



SUSTAINING LEADERSHIP

Annual Report 2014-15

TUBE INVESTMENTS OF INDIA LIMITED

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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.





SUSTAINING LEADERSHIP

Adding new strengths while extracting the most from those already possessed.

Exploring new markets and applications for one's inherent skills and strengths, opening up new vistas.

The year 2014-15 witnessed TI sustaining its leadership through capability enhancement efforts with a steadfast focus on adding value, developing new products, innovating in retail, widening customer reach and improving market share in key segments.

At TI, the vision to blend operational efficiency with a slew of avenue expansion and value-add initiatives remains the key to sustaining business leadership.

*Do not follow where the path may lead.
Go instead where there is no path and
leave a trail.*

Ralph Emerson



Ciclo Café – concept café-cum-bicycle store



SUSTAINING LEADERSHIP SEIZING THE TRENDS

With ‘cycling the experience’ taking precedence over ‘bicycles the product’, the focus is clearly shifting to aesthetics, ergonomics and convenience.



An altogether new class of consumers is fast taking to the turf of cycling. Health, recreation, environmental sensitivity, community of like-minded people – the new generation growth drivers of the bicycle industry are capable of turning the industry into a lifestyle segment.

At TI, we stepped up our efforts to delight the new-age customers with a wide range of best-in-class bicycle products in the premium and super premium segments. TI continues to enjoy a higher market share in the Specials segment, where consumer insight through retail experience plays a key role in product development.

The year 2014-15 saw sixty-two new models being launched - *Ambush*, *Cybot* and *Captain Rhino* – to name a few of our many successful models. Marketing efforts on *Roadeo* and *Montra* were substantially stepped up with mass advertisement and investments in retail. The growth of 32% in mass premium segment was fueled by the launch of ten new models.

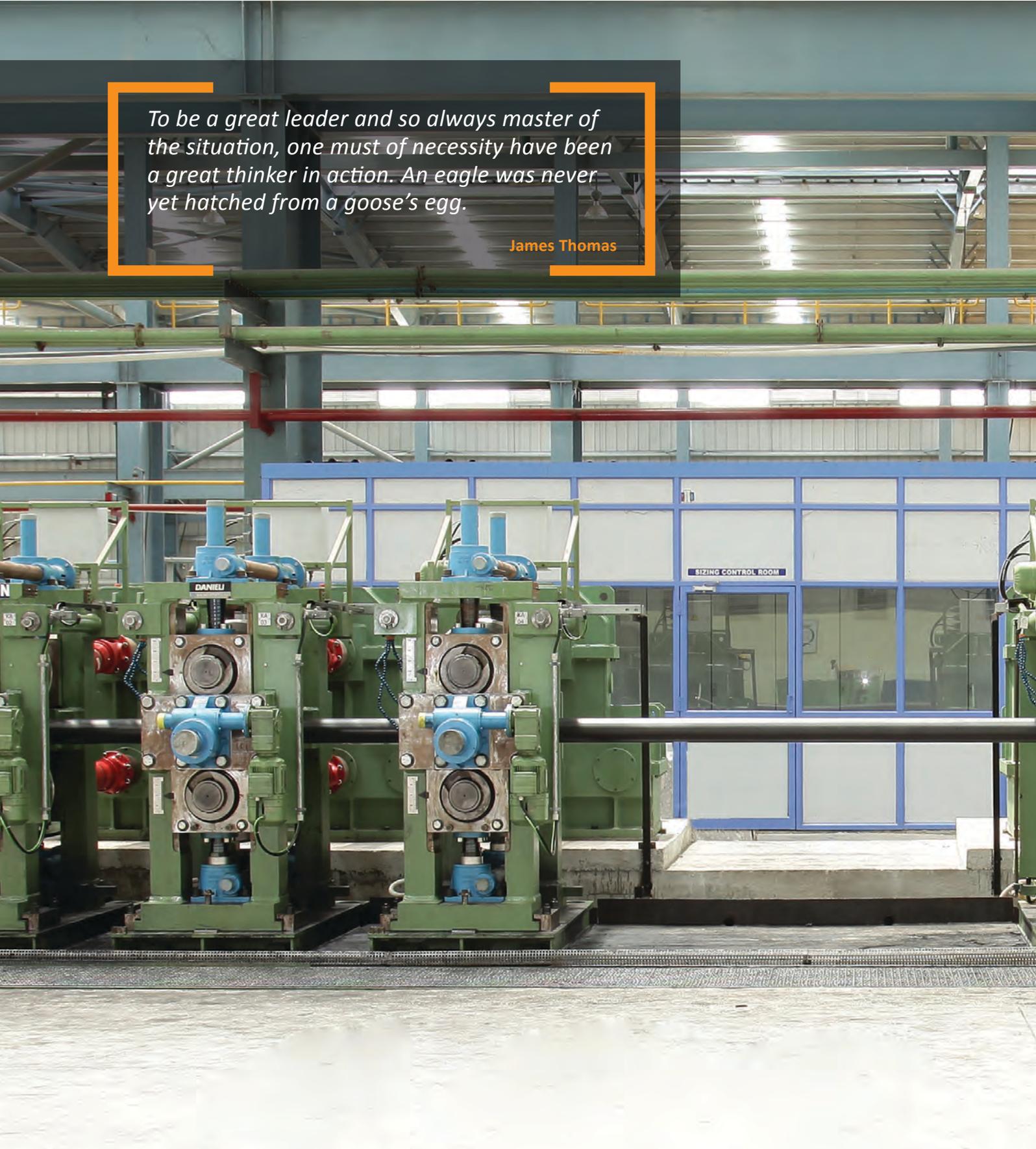
TI commenced exports of complete bicycles after a long hiatus of almost fourteen years, entering into tie-ups with major retail giants and manufacturers. The new markets now part of the TI footprint include UK, Belgium, Germany, UAE and Sri Lanka.

