurance Recovery on claims	Mitsui Sumitomo Insurance Company Limited.	80.91	50.56
Dividend Paid	Murugappa Holdings Limited	12.81	22.17
	KMP of the Company	0.05	0.05
Amount received from KMP on Exercise of Employees Stock Option	KMP of the Company	0.28	0.19
Remuneration	KMP of the Company	2.58	2.49
Balance at Year End			
Receivable (Net) -Due from other Entities Carrying on Insurance Business	Mitsui Sumitomo Insurance Company Limited.	23.64	1.99
Receivable (Net) - Management expenses and rent	Mitsui Sumitomo Insurance Company Limited.	0.31	1.11
Payable	KMP of the Company	0.61	0.59
Payable	Tsubamex Company Limited	0.07	-

36. Employee Benefits

a) **Gratuity**

` in Crores

Details of Actuarial Valuation	2013-14	2012-13
Change in Benefit Obligation		
Projected Benefit Obligation as at Year Beginning	43.97	38.10
Service Cost	5.05	4.49
Interest Cost	3.39	2.99
Actuarial Loss	2.98	1.27
Benefits Paid	(3.72)	(2.88)
Projected Benefit Obligation as at Year End	**51.67**	**43.97**
Change in Plan Assets		
Fair Value of Plan Assets as at Year Beginning	44.71	39.35
Expected Return on Plan Assets	3.91	3.40
Employer's Contribution	6.78	4.47
Actuarial Gain	0.18	0.40
Benefits Paid	(3.72)	(2.91)
Fair Value of Plan Assets as at Year End	**51.86**	**44.71**
Amounts Recognised in the Balance Sheet		
Projected Benefit Obligation at the Year End	51.67	43.97
Fair Value of the Plan Assets at the Year End	51.86	44.71
Asset Recognised in the Balance Sheet	**0.19**	**0.74**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	5.05	4.49
Past Service Cost	(0.03)	-
Interest on Obligation	3.39	2.99
Expected Return on Plan Assets	(3.91)	(3.40)
Net Actuarial Loss Recognised in the Year	2.80	0.87
Net Cost Recognised in the Statement of Profit and Loss	**7.30**	**4.95**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes:

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

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

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

iv. The details of Experience adjustments have been disclosed to the extent of the information available.

b) Provident Fund

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

c) Long Term Compensated Absences

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

Assumptions	2013-14	2012-13
Discount Rate	8.00%	8.00%
Future Salary Increase (%)	5 to 6.5%	5.00%
Attrition Rate	1 to 3%	1 to 3%
Expected Rate of Return on Plan Assets	8.00%	8.00%

37. 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 2014, the Company has recognised Mark-to-Market (MTM) Loss of `0.44 Cr. (Previous Year Loss `0.32 Cr.) relating to Derivative contracts entered into to hedge the foreign currency risk of highly probable forecast transactions that are designated as effective cash flow hedges, in the Hedge Reserve Account as part of the Shareholders funds.

There was no undesignated/ineffective Derivative contracts as on 31 March 2014.

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

` in Crores

Particulars	2013-14	2012-13
Balance as at Beginning of the Year	(0.32)	0.46
Net Movement for the Year	(0.12)	(0.78)
Balance as at End of the Year	**(0.44)**	**(0.32)**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

38. Lease Commitments

a) The Company has Operating Lease agreements for office space and residential accommodation generally which are cancellable in nature. As per the lease terms, an amount of `9.13 Cr. (Previous Year `9.14 Cr.) has been recognised in the Statement of Profit and Loss.

b) **Operating Lease (CMSGICL)**

The Company has operating lease agreements for: ` in Crores

Particulars	2013-14	2012-13
Office space and residential accommodation generally for a period of 5 years with option to renew and with escalation in rent once in three years.	7.91	7.81
Information Technology hardware, Branch Infrastructure (Furniture & Fixtures, Office and Electrical equipment) for a period of 4 years and are renewable at the option of the Company.	4.12	4.12

` in Crores

Particulars	As at 31.03.2014	As at 31.03.2013
Minimum Lease payments		
Not later than 1 Year	-	4.12
Later than 1 year but not later than 5 Years	-	-

c) **Operating Lease (CIFCL)**

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

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

` in Crores

Period	As at 31.03.2014	As at 31.03.2013
Not later than 1 year	4.05	5.40
Later than 1 year and not later than 5 years	-	1.35
Later than 5 years	-	-
Total	**4.05**	**6.75**

39. Earnings Per Share

Particulars	2013-14	2012-13
Profit after Tax - ` in Crores	311.31	288.51
Weighted Average Number of Shares		
- Basic	18,67,58,789	18,64,65,999
- Diluted	18,70,55,077	18,69,61,944
Earnings Per Share of `2 each		
- Basic	16.67	15.47
- Diluted	16.64	15.43