Moving closer to the customers, TI is all set to have a new bicycle plant in Punjab to cater to the northern and eastern markets.

Chennai witnessed the opening of a first-of-its-kind concept café, the *Ciclo Café* with an attached *Track & Trail* store retailing super-premium bicycles. The pilot café generated widespread interest among consumers, encouraging TI to draw plans to extend the concept to more locations.

To be a great leader and so always master of the situation, one must of necessity have been a great thinker in action. An eagle was never yet hatched from a goose's egg.

James Thomas



View of the Tube Mill at the Large Diameter Tube Plant



SUSTAINING LEADERSHIP SEEDING THE FUTURE

TI continuously embarks upon newer avenues to accelerate growth momentum.



Furnace at the Large Diameter Tube Plant

Encouraged by the leadership position in precision tubes, TI forayed into newer avenues to accelerate the growth momentum and sustain business leadership.

The greenfield large diameter tube plant, a first of its kind in the country was commissioned at Tiruttani, near Chennai. Developed at a capital expenditure of ₹250 crore, the plant is expected to reach full capacity over the coming 8-10 quarters. The strategic importance of this initiative gets highlighted on two counts. Firstly, it opens up an altogether new non-automotive segment of infrastructure sector for tubular products. Secondly, it would enable us penetrate into a promising product segment that is currently being catered to by imports, a segment that demands higher precision and harbours lucrative margins.

TI continues to focus on value addition through development of tubular components exploiting emerging trends in light weighting and safety.

The main thrust continues to be towards import substitution. Some of the products under development include tubes for Roll Over Protection Systems, Twist Beam for passenger vehicles, Tubes for Front Bumper of commercial vehicles and SUVs.

Sustained leadership in precision steel tubes through proactive new product development for existing customers, VAVE initiatives and continuous focus on improvement in quality and delivery.

TI gained market share in cold drawn precision tubes during the year.



*To do great things is difficult; but to
command great things is more difficult.*

Friedrich Nietzsche



Cam chain assembly



SUSTAINING LEADERSHIP SECURING THE TURF

Continuously evolving product portfolio to move up the value chain and enhancing market share remain central to TI's strategy.



In automotive chains, TI improved on its market share in Drive and Cam chains while increasing the focus on the burgeoning aftermarket segment.

In industrial chains, the thrust continues to be on exports. New products for construction industry and special industrial chains for automatic window opening applications were developed. Capabilities were also developed for conveyor system design and installations.

Our value addition drive centered around precision fine blanking products and precision stamped components aimed at import substitution. TI is serving large multinational customers in the critical areas of transmission and seat parts for their domestic and global requirements. Accelerated development of new products, especially those featuring in the new models of automobiles launched by our customers helped us expand our business share, realizations and future orders.

Another new avenue for growth identified in motor casing business. Capabilities have been developed through different technologies and the products are supplied to Tier-I auto manufacturers.

TI continued to garner new orders in doorframes from leading multinational and domestic OEMs.

*Alone we can do so little: together we
can do so much.*

Helen Keller



*'Driving excellence through team work – OPEX Daily Work
Management shop floor meeting in progress*



SUSTAINING LEADERSHIP STRENGTHENING THE MINDS

Recognizing the role of human resources in actualizing corporate objectives drives TI in strengthening its human resources to build organizational capability.



'OPEX TEI (Total Employee Involvement) Rewards and Recognition - Chairman and Managing Director awarding the employees

TI believes that investing in building human capital is a continuous journey and very critical for Organizational success. At TI, the focus remains on scaling up the leadership and technical capabilities of its human capital, drawn from the firm conviction that it is the people who are the key drivers in translating vision into reality. TI's HR strategy is thus designed to effectively harness its talented human resources in partnering with the business to achieve its ambitious growth plans.

At TI, the Manpower Mix study carried out during the year across the units helped in deciding the methodology of re-skilling workforce at shop floor level. We have established Basic Training Centre at Avadi Campus to create a pool of technical talent in specialized areas like Fitting, Welding etc. Competency based development is the approach adopted for nurturing the talent base in the organization. The thrust on learning and development was further given a strategic push through specific interventions viz., 'value stream mapping exercise', customizing learning and training to specific individual needs vis-à-vis the business plan.