40. Stock Options

Company

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

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

Particulars	Vesting Date	Risk-free Interest Rate % (p.a)	Expected Life (Years)	Expected Volatility of Share Price (%)	Dividend Yield (%)	Price of the Underlying Share in the market at the time of Option grant (`)	Fair Value of the Option (`)
Grant 1	31.10.08	7.71	2.50	39.11	3.43	62.85	16.43
Grant 2	30.01.09	7.44	2.50	42.02	3.43	66.10	18.11
Grant 3	31.10.09	8.25	1.62	31.56	1.86	56.80	107.13
	31.10.10	8.23	2.12	32.28	1.86	56.80	107.73
	31.10.11	8.22	2.62	37.07	1.86	56.80	108.53
Grant 4	31.07.09	0.00	0.00	0.00	1.86	44.45	117.15
	31.07.10	8.24	1.99	32.37	1.86	44.45	118.02
	31.07.11	8.22	2.49	34.22	1.86	44.45	118.13
	31.07.12	8.22	2.99	39.82	1.86	44.45	118.38
Grant 5	31.10.09	8.31	0.12	32.98	1.86	24.25	137.33
	31.10.10	8.23	2.12	32.28	1.86	24.25	135.00
	31.10.11	8.22	2.62	37.07	1.86	24.25	134.38
	31.10.12	8.21	3.24	42.55	1.86	24.25	133.62
Grant 6	30.01.10	8.31	0.24	28.04	1.86	31.05	130.44
	30.01.11	8.23	2.24	33.96	1.86	31.05	129.19
	30.01.12	8.22	2.74	38.52	1.86	31.05	128.82
	30.01.13	8.21	3.49	43.77	1.86	31.05	128.32
Grant 7	29.01.12	8.26	1.24	31.69	1.86	140.05	39.45
	29.01.13	8.21	3.48	43.79	1.86	140.05	67.57
	29.01.14	8.21	4.48	46.73	1.86	140.05	76.34
	29.01.15	8.22	5.48	45.74	1.86	140.05	80.72
Grant 8	29.01.12	8.26	1.24	31.69	1.86	140.05	39.45
	29.01.13	8.21	3.48	43.79	1.86	140.05	67.57
	29.01.14	8.21	4.48	46.73	1.86	140.05	76.34
Grant 9	29.01.12	8.26	1.24	31.69	1.86	140.05	39.45
	29.01.13	8.21	3.48	43.79	1.86	140.05	67.57
Grant 10	02.05.12	8.25	1.37	31.38	1.86	140.45	40.44
	02.05.13	8.21	3.74	42.99	1.86	140.45	68.54
	02.05.14	8.21	4.74	47.27	1.86	140.45	78.10
	02.05.15	8.22	5.74	45.12	1.86	140.45	81.25

Particulars	Vesting Date	Risk-free Interest Rate % (p.a)	Expected Life (Years)	Expected Volatility of Share Price (%)	Dividend Yield (%)	Price of the Underlying Share in the market at the time of Option grant (`)	Fair Value of the Option (`)
Grant 11	01.08.12	8.25	1.49	31.76	1.86	159.75	31.78
	01.08.13	8.21	3.99	46.63	1.86	159.75	66.76
	01.08.14	8.22	4.99	47.01	1.86	159.75	73.58
	01.08.15	8.23	5.99	44.83	1.86	159.75	76.81
Grant 12	02.11.12	8.24	1.74	32.74	1.86	143.10	43.55
	02.11.13	8.21	4.24	46.93	1.86	143.10	74.06
	02.11.14	8.22	5.24	46.20	1.86	143.10	79.03
	02.11.15	8.23	6.24	46.36	1.86	143.10	83.69

Subsidiary (CIFCL)

The Board at its meeting held on 22 June 2007, approved an issue of Stock Options up to a maximum of 5% of the issued Equity Capital of the Company (before Rights Issue) aggregating to 19,04,162 Equity Shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The Shareholders of the Company at the Annual General Meeting held on 30 July 2007 approved the aforesaid issue of 19,04,162 Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The Compensation and Nomination Committee has approved the following grants to a list of senior level executives of the Company and some of its Subsidiaries in accordance with the Stock Option Scheme -2007:

Particulars		Date of Grant	Exercise Price (`)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited/ Lapsed	Options Outstanding at the end of the year	
Grant No								Vested	Yet to vest
1	Original*	30-07-07	193.40	30-07-08	7,65,900	25,538	6,35,732	1,04,630	-
	CAA *	25-01-08	178.70	-	54,433	2,442	44,337	7,654	-
2	Original	24-10-07	149.90	24-10-08	70,400	-	70,400	-	-
3	Original	25-01-08	262.20	25-01-09	1,62,800	-	1,33,638	29,162	-
4	Original	25-04-08	191.80	25-04-09	4,68,740	22,119	3,10,955	1,35,666	-
5	Original	30-07-08	105.00	30-07-09	10,070	3,445	1,491	5,134	-
6	Original	24-10-08	37.70	24-10-09	65,600	19,352	38,786	7,462	-
7-									
Tr I	Original	27-01-11	187.60	27-01-12	2,94,600	19,942	46,685	1,47,813	80,160
Tr II	Original	27-01-11	187.60	27-01-12	2,09,700	22,941	40,569	1,46,190	-
8	Original	30-04-11	162.55	30-04-12	1,13,400	-	38,828	26,932	47,640
9	Original	28-07-11	175.35	28-07-12	61,800	-	4,680	20,040	37,080
10	Original	27-10-11	154.55	27-10-12	1,95,680	8,605	21,720	55,387	1,09,968

* CAA- Corporate Action Adjustment

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

	Variables					
Date of Grant	**Risk Free Interest Rate**	**Expected Life**	**Expected Volatility**	**Dividend Yield**	**Price of the underlying Share in the Market at the time of the Option Grant**	**Fair Value of the Option**
30-Jul-07	7.10% - 7.56%	3-6 years	40.64% -43.16%	5.65%	193.40	61.42
24-Oct-07	7.87% -7.98%	3-6 years	41.24% -43.84%	5.65%	149.90	44.25
25-Jan-08	6.14% -7.10%	3-6 years	44.58% -47.63%	5.65%	262.20	78.15
25-Apr-08	7.79% - 8.00%	2.5-5.5 years	45.78% - 53.39%	3.97%	191.80	76.74
30-Jul-08	9.14% - 9.27%	2.5-5.5 years	46.52% - 53.14%	3.97%	105.00	39.22
24-Oct-08	7.54% - 7.68%	2.5-5.5 years	48.20% - 55.48%	3.97%	37.70	14.01
27-Jan-11						
- Tranche I	8%	4 years	59.50%	10%	187.60	94.82
- Tranche II	8%	3.4 years	61.63%	10%	187.60	90.62
30-Apr-11	8%	4 years	59.40%	25%	162.55	73.07
28-Jul-11	8%	4 years	58.64%	25%	175.35	79.17
27-Oct-11	8%	4 years	57.52%	25%	154.55	67.26