TI believes in empowering its employees and providing the knowledge, skills & experience to shape them into the leaders of tomorrow. The quest for operational excellence at every level continues to energise TI, with employees across functions being involved in many projects contributing to cost reduction, improving efficiency, productivity and profitability.

CHAIRMAN'S MESSAGE



“
TI is steadfast in its mission of being a 'best-in-class' player and sustain its leadership position...
”

Dear Shareholders,

The year 2014-15 was yet another challenging year for TI.

Globally, the year was marked by a sharp drop in oil prices and signs of weakness in the Euro Zone though the US economy remained reasonably stable. On the national scene, a new government assumed office at the centre.

Several welcome policy initiatives have since been taken by the government which augur well and hold much promise especially for the country's manufacturing sector. Interest rates and inflation have come to register new lows. The national growth rate should progressively improve owing to a slew of economic measures being ushered in by the new government.

Overcoming the rather subdued business environment, TI improved on its performance over the previous year, resulting in the Company achieving a turnover of ₹3,646 Cr. during 2014-15, an increase of 19% over the previous year.

As part of its business vision and well planned out strategy, TI continues to invest in creating capacities in order to service its existing and new customers in a more timely and efficient manner. TI continuously assesses emerging trends and changing customer preferences while modernizing its assets and making appropriate investments - always steadfast in its mission of being a 'best-in-class' player and sustain its leadership position so assiduously built over the years.

I am glad to share with you that TI's large diameter tube manufacturing plant at Tiruttani, near Chennai, commenced production during the year. This plant will cater predominantly to the requirement of the non-automotive segment, namely, the hydraulic cylinder and structural markets in the fast growing infrastructure space, offering cost-effective import-substitution products.

I am further glad to inform that with the objective of moving closer to the customers in northern and eastern India, ground has been broken for a green field bicycles plant in Rajpura, Punjab.

TI's major Indian subsidiaries also posted commendable results in 2014-15, with Cholamandalam Investment and Cholamandalam MS General Insurance turning in robust performances, earning higher profits.

The environment continued to be difficult for Shanthi Gears but the industrial gear subsidiary of TI is taking proactive steps through accessing new markets, regaining customers, developing new products and improving its distribution reach, all of which augur well for its future.

For Sedis SAS, TI's subsidiary in France, the flat growth in Europe resulted in a subdued performance during the year. Sedis has a strong presence in France for industrial chains and with the planned reinforcement of the brand in the European market, its performance is bound to improve in the coming years.

During 2014-15, TI invested an additional ₹17.50 Cr. in TI Tsubamex Private Ltd., the joint venture with Tsubamex Co Ltd., Japan, towards the setting up of a design-cum-manufacturing facility for dies near Chennai. The construction of the facility is currently on as per schedule and is expected to be commissioned during the third quarter of 2015-16. This business has exciting business prospects as it will be operating in a niche, import-substitution area, catering to the requirement of dies for major automotive customers.

DIRECTORS

Ms. Madhu Dubhashi joined the Board in November, 2014. She has a rich experience of nearly four decades in the financial and financial service sectors. Her presence has further enriched the Board. I take this opportunity to welcome her to the Board of the Company.

The members of the Board are a constant source of strength and encouragement to the Company's management team and personally, to me. I thank them for their active involvement, counsel and support.

THE TEAM

At TI, our human resources have been one of our greatest strengths over the years, steadfastly standing by us, contributing wholeheartedly in the realization of our goals through their dedication, sincerity and hard work. Mr. L Ramkumar, our Managing Director and the Management Committee have ably led the team from the front with a strong sense of purpose and commitment. I am thankful to the entire team for all the good work and wish them great success in the future.

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

Yours sincerely,



M M Murugappan

MANAGING DIRECTOR'S MESSAGE



“
We kept our focus on market share improvement and aggressive improvements in various efficiency parameters. At the same time, we pursued long-term initiatives including new projects and new products in all our businesses.
”

Dear Shareholders,

The Company faced another challenging year in 2014-15. Nonetheless, we kept our focus on market share improvement and aggressive improvements in various efficiency parameters. At the same time, we pursued long-term initiatives including new projects and new products in all our businesses.

BICYCLE

The division grew in volumes and revenues in 2014-15 through increased sales of Specials like Mountain Terrain Bikes (MTBs), Sport Light Roadsters (SLRs), kids bikes etc., and higher institutional volumes. The focus was on improved customer service and continued streamlining of the supply chain. Production capacity was increased in the Nashik plant, to further enhance the distribution reach. A new bicycle manufacturing plant is under construction in Rajpura, Punjab to cater to the northern and eastern markets. Efforts were taken to revive the market through introduction of new bicycle models and these were well received in the market.

‘Ciclo Café’, a café-cum-premium bicycle showroom, the first of its kind in the country, was opened in Chennai. The showroom has received overwhelming response from bicycling enthusiasts and the general public alike. Exports business was restarted in a small way and there are plans to further grow this business in the coming year.

ENGINEERING

Revenue growth was marginal, with some improvement in market share in precision tubes. With falling volumes and prices, the challenge was to maintain profitability. Focus on efficiency parameters continued. Value added products were introduced in strips and tubes.