41. Previous Year Figures

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

Signatures to Notes to Consolidated Financial Statements

On behalf of the Board

M M Murugappan
Chairman

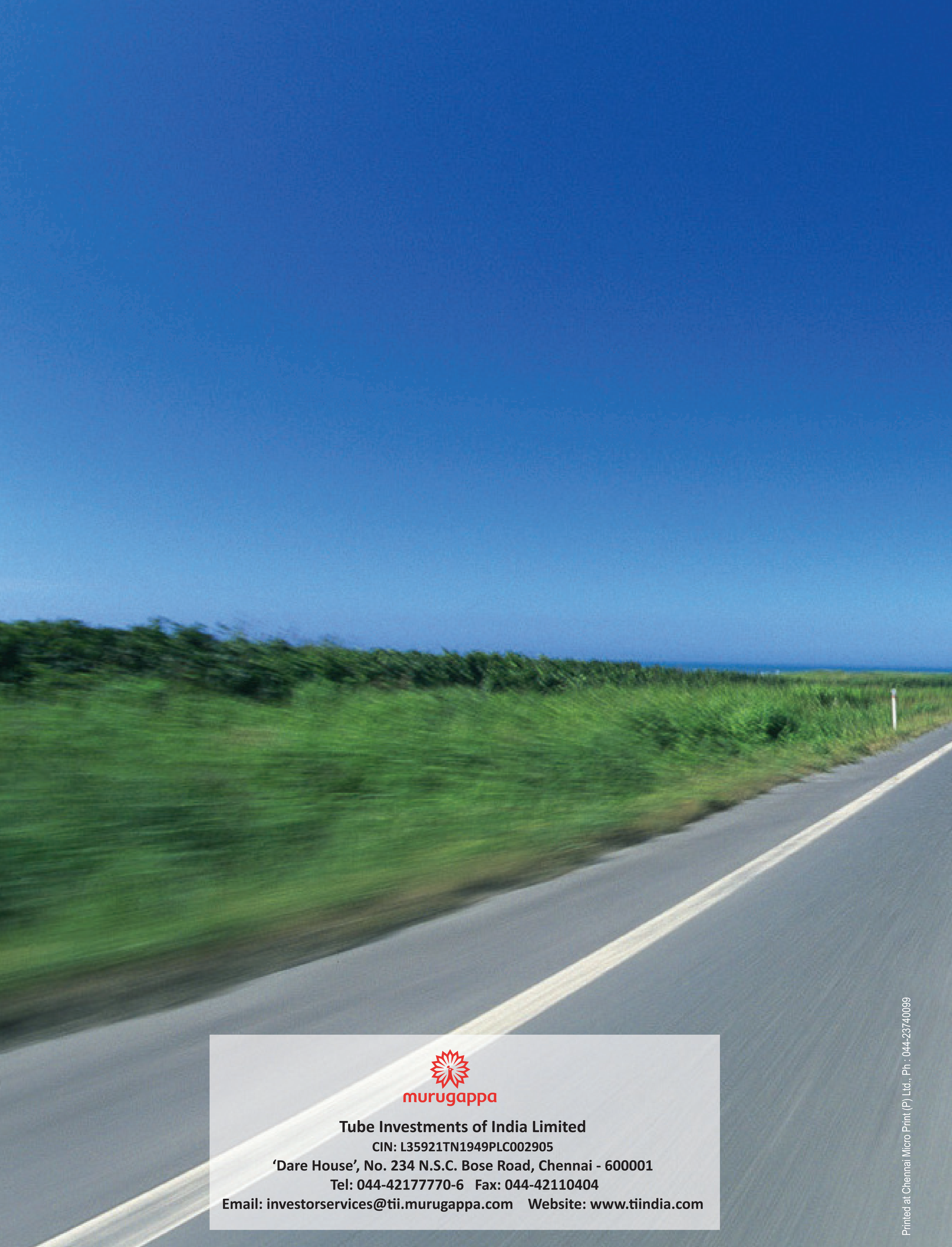
Chennai
5 May 2014

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

L Ramkumar
Managing Director

Concept & Designed
HASTRA
hastra.hastra@gmail.com



murugappa

Tube Investments of India Limited

CIN: L35921TN1949PLC002905

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TUBE INVESTMENTS OF INDIA LIMITED

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the SIXTY-FIFTH ANNUAL GENERAL MEETING of the Members of Tube Investments of India Limited will be held on **Wednesday, the 6th August, 2014 at 4.00 P.M.** at T T K Auditorium, The Music Academy, 168 (Old no.306), T T K Road, Chennai - 600 014 to transact the following business:

ORDINARY BUSINESS

1. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   RESOLVED that the Directors' Report, the Audited Statement of Profit and Loss for the financial year ended 31st March, 2014 and the Balance Sheet as at that date and the Auditors' Report thereon be and are hereby received and adopted.

2. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   RESOLVED that out of the profits for the financial year ended 31st March, 2014, a final dividend at the rate of ₹0.50 (fifty paise) per share on the equity capital of the Company, as recommended by the Board of Directors, be and the same is hereby declared for the year and that the said dividend be paid to the Members whose names appear on the Register of Members as on 6th August, 2014 or their mandatees, thus making a total dividend of ₹2 per equity share of ₹2 each for the financial year, including the interim dividend of ₹1.50 per share already paid.

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

3. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   RESOLVED that pursuant to the provisions of Section 149 read with Schedule IV, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013, the Rules thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, as amended from time to time, Mr. S Sandilya (holding DIN 00037542), Director, who retires by rotation at the 65th Annual General Meeting, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, for a term of four consecutive years i.e. from the date of the 65th Annual General Meeting (2014) till the date of the 69th Annual General Meeting of the Company (2018) [both dates inclusive].

4. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   RESOLVED that pursuant to the provisions of Section 149 read with Schedule IV, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013, the Rules thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, as amended from time to time, Mr. Pradeep V Bhide (holding DIN 03304262), Director, who retires by rotation at the 65th Annual General Meeting, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years i.e. from the date of the 65th Annual General Meeting (2014) till the date of the 70th Annual General Meeting (2019) of the Company [both dates inclusive].

5. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   RESOLVED that pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Messrs. Deloitte Haskins & Sells, Chartered Accountants (Firm registration no.008072S), be and are hereby appointed as Statutory Auditors of the Company to hold office for the period, from the conclusion of the 65th Annual General Meeting until the conclusion of the next/succeeding 66th Annual General Meeting on a remuneration of ₹33 lakhs (including the expenses, if any, incurred by them in connection with the said audit but excluding service tax, as may be applicable).

SPECIAL BUSINESS

6. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   RESOLVED that pursuant to Section 149 read with Schedule IV, 150, 152 and other applicable provisions of the Companies Act, 2013, the Rules thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Clause 49 of the Listing Agreement, as amended from time to time, Mr. C K Sharma (holding DIN 00489140), Director, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, for a term of three consecutive years i.e. from the date of the 65th Annual General Meeting (2014) till the date of the 68th Annual General Meeting (2017) of the Company [both dates inclusive].

7. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   RESOLVED that pursuant to the provisions of Section 149 read with Schedule IV, 150, 152, 161 and other applicable provisions of the Companies Act, 2013, the Rules thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, as amended from time to time, Mr. Hemant M Nerurkar (holding DIN 00265887), Additional Director, who holds office up to the date of the 65th Annual General Meeting, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, for a term of four consecutive years i.e. from the date of the 65th Annual General Meeting (2014) till the date of the 69th Annual General Meeting (2018) of the Company [both dates inclusive].

8. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

   RESOLVED that in accordance with the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act") read with the Articles of Association of the Company, the Directors of the Company (including the alternate Directors), who are neither in the whole-time employment of the Company nor are the Managing Director(s)/Manager of the Company, be paid, in respect of each of the financial years of the Company, on and from the financial year which commenced from the 1st of April, 2014 up to the financial year ending on the 31st of March, 2019, a remuneration by way of commission not exceeding an amount equal to one percent of the net profits of the Company as computed under Section 198 of the Act.

   RESOLVED FURTHER that the Board of Directors be and is hereby authorised to decide, from time to time, the quantum and manner of distribution of the amount of commission to one or more Directors within the limits prescribed and in terms of the Act.

   RESOLVED FURTHER that the aforesaid commission shall be exclusive of the fees payable to such Directors for attending the meetings of the Board and the Committees thereof.

   RESOLVED FURTHER that consent of the Company be and the same is hereby accorded for payment of the aforesaid commission to such Directors who may be relatives/partners of other Directors.

   RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all such steps as may be necessary, desirable or expedient to give effect to this Resolution.

9. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

   RESOLVED that pursuant to Section 42 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and/or other applicable Rules, (including any statutory modification(s) or re-enactment thereof for the time being in force) and further subject to such approvals, as may be required, consent of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board") to offer, issue and allot Secured Redeemable Non-convertible Debentures ("NCDs"), in one or more series or tranches, on private placement basis, to eligible investors under the applicable laws, regulations, guidelines etc., in such manner, and wherever necessary or required, in consultation with merchant bankers/and or advisors or others, on such terms and conditions (including such coupon rates as may be negotiated) and for such purposes/objectives of the Company as the Board may, in its absolute discretion, decide at the time of issue of the NCDs, provided that the total amount so raised by the Company, through issuance of such NCDs (including the premium thereon, if any, as may be decided by the Board), shall not exceed, during the period commencing from the date of conclusion of the 65th Annual General Meeting till the date of conclusion of the next/immediately succeeding 66th Annual General Meeting, an aggregate sum of ₹475 crores.

   RESOLVED FURTHER that the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings, as may be necessary or proper or expedient for the purpose of giving effect to this Resolution including intimating the concerned authorities or such other regulatory body/ies and for matters connected therewith or incidental thereto including delegating all or any of the powers conferred herein to any Committee of the Directors or any Director(s) or Officer(s) of the Company to the extent permitted under the Act and the Rules thereunder.

10. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

RESOLVED that consent of the Company be and is hereby accorded, in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), to the Board of Directors of the Company (which includes a duly constituted Committee thereof) for mortgaging and/or charging all the immoveable and moveable properties of the Company, present and future, wheresoever situate, and the whole of the undertaking of the Company, in respect of any term loans, foreign currency borrowing(s) including external commercial borrowing(s), buyer's credit or syndicated loan(s), non-convertible debentures etc., availed/issued by the Company together with interest at the agreed rate, additional interest, liquidated damages, commitment charges, costs, charges, expenses and all other monies payable by the Company to the lenders or the Trustees to the holders of the non-convertible debentures, with such ranking and at such time and on such terms as the Board may determine.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the lenders or the Trustees to the holders of the non-convertible debentures, as the case may be, the documents for creating the aforesaid mortgages and/or charges and to do all such acts and things as may be necessary for giving effect to this Resolution.