Set up at an investment of ₹250 crores, a new manufacturing facility for large diameter tubes to cater primarily to the non-automotive segment was inaugurated in October, 2014 at Tiruttani, near Chennai. The plant has received appreciation as truly world-class from customers, associates and suppliers alike. After production stabilisation, revenue flow from the new plant is expected to pick up through a progressive growth in volumes, from the current year onwards.

METAL FORMED PRODUCTS

The auto chains business continued to perform and grow well despite volatile market conditions. The business maintained its leadership in the Drive chains and Cam chains market for two wheelers. New capacity was added

at Uttarakhand to cater to the aftermarket kits segment. Export of chains to OEMs (Original Equipment Manufacturers) was good despite a difficult demand situation in Europe and weak Euro. The emphasis remains on maintaining the current high standards with regard to quality and customer service. Approval was also obtained for several new programmes from major auto OEMs and global Tier-1 manufacturers in the fine blanking business.

The doorframes business maintained its leadership position, bagging orders from major auto OEMs and in expanding further its presence in the market for rolled components for car doors. Volumes of standard motor casings improved. Further strengthening of the product portfolio in value added stamped and pressed components, with focus on import substitution, is a key priority of the business.

SUBSIDIARIES

TI's major subsidiaries in the financial services sector did well in 2014-15. Cholamandalam Investment and Finance Co Ltd., registered good increase in its profit after tax on account of the sustained performance of its vehicle finance and home equity verticals. For Cholamandalam MS General Insurance Co Ltd., 2014-15 was yet another year of good growth in Gross Written Premium and profits.

Consolidated turnover of Financière C10 SAS (FC10) in 2014 was marginally higher than the 2013 level even as adverse business conditions prevailed in Europe. Initiatives have been taken by the team at FC10 to reduce costs and improve volumes. The results of these initiatives would be seen in the current year. It was a year of flat performance for Shanthi Gears Ltd., due to competitive pressures. The company holds tremendous business potential to be tapped in the coming years. Shanthi Gears Ltd., continues to stay focused on regaining customers and in establishing itself in the market.

OPERATIONAL EXCELLENCE (OPEX)

The thrust on improving all the operating parameters viz., PQCDMSM (Productivity, Quality, Cost, Delivery, Safety, Morale) was enhanced during 2014-15. The improvement and breakthrough projects were managed by shop floor operating personnel as well as teams of managers. In order to bring more focus, the entire Company has been divided into 262 OPEX zones, each of them having specific PQCDMSM targets.

PEOPLE

The employees have shown the highest levels of commitment during a difficult year and have contributed to maintaining the leadership position of our businesses by enhancing customer service.

Yours sincerely,



L Ramkumar



10 YEAR FINANCIAL HIGHLIGHTS

₹ in Crores

	14-15	13-14	12-13	11-12	10-11	09-10	08-09	07-08	06-07	05-06
OPERATING RESULTS										
Sales (Including excise duty)	3916.16	3609.42	3642.25	3664.77	3126.40	2453.65	2212.22	1908.23	1761.84	1584.18
Profit before Depreciation, Interest & Tax (PBDIT)	356.46	348.67	334.95	397.74	376.32	225.07	170.33	157.88	256.99	307.09
Profit before Interest & Tax (PBIT)	259.45	264.43	255.18	321.66	307.22	158.26	111.21	104.73	206.60	258.53
Profit before Tax (PBT)	155.15	141.22	147.21	245.10	241.30	129.50	83.02	83.44	195.31	245.63
Profit after Tax (PAT)	120.86	94.07	103.96	180.09	169.66	81.21	72.18	56.50	155.78	182.93
Earnings Per Share (₹)*	6.46	5.04	5.58	9.69	9.16	4.39	3.91	3.06	8.43	49.50
Dividend Per Share (₹)*	2.00	2.00	2.00	3.00	3.00	1.50	1.00	1.00	1.50	23.50
Book Value Per Share (₹)*	70.62	66.29	63.28	59.84	53.40	44.21	39.88	38.86	35.49	143.98
SOURCES AND APPLICATION OF FUNDS										
SOURCES OF FUNDS										
Share Capital	37.43	37.38	37.33	37.26	37.13	36.95	36.95	36.95	36.95	36.95
Reserves and Surplus	1283.10	1201.46	1144.01	1077.70	954.27	779.95	700.00	681.02	618.90	495.15
Net Worth	1320.53	1238.84	1181.34	1114.96	991.40	816.90	736.95	717.97	655.85	532.10
Share Application Money Pending Allotment	-	-	-	0.03	-	-	-	-	-	-
Debt	1420.74	1363.14	1301.88	832.41	723.80	705.82	399.76	327.50	206.45	244.30
Deferred Tax Liability (Net)	56.70	52.04	52.29	48.08	51.76	41.31	45.77	42.64	41.83	41.50
Total	2797.97	2654.02	2535.51	1995.48	1766.96	1564.03	1182.48	1088.11	904.13	817.90
APPLICATION OF FUNDS										
Gross Fixed Assets	1732.20	1433.19	1299.75	1218.32	1105.75	1028.09	964.02	861.91	734.06	626.01
Accumulated Depreciation	827.95	738.91	668.14	611.81	544.91	500.46	449.87	400.43	369.82	324.44
Net Fixed Assets	904.25	694.28	631.61	606.51	560.84	527.63	514.15	461.48	364.24	301.57
Capital Work-In-Progress	36.39	197.06	159.73	38.42	27.39	42.93	29.68	57.31	105.54	80.49
Investments	1523.18	1505.71	1444.03	930.15	910.55	749.44	454.35	316.95	190.55	235.86
Net Working Capital	334.15	256.97	300.14	420.40	268.18	244.03	184.30	252.37	243.80	199.98
Total	2797.97	2654.02	2535.51	1995.48	1766.96	1564.03	1182.48	1088.11	904.13	817.90
RATIOS										
PBDIT To Sales (%)	9.10	9.66	9.20	10.85	12.04	9.17	7.70	8.27	14.59	19.38
PBIT To Sales (%)	6.63	7.33	7.01	8.78	9.83	6.45	5.03	5.49	11.73	16.32
PBT To Sales (%)	3.96	3.91	4.04	6.69	7.72	5.28	3.75	4.37	11.09	15.51
PAT To Sales (%)	3.09	2.61	2.85	4.91	5.43	3.31	3.26	2.96	8.84	11.55
Interest Cover (times)	2.58	2.83	3.22	5.20	5.71	7.83	6.04	7.42	22.76	23.81
ROCE (%) #	9.27	9.96	10.06	16.12	17.39	10.12	9.40	9.62	22.85	31.61
Return on Networth (%)	9.15	7.59	8.80	16.15	17.11	9.94	9.79	7.87	23.75	34.38
Total Debt Equity Ratio	1.08	1.10	1.10	0.75	0.73	0.86	0.54	0.46	0.31	0.46
Long Term Debt Equity Ratio	0.82	0.86	0.85	0.48	0.47	0.61	0.32	0.24	0.13	0.25
Sales/Fixed Assets (times)	4.33	5.20	5.77	6.04	5.57	4.65	4.30	4.14	4.84	5.25
Net Working Capital Turnover (times)	11.72	14.05	12.13	8.72	11.66	10.05	12.00	7.56	7.23	7.92

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	<p>M M Murugappan, <i>Chairman</i> L Ramkumar, <i>Managing Director</i> C K Sharma Hemant M Nerurkar Madhu Dubhashi Pradeep V Bhide S Sandilya N Srinivasan</p>
COMPANY SECRETARY	S Suresh
REGISTERED OFFICE	<p>'Dare House' 234 N S C Bose Road, Chennai 600 001</p>
PLANTS	<p>Bicycles: TI Cycles of India, Ambattur, Chennai TI Cycles of India, Nashik TI Cycles of India, NOIDA</p> <p>Engineering: Tube Products of India, Avadi, Chennai Tube Products of India, Tiruttani Tube Products of India, Shirwal, Satara Tube Products of India, Mohali</p> <p>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</p>
AUDITORS	<p>Deloitte Haskins & Sells Chartered Accountants</p>
BANKERS	<p>Bank of America HDFC Bank Limited Standard Chartered Bank State Bank of India The Hongkong & Shanghai Banking Corporation Limited</p>

DIRECTORS' PROFILE

Mr. M M Murugappan, Chairman

Mr. M M Murugappan (59 years; DIN-00170478) 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 Ltd., Shanthi Gears Ltd. and Wendt (India) Ltd. He is also on the Board of various companies including Mahindra & Mahindra Ltd and Cholamandalam Investment and Finance Company Ltd.

Mr. L Ramkumar, Managing Director

Mr. L Ramkumar (59 years; DIN-00090089) 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 35 years of rich and varied experience in management including 23 years in the Company itself in various capacities.

Mr. C K Sharma, Independent Director

Mr. C K Sharma (67 years; DIN-00489140) is a Graduate in Chemical Engineering from Indian Institute of Technology, Madras and holds 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, Independent Director

Mr. Hemant M Nerurkar (66 years; DIN-00265887) 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. He is currently Chairman of TRL Krosaki Refractories Ltd. He is also on the Board of various companies including NCC Ltd and Igarshi Motors India Ltd.

Ms. Madhu Dubhashi, Independent Director

Ms. Madhu Dubhashi (64 years; DIN-00036846) is an Economics (Hon.) Graduate and has a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. She has an experience of about four decades in the financial/financial services sector, having worked for various institutions like ICICI Ltd., Standard Chartered Bank etc. She is on the Board of various companies including Axis Finance Ltd and SBI Funds Management Private Ltd.

Mr. Pradeep V Bhide, Independent Director

Mr. Pradeep V Bhide, I.A.S. (Retd.) (65 years; DIN-03304262) 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 Ltd, Heidelberg Cement India Ltd, NOCIL Ltd and L&T Finance Ltd.

Mr. S Sandilya, Independent Director

Mr. S Sandilya (67 years; DIN-00037542) 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 Ltd and Mastek Ltd.