By Order of the Board

S Suresh
Company Secretary

Chennai
5th May, 2014

NOTES:

1. **A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member. The proxy form is annexed herewith. The duly completed proxy form must be sent so as to reach the Company not less than 48 hours before the commencement of the meeting.**
2. **A person shall not act as a proxy on behalf of Members exceeding fifty in number and holding in the aggregate more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**
3. Explanatory Statement of material facts in respect of the Ordinary Business under Item nos.3 to 5 and the Special Business under Item nos.6 to 10 (pursuant to Section 102 of the Companies Act, 2013) is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 18th July, 2014 to Wednesday, 6th August, 2014 (both days inclusive).
5. Members are requested to intimate the Registrar and Transfer Agent viz., **Karvy Computershare Private Ltd, Plot no. 17-24 Vittal Rao Nagar, Madhapur, Hyderabad – 500 081** (RTA), not later than 18th July, 2014, of any change in their address/details about their Bank Account number, Name of the Bank, Bank's Branch name and address to enable the Company to remit the dividend electronically or alternatively, for incorporating in the dividend warrants. For shares held in dematerialised form, change in address/Bank account particulars may be intimated directly to the Member's Depository Participant(s).
6. As per the requirements of Sections 205A and 205C of the Companies Act, 1956, the Company has transferred unclaimed dividends up to 2005-06 to the Investor Education and Protection Fund constituted by the Central Government.
7. Members holding shares in physical form are encouraged to nominate a person to whom their shareholding in the Company shall vest in the event of their demise. Nomination forms will be sent to the Members, on request, by the RTA.
8. As per SEBI directive, it is mandatory for the transferees to furnish self-attested copy of the PAN (Permanent Account Number) card to the Company/RTA for registration of transfer/transmission/transposition of shares in the physical form.
9. Electronic (soft) copy of the Notice of the 65th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-Voting along with the Attendance Slip & Proxy Form and the Annual Report for 2013-14 is being sent to all the Members whose e-mail IDs are registered with the Company/Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail address, physical copies of the Notice of the 65th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-Voting along with Attendance Slip & Proxy Form and the Annual Report for 2013-14 is being sent in the permitted mode.

ANNEXURE TO THE NOTICE

Details of the Directors seeking appointment at the 65th Annual General Meeting vide Item nos. 3, 4, 6 & 7 of the Notice dated 5th May, 2014

[Pursuant to Clause 49(IV)(G)of the Listing Agreement]

The resume of Mr. S Sandilya, Mr. Pradeep V Bhide, Mr. C K Sharma and Mr. Hemant M Nerurkar, in brief and their other details required to be provided pursuant to Clause 49(IV)(G) of the Listing Agreement is provided below for the consideration of the Members:

Mr. S Sandilya

Mr. S Sandilya holds a Post Graduate Diploma in Management (MBA) from the Indian Institute of Management, Ahmedabad. He is the Group Chairman, Eicher Group.

Mr. S Sandilya is the Chairman of the Audit Committee and a Member of the Nomination & Remuneration and the Corporate Social Responsibility Committees of the Board of Directors of the Company.

Details of other Directorships and memberships in Audit and Shareholders'/Investors' Grievance Committee held by him are as follows:

Chairman Eicher Motors Ltd Mastek Ltd **Director** GMR Infrastructure Ltd Rane Brake Lining Ltd Mastek UK Ltd Lean Management Institute of India Association of Indian Automobile Manufacturers	**Committee Memberships** **Audit Committee** **Chairman** Rane Brake Lining Ltd Mastek Limited **Member** Eicher Motors Ltd **Shareholders'/Investors' Grievance Committee** **Member** Eicher Motors Ltd

Mr. S Sandilya does not hold any shares of the Company.

Mr. Pradeep V Bhide

Mr. Pradeep V Bhide, I.A.S. (Retd.) is a Graduate in Science and Law. He also holds a Masters degree in Business Administration with specialisation in Financial Management. In a career spanning 38 years in the Indian Administrative Service, Mr. Bhide has held senior positions at the State and Central levels.

Mr Bhide is the Chairman of the Risk Management Committee and a Member of the Audit Committee of the Board of Directors of the Company.

Details of other Directorships and memberships held by Mr. Bhide are as follows:

Director A.P.I.D.C. Venture Capital Pvt Ltd Cholamandalam MS General Insurance Co Ltd GlaxoSmithKline Pharmaceuticals Ltd Heidelberg Cement India Ltd L&T Finance Ltd L&T Finance Holdings Ltd NOCIL Ltd Ballarpur International Graphic Paper Holdings B.V. Joshi Technologies International Inc - Member of Advisory Board for India operations	**Committee Memberships** **Audit Committee** **Chairman** L&T Finance Ltd **Member** GlaxoSmithKline Pharmaceuticals Ltd Heidelberg Cement India Ltd **Shareholders'/Investors' Grievance Committee** **Member** GlaxoSmithKline Pharmaceuticals Ltd Heidelberg Cement India Ltd L&T Finance Holdings Ltd

Mr. Pradeep V Bhide does not hold any shares of the Company.

Mr. C K Sharma

Mr. C K Sharma holds a degree in Chemical Engineering from the Indian Institute of Technology-Madras and a post graduate diploma in Management from the Indian Institute of Management, Ahmedabad. Mr. Sharma has a mix of industry, academic, entrepreneurial and consulting exposure in various countries. He has provided thought leadership on key client engagements which have included Citibank, the World Bank, VISA, the Work Force Development Agency of Singapore and OCBC Bank among others. For the period 2000 to 2005, Mr. Sharma was Gallup's Regional Director - Research and Consulting, Asia Pacific. From 1996 till April 2000, he was Managing Director of Gallup's joint venture in India.