Mr. N Srinivasan, Non-Executive Director

Mr. N Srinivasan (57 years; DIN-00123338) 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 Ltd. He is on the Board of various companies including Cholamandalam MS General Insurance Company Ltd.

BOARD'S REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

The Directors take pleasure in presenting the 66th Annual Report together with the audited Financial Statements for the year ended 31st March 2015.

1. Business Environment

The financial year 2014-15 was marked by falling oil prices, a reasonably stable US economy and signs of weaknesses in the Euro zone.

Major global economies barring the US have witnessed either no growth or declining growth in the previous year. While the US grew marginally in 2014, the European countries registered marginal or no growth. Euro zone continues to be under pressure. China has been experiencing another year of slow growth. After an initial period of growth, the Japanese economy too has seen lower growth rates with deflationary concerns.

The Indian economy registered a growth rate of 7.4% for the year compared to 6.9% for the year 2013-14. The Indian Rupee remained range bound against the US dollar during the last financial year whereas other currencies showed a declining trend against the US dollar.

The Government of India has undertaken various policy initiatives such as reallocation of coal blocks, investments in railway infrastructure and enhancement of foreign direct investment limits for Insurance sector. Many broad based set of initiatives aimed at encouraging "Make in India" are expected to give an impetus to the manufacturing sector. Inflation rate has been subdued and interest rates have softened. It is expected that the benefits from various policy initiatives will have a positive impact on the manufacturing sector in the coming years.

The Automobile sector in India registered a growth of 9% during 2014-15. In the four wheeler segment, passenger vehicles and heavy commercial vehicles grew by 4% and 21% respectively, whereas light commercial vehicles declined by 10%. In the two wheeler segment, scooters grew by 28% and motor cycles grew by 4%.

2. Standalone Financial Highlights

₹ in Crores

Particulars	2014-15	2013-14
Sale of Products – Gross	3916.16	3609.42
<i>Less: Excise Duty on sales</i>	270.38	257.73
Sale of Products – Net	3645.78	3351.69
Profit Before Exceptional Items and Tax	121.15	141.16
<i>Add: Reversal of Provision for Diminution in value of Investments (net)</i>	-	0.06
<i>Less: Compensation under Voluntary Retirement Scheme</i>	27.43	-
<i>Add: Profit on sale of Non-Operating Assets</i>	61.43	-
Profit Before Tax	155.15	141.22
<i>Less: Tax Expense</i>	34.29	47.15
Profit After Tax	120.86	94.07
<i>Add: Surplus at the beginning of the year</i>	176.98	160.04
<i>Add: Earlier year's provision for dividend tax no longer required</i>	1.22	1.59
<i>Less: Depreciation on Tangible Fixed Assets on transition to Schedule II of the Companies Act, 2013</i>	4.63	-
Profit Available for Appropriation	294.43	255.70
<i>Less: Transfer to General Reserve</i>	30.00	20.00
<i>Transfer to Debenture Redemption Reserve</i>	42.18	19.28
<i>Interim Dividend @ ₹1.50 (Previous year ₹1.50) per Equity Share of ₹2 each</i>	28.06	28.02
<i>Final Dividend Proposed @ ₹0.50 (Previous year ₹0.50 paise) per Equity Share of ₹2 each</i>	9.36	9.34
<i>Dividend Distribution Tax - Current year</i>	3.30	2.08
Balance carried to Balance Sheet	181.53	176.98

3. Performance Overview

For 2014-15, the Company achieved a net turnover of ₹3646 Cr., a growth of 9% over the previous year. The Profit before Depreciation, Interest, Exceptional Items and Tax for the year was ₹356 Cr. as against ₹349 Cr. in the previous year, a growth of 2%. However, the Profit before Exceptional items and Tax dropped to ₹121 Cr., a decline of 14% over the previous year, mainly attributed to high finance costs and depreciation. To strengthen the balance sheet, the Company sold non-operating assets, which generated a profit of ₹61 Cr. Further, the Company implemented Voluntary Retirement Schemes in certain locations at a cost of ₹27 Cr. to improve the productivity and competitiveness of its businesses.

The Cycles and Components segment recorded a revenue of ₹1314 Cr. as compared to ₹1185 Cr. during the previous year, a growth of 11%. This was driven by higher volume of specials and institutional sales. The operating profit before interest and tax stood at ₹58 Cr. as compared to ₹39 Cr. during the previous year, a growth of 50%.

The Engineering segment recorded a revenue of ₹1725 Cr. as compared to ₹1622 Cr. during the previous year, a growth of 6%. The operating profit before interest and tax stood at ₹103 Cr. as compared to ₹136 Cr. during the previous year. The drop in profits was due to additional costs associated with the new Large Diameter Tubing facility, the revenue from which is expected to flow in 2015-16.

The Metal Formed Products segment recorded a revenue of ₹929 Cr. as compared to ₹851 Cr. during the previous year, a growth of 9%. This was driven by higher volume of auto chains and fine blanking sales. The operating profit before interest and tax stood at ₹81 Cr. as compared to ₹67 Cr. during the previous year, a growth of 21%.