Mr. C K Sharma is also a member of the Audit Committee, the Corporate Social Responsibility Committee and the Nomination & Remuneration Committee of the Board of Directors of the Company.

Details of other Directorships held by Mr. Sharma are as follows:

Director Magus Customer Dialog Private Ltd Custommerce Service Excellence Foundation Public Affairs Foundation	**Committee Membership** Nil

Mr. Sharma holds 400 equity shares of the Company.

Mr. Hemant M Nerurkar

Mr. Hemant M Nerurkar is a Graduate in Metallurgical Engineering and has over three and a half decades of rich experience in the steel industry. He was Managing Director (India and South-East Asia) of Tata Steel Ltd, between 2009 and 2013.

Details of other Directorships held by Mr. Hemant M Nerurkar are as follows:

Chairman TRL Krosaki Refractories Ltd **Director** Skill Council for Mining Sector Tega Industries Ltd	**Committee Membership** Nil

Mr. Hemant M Nerurkar does not hold any shares of the Company.

Explanatory Statement in respect of the Ordinary Business under Item nos.3 & 4 and the Special Business under Item nos.6 to 10 (pursuant to Section 102 of the Companies Act, 2013) of the Notice dated 5th May, 2014

Item no.3

Mr. S Sandilya is a Non-Executive Independent Director of the Company. He retires by rotation at the ensuing 65th Annual General Meeting under Section 152 of the Companies Act, 2013 ("the Act"). In terms of Section 149 read with Schedule IV and other applicable provisions of the Act and the Rules thereunder, Mr. S Sandilya, being eligible and offering himself for appointment, is proposed to be appointed as Independent Director for a term of four consecutive years i.e. from the date of the ensuing 65th Annual General Meeting (2014) till the date of 69th Annual General Meeting (2018). A notice has been received from a Member proposing Mr. S Sandilya as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. S Sandilya fulfils the conditions specified in the Act and the Rules made thereunder for his appointment as Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Mr. S Sandilya as Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that Mr. S Sandilya's continued association would be of immense benefit to the Company and it is desirable to avail his services as Independent Director. Accordingly, the Board recommends the Resolution in relation to appointment of Mr. S Sandilya as Independent Director, for approval by the shareholders of the Company.

Memorandum of Interest

Except Mr. S Sandilya, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

Item no.4

Mr. Pradeep V Bhide is a Non-Executive Independent Director of the Company. He retires by rotation at the ensuing 65th Annual General Meeting under Section 152 of the Companies Act, 2013 ("the Act"). In terms of Section 149 and other applicable provisions of the Act, and the Rules thereunder, Mr. Pradeep V Bhide, being eligible and offering himself for appointment, is proposed to be appointed as Independent Director for five consecutive years i.e. from the date of the ensuing 65th Annual General Meeting (2014) till the date of the 70th Annual General Meeting (2019). A notice has been received from a Member proposing Mr. Pradeep V Bhide as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Pradeep V Bhide fulfils the conditions specified in the Act and the Rules made thereunder for his appointment as Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Mr. Pradeep V Bhide as Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that Mr. Pradeep V Bhide's continued association would be of immense benefit to the Company and it is desirable to avail his services as Independent Director. Accordingly, the Board recommends the Resolution in relation to appointment of Mr. Pradeep V Bhide as Independent Director, for approval by the shareholders of the Company.

Memorandum of Interest

Except Mr. Pradeep V Bhide, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

Item no.5

The Companies Act, 2013 ("the Act") has brought in a number of changes with regard to the appointment of auditors. Henceforth, the statutory auditors have to be appointed for a term of five years and such appointment is subject to ratification by the Members every year in the annual general meeting. The Act also makes it mandatory to rotate the auditors every 10 years, in case of a firm of auditors. The calculation of the number of years is given retrospective effect. Further, companies have been given a maximum of 3 years from 1st April, 2014 to effect rotation of auditors, wherever necessary.

M/s. Deloitte Haskins & Sells, Chartered Accountants are the Statutory Auditors of the Company since 2005. Being eligible for appointment under the provisions of the Act, they have furnished their consent to act as the Statutory Auditors in terms of the second proviso to Section 139 of the Act and also provided a certificate to the effect that their appointment, if made, shall be in accordance with the conditions laid down and that they satisfy the criteria provided under Section 141 of the Act.

Further, Section 142 of the Act requires the remuneration of the auditors to be fixed in the general meeting and that the same shall include the expenses, if any, incurred by the auditor in connection with the audit of the company and any facility extended to them.

Accordingly, the approval of the Members is sought by means of an Ordinary Resolution for the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as the Statutory Auditors, to audit the stand alone and consolidated financial statements of the Company for the period from the conclusion of the 65th Annual General Meeting until the conclusion of the next/immediately succeeding 66th Annual General Meeting on the remuneration as per details provided under Item no.5 of the Notice of the Annual General Meeting. The Board recommends the Resolution in relation to the re-appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as the Statutory Auditors for approval by the shareholders of the Company.

Memorandum of Interest

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

Item no.6

Mr. C K Sharma is a Non-Executive Independent Director of the Company. Though he is not liable to retire by rotation at the ensuing 65th Annual General Meeting, being eligible, in terms of Section 149 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules thereunder, Mr. C K Sharma offers himself for appointment and is proposed to be appointed as Independent Director for a term of three consecutive years i.e. from the date of the ensuing 65th Annual General Meeting (2014) till the date of the 68th Annual General Meeting (2017). A notice has been received from a Member proposing Mr. C K Sharma as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. C K Sharma fulfils the conditions specified in the Act and the Rules made thereunder for his appointment as Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Mr. C K Sharma as Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that Mr. C K Sharma's continued association would be of immense benefit to the Company and it is desirable to avail his services as Independent Director. Accordingly, the Board recommends the Resolution in relation to appointment of Mr. C K Sharma as Independent Director, for approval by the shareholders of the Company.