4. Business Review – Standalone

4.1. Cycles and Components

TI's Presence

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

Industry Scenario

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. According to industry estimates, the bicycle industry volumes had a muted growth of approximately 2% in 2014-15. The industry volumes for standard bicycles registered a marginal decline despite higher institutional volumes.

The Specials segment which includes Mountain Terrain Bikes, Sport Light Roadsters and Kids Bikes where your Company has inherent strengths grew approximately 6% in 2014-15.

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.

Between the four major players, close to 85% of the country's requirements are met and smaller regional players and imports constitute the balance. 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 domestic Fitness Industry continues to be attractive with significant growth in 2014-15. The fitness equipment business can be broadly classified under two segments – home and commercial. The fitness business of the Company is largely restricted to the home segment. 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 Specials and premium segment. The Company has over 930 retail outlets including 663 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 also continues to invest in strengthening its supply chain capabilities to address the market requirements.

In addition to the above, the Company has 13 premium stores under the "Track and Trail" banner in select locations. The Company has also introduced new retail concepts like a cafe-cum-store to promote sales of high end cycles and to strengthen its presence amongst cycling communities. The Company opened its

first such store called “Ciclo Cafe” in Chennai during the year. Similar new concepts aimed at providing customers with an opportunity for an experiential purchase are also planned in the fitness business.

The Company will further improve its product portfolio by introducing new products and designs driven by consumer insight. The Company will continue to pursue initiatives aimed at widening the distribution reach, targeted advertising to drive demand and enhancing plant capacities. The Company is planning to set up a greenfield bicycle plant in Punjab to take advantage of an established vendor base and to cater to the higher demand in select segments and geographies. The Company will also continue the cost reduction initiatives in order to improve competitiveness and profitability.

The segment recorded revenue of ₹1314 Cr. as compared to ₹1185 Cr. during the previous year, a growth of 11%. The operating profit before interest and tax stood at ₹58 Cr. as compared to ₹39 Cr. during the previous year, a growth of 50%.

4.2. 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. With the establishment of a new plant for the manufacture of large diameter welded tubes, the Company has enhanced its product range for non-auto application, hitherto largely serviced by imports.

Industry Scenario

The automotive industry grew by 9% during 2014-15. Barring Light Commercial Vehicle Segment, all the other segments registered a growth compared to the previous year. Passenger vehicles and Two Wheelers grew by 4% and 10% respectively as compared to previous year.

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

The Company witnessed a volume growth of 6% in steel tubes and 2% in cold rolled steel strips over the previous year.

Production in the new facility for large diameter tubing commenced during the year and is expected to stabilize in the coming year. This plant will cater to a wide set of customers in the off-highway, infrastructure and general engineering segments.

The segment recorded revenue of ₹1725 Cr. as compared to ₹1622 Cr. during the previous year, a growth of 6%. The operating profit before interest and tax stood at ₹103 Cr. as compared to ₹136 Cr. during the previous year. The drop in profits was due to additional costs associated with the new Large Diameter tubing facility at Tiruttani and the revenue from which is expected to flow in 2015-16.

The segment continued to maintain its focus on value added products, cost management, modernising its facility and improving the efficiencies, which helped improve the profitability.

4.3. Metal Formed Products

TI's presence

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

Industry scenario

The two wheeler segment recorded a growth of 10% during the year. The growth is mainly due to higher growth of 28% in Scooter segment and 4% growth in motor cycle segment. Passenger car segment has registered only 4% growth.

Increased movement towards urbanization results in higher demand for scooters as well as high performance motor cycles. The Company is one of the three major players manufacturing roller chains and fine blanked parts for automotive industry in India. With the growth in two wheeler population, the replacement market for chains and sprockets continued to register healthy growth. The domestic demand for industrial chains has grown moderately.

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 is yet to show signs of a major revival. In the latest Union Budget, the Government has announced investments aimed at improving railway infrastructure.

Review of Performance

The sale of automotive chains to OEMs (Original Equipment Manufacturers) recorded a growth of 11% over the previous year. 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 3% during the year while the fine blanked components volume grew by 17%. Exports recorded a growth of 3% over the previous year. Exports continued to be a challenge in light of difficult demand conditions in Europe and with weak Euro affecting realisations.

The volume of car doorframes sold was lower by 15% due to a decline in the sale of select models of major car manufacturers. The Company has recently been awarded new doorframe programs from auto majors and is also expanding its presence in rolled components for car doors.

The Company is also looking at enhancing its product portfolio in value added stamped and pressed components with a focus on import substitution.

The Company is hopeful that with increased investment allocation towards improving the quality of railway infrastructure, the Company will benefit from higher demand for wagons.

The segment recorded revenue of ₹929 Cr. as compared to ₹851 Cr. during the previous year, a growth of 9%. The operating profit before interest and tax stood at ₹81 Cr. as compared to ₹67 Cr. during the previous year, a growth of 21%.

5. 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, 2015.

Together with the interim dividend of ₹1.50 per share, paid on 23rd February, 2015, 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 14th August, 2015.