Memorandum of Interest

Except Mr. C K Sharma, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

Item no.7

The Board of Directors at their meeting held on 5th May, 2014 appointed Mr. Hemant M Nerurkar as Additional Director (Non-Executive Independent Director) of the Company. He will hold office up to the ensuing 65th Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 ("the Act") and, being eligible, in terms of Section 149 and other applicable provisions of the Act and the Rules thereunder, he will be seeking election/appointment as Independent Director for four consecutive years i.e. from the date of the 65th Annual General Meeting (2014) till the date of the 69th Annual General Meeting (2018). A notice has been received from a Member proposing Mr. Hemant M Nerurkar as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Hemant M Nerurkar fulfils the conditions specified in the Act and the Rules made thereunder for his appointment as Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Mr. Hemant M Nerurkar as Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that Mr. Hemant M Nerurkar's continued association would be of immense benefit to the Company and it is desirable to avail his services as Independent Director. Accordingly, the Board recommends the Resolution in relation to appointment of Mr. Hemant M Nerurkar as Independent Director, for approval by the shareholders of the Company.

Memorandum of Interest

Except Mr. Hemant M Nerurkar, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

Item no.8

At the 60th Annual General Meeting held on 29th July, 2009, the Members had approved the payment of remuneration to the non-whole time Directors of the Company, by way of commission not exceeding 1% of the net profits of the Company for a period of five financial years commencing from 1st April, 2009 up to the financial year ended 31st March, 2014, in such manner as the Board of Directors may from time to time determine. The approval of the Central Government was also obtained, as it was then required, for the payment of such commission to the non-whole-time Directors as required under the erstwhile provisions of the Companies Act, 1956.

The role of non-whole-time Directors is significant in achieving good performance and establishment of good governance. The responsibility of the non-whole-time Directors has increased considerably over the years. In view of the dynamic changes in Company law and the corporate governance norms, there is a greater demand on the non-whole time Directors in terms of time and preparation for the Board and Committee meetings. Keeping in view the requirement in terms of time and quality on the part of the non-whole time Directors, it is necessary to remunerate them appropriately.

Considering the enhanced role and increased responsibilities of the Directors as stated above, it is proposed that the Directors of the Company (including alternate Directors), who are neither in the whole-time employment of the Company nor are the Managing Director(s)/Manager of the Company, be paid, for each of the five financial years, commencing from the 1st of April, 2014 up to the financial year ending on the 31st of March, 2019, a remuneration not exceeding one percent per annum of the net profits of the Company computed in accordance with the provisions of the Act and the applicable Rules, if any, thereunder. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board of Directors and subject to any other applicable requirements under the Act and the Rules thereunder. This remuneration shall be in addition to fee payable to the Directors for attending the meetings of the Board or the Committees thereof or for any other purpose whatsoever, as may be decided by the Board and the reimbursement of expenses for participating in the Board and other meetings.

Accordingly, fresh approval of the Members is sought by way of a Special Resolution for the payment of remuneration, by way of commission, to the Directors of the Company (including alternate Directors), who are the neither in the whole-time employment of the Company nor are the Managing Director(s)/Manager of the Company, for a period of five financial years from the 1st April, 2014 up to the financial year ending on 31st March, 2019, as set out in the Resolution under Item No.8 of the Notice. The Board commends the Resolution for approval by the shareholders of the Company.

Memorandum of Interest

The Managing Director and Key Managerial Personnel of the Company and their relatives are not concerned or interested, financially or otherwise, in the resolution set out in Item No.8 of the Notice. Directors, other than the Managing Director of the Company, may be deemed to be concerned or interested in the Special Resolution set out therein to the extent of the remuneration, by way of commission, that may be received by them.

Item no.9

The Companies Act, 2013 ('the Act") has brought in significant changes in the provisions and procedures relating to raising of funds by companies through private placement of securities. The Act stipulates that private placement offer/invitation of securities not made in compliance with the provisions of the said Act and the Rules framed thereunder shall be treated as a public offer, requiring compliance with the Securities Contracts (Regulation) Act 1956 and the Securities and Exchange Board of India Act, 1992.

The Company in the ordinary course of business raises long-term borrowings, either by way of term loans, inter-corporate deposits, external commercial borrowing(s) or debentures. It is estimated that the Company will be resorting to an aggregate long-term borrowing of ₹475 crores in the coming months, which may be in any one mode (or) in a combination of modes, including through issue of secured redeemable non-convertible debentures (NCDs) on private placement basis. If the Company proposes to raise long-term borrowing by such issue of NCDs on private placement basis, the Act mandates that the Company shall obtain prior approval of its shareholders by means of a Special Resolution in respect of such borrowing through NCDs during the year.

Accordingly, approval of the Members is sought by way of a Special Resolution under the applicable provisions of the Act and the Rules thereunder for issue of NCDs on private placement basis, for a maximum sum of ₹475 crores, including such premium thereon, if any, as may be decided by the Board and at such coupon rates as may be negotiated, as part of the long-term borrowing programme of the Company, during the period commencing from the date of conclusion of the 65th Annual General Meeting till the date of conclusion of the next/immediately succeeding 66th Annual General Meeting. The Board recommends the Resolution for approval by the shareholders of the Company.

Memorandum of Interest

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the aforesaid Special Resolution.

Item no.10

The Company in the ordinary course of business would be raising long-term borrowings, either by way of term loans, inter-corporate deposits, external commercial borrowings, non-convertible debentures on private placement basis, buyer's credit, syndicated loan etc., in respect of which the Company may be required, under the terms of sanction/availment of the loan(s)/issue of non-convertible debentures, to create a mortgage/charge on the moveable and immoveable properties of the Company in favour of the lenders or the Trustees of the non-convertible debentures, as set out in the resolution under Item no.10 of the Notice.

Such creation of mortgage/charge, as stated above, may be deemed to be a disposal of the undertaking of the Company within the meaning of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules thereunder.

Accordingly, approval of the Members is sought by way of a Special Resolution under the applicable provisions of the Act and the Rules thereunder for mortgaging/charging the moveable and immoveable properties of the Company for the proposed long-term borrowings in the future. The Board recommends the Resolution for approval by the shareholders of the Company.

Memorandum of Interest

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the aforesaid Special Resolution.

By Order of the Board
S Suresh
Company Secretary

Chennai
5th May, 2014

Please see overleaf for instructions on electronic voting (e-Voting)

INSTRUCTIONS FOR ELECTRONIC VOTING ('e-Voting')

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the Members the facility to exercise their right to vote at the 65th Annual General meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by the National Securities Depository Limited (NSDL).

The following instructions with regard to e-Voting are provided for the Members' information and use:

(i) **In case of Members receiving e-mail from NSDL:**

(a) Open e-mail and open PDF file viz., "Tube Investments e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your User ID and password for e-Voting. Please note that the password is an initial password.

(b) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/

(c) Click on "Shareholder" – "Login".

(d) Key in User ID and password as initial password noted in step (a) above. Click "Login".

(e) Password change menu appears. Change the password with new password of your choice with minimum 8 digits or characters or a combination thereof. Please take note of the new password. It is strongly recommended that you do not share your password with any other person and take utmost care to keep your password confidential.

(f) Home page of 'e-Voting' opens. Click on "e-Voting: Active Voting Cycles".

(g) Select 'EVEN' of Tube Investments of India Limited.

(h) Now, you are ready for "e-Voting" as "Cast Vote" page opens.

(i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(j) Upon confirmation, the message 'Vote cast successfully' will be displayed.

(k) Once you have voted on the resolution, you will not be allowed to modify your vote.

(l) Institutional shareholders (i.e. other than individuals, HUFs, NRIs, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board resolution/authority letter etc., together with attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer at his e-mail id: rsaevoting@gmail.com with a copy marked to evoting@nsdl.co.in

(ii) **In case of Members receiving physical copies of the Notice of AGM** (for Members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy):

(a) Initial password is provided at the bottom of the Proxy-cum-Attendance slip.

(b) Please follow all steps from Sl. No.1(b) to (j) above, to cast your vote.

(c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-Voting user manual for Members available at the "downloads" section of www.evoting.nsdl.com

(d) If you are already registered with NSDL for e-Voting then you can use your existing User ID and password for casting your vote and there is no need to register once again.

(e) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

(f) **The e-Voting period commences on 31st July, 2014 (9.00 a.m.) and ends on 2nd August, 2014 (6.00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of 30th June, 2014, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.**

(g) The voting rights of shareholders shall be in proportion of their shares of the paid up equity share capital of the Company as on the cut-off date (record date) 30th June, 2014.

(h) Mr. R Sridharan of M/s. R Sridharan & Associates, Company Secretaries will be acting as the Scrutiniser to scrutinise the e-Voting process in a fair and transparent manner.

(i) The Scrutiniser shall within a period not exceeding three (3) working days from the conclusion of the e-Voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutiniser's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

(j) The results shall be declared on or after the 65th AGM of the Company. The results declared along with the Scrutiniser's Report shall be placed on the Company's website www.tiindia.com and on the website of NSDL within two (2) days of passing of the resolutions at the 65th AGM of the Company and communicated to the Stock Exchanges.

Members may further kindly note the clarification as below issued by the Ministry of Corporate Affairs, Government of India, by its General Circular No.20/2014 (No. 1/34/2013-CL-V) dated 17th June, 2014, with regard to e-Voting:

A person who has voted through e-Voting mechanism shall not be able to vote in the general meeting again and his earlier vote (cast through e-means) shall be treated as final.

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	TUBE INVESTMENTS OF INDIA LTD.
2	Annual financial statements for the year ended	31st March, 2014 *(Standalone)*
3	Type of Audit observation	Unqualified
4	Frequency of observation	Not Applicable
5	To be signed by – • Managing Director • Chief Financial Officer • Audit Committee Chairman	 23/6/2014 23/6/14 24/6/14

Refer our Audit Report dated 5 May 2014 on the Standalone financial statements of the Company

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

For DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
(Registration No. 008072S)

Geetha Suryanarayanan
(Partner)
(Membership No. 29519)
Chennai, 11 July, 2014

GEETHA SURYANARAYANAN
PARTNER
MEMBERSHIP No. 29519

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	TUBE INVESTMENTS OF INDIA LTD.
2	Annual financial statements for the year ended	31st March, 2014 *(Consolidated)*
3	Type of Audit observation	Unqualified
4	Frequency of observation	Not Applicable
5	To be signed by – • Managing Director • Chief Financial Officer • Audit Committee Chairman	 23/6/14 23/6/14 24/6/14

Refer our Audit Report dated 5 May 2014 on the Consolidated financial statements of the Company

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

Geetha Suryanarayanan
(Partner)
(Membership No. 29519)
Chennai, 11 July, 2014

For DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
(Registration No. 008072S)
GEETHA SURYANARAYANAN
PARTNER
MEMBERSHIP No. 29519