6. Share Capital

The paid up Equity Share Capital as on 31st March 2015 was ₹37.43 Cr. During the year under review, the Company has issued 2,38,898 Equity Shares to eligible employees under the Employee Stock Option Scheme.

7. Finance

Cash and Cash Equivalents as at 31st March 2015 were ₹25.73 Cr. The Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

7.1. Non-Convertible Debentures

During the year, the Non-Convertible Debentures aggregating ₹350 Cr. were issued and ₹230 Cr. were redeemed. As on 31st March 2015, Non-Convertible Debentures aggregating ₹1050 Cr. were outstanding.

7.2. Deposits

The Company has not accepted any fixed deposits under Chapter V of the Companies Act, 2013 and as such no amount of principal and interest were outstanding as on 31st March 2015.

7.3. Particulars of Loans, Guarantees and Investments

During the year, the Company has not given any loans or guarantees under the provisions of Section 186 of the Companies Act, 2013. The Company subscribed to 1,75,00,000 Equity Shares of ₹10 each of TI Tsubamex Private Ltd at ₹10 per share amounting to ₹17.50 Cr.

8. Consolidated Financial Highlights

Particulars	₹ Cr.	
	2014-15	2013-14
Revenue from Operations	9697.56	8834.49
Profit Before Tax	1003.28	789.37
Tax Expense	(319.64)	(271.84)
Profit for the year before Minority Interest	683.64	517.53
Minority Interest	(259.28)	(206.22)
Net Profit for the year	424.36	311.31

The Company's consolidated Net Profit before Minority Interest for the year was at ₹684 Cr., as compared to ₹518 Cr., during the previous year, a growth of 32%. Net profit after minority interest for the year was at ₹424 Cr. as compared to ₹311 Cr. during the previous year, a growth of 36%.

9. Business Review - Subsidiaries and Joint Ventures

9.1. Cholamandalam Investment and Finance Co Ltd (CIFCL)

CIFCL had another year of good performance. Backed by the sustained performance of its vehicle finance and home equity verticals, CIFCL's profit before tax grew 19%, at ₹657 Cr. (previous year: ₹550 Cr.) and profit after tax increased to ₹435 Cr. (previous year: ₹364 Cr.). Disbursements of CIFCL marginally declined to ₹12,808 Cr. in 2014-15 (previous year: ₹13,114 Cr.).

The Company holds 7,22,33,019 Equity Shares aggregating 50.28% of CIFCL's Equity Capital. CIFCL has allotted, on 3rd September, 2014, 5,00,00,000 1% Compulsorily Convertible Preference Shares ("CCPS") of ₹100 each aggregating ₹500 Cr. on preferential basis to M/s. Dynasty Acquisition (FDI) Ltd., in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. As per the terms of the said issue, the CCPS are convertible into 1,22,85,012 Equity Shares of ₹10 each in the share capital of CIFCL at a conversion price of ₹407 (including a premium of ₹397) per equity share not later than 12 months from the date of allotment.

9.2. Cholamandalam MS General Insurance Co. Ltd (MSGICL)

MSGICL, a joint venture with Mitsui Sumitomo Insurance Company Ltd., Japan, achieved a Gross Written Premium (including reinsurance acceptance) of ₹1,896 Cr. during 2014-15 (previous year: ₹1,872 Cr.), registering a growth of 1%. The profit before tax was ₹200 Cr. for the year (previous year: ₹102 Cr.), registering a growth of 96%.

The Company holds 22,11,15,659 Equity Shares aggregating 74% of MSGICL's equity capital. Recently, the Government of India has enhanced the FDI (Foreign Direct Investment) limit for the Insurance Industry from 26% to 49%.

9.3. Shanthi Gears Ltd (SGL)

SGL recorded a turnover of ₹152 Cr. in 2014-15 against ₹151 Cr. in the previous year. Profit before tax was ₹13 Cr. (previous year: ₹26 Cr.). During the year, SGL focused on re-establishing itself in the market. SGL grew its order booking by 20% due to

the efforts taken in the previous year to enhance presence in the market especially in key user locations, enhancing its reach by strengthening its s

ales and service teams, building references in high potential segments, entry into the defence segment and building its capability in certain high end applications.

9.4. Financière C10 SAS (FC10)

FC10, a wholly-owned subsidiary in France, recorded a consolidated turnover of Euro 33 Mn in 2014 (previous year: Euro 32 Mn). The loss before tax for the year was Euro 0.38 Mn (previous year: profit before tax Euro 0.23 Mn). The consolidated results of FC10 include results of its subsidiaries viz., Sedis SAS & S2CI in France and Sedis Co Ltd in UK.

9.5. TI Tsubamex Private Ltd (TTPL)

TTPL was incorporated on 3rd January 2014, as a Joint Venture Company promoted by the Company jointly with Tsubamex Company Limited, Japan (TMX) with a Share Capital of ₹4 Cr., to engage in the business of design and engineering of sheet metal dies & fixtures and providing related services. The Company has further invested ₹17.50 Cr. in the Share Capital of TTPL during the year towards the setting up of a die design-cum-manufacturing facility for dies and TMX, the joint venture partner has invested ₹4.50 Cr. Post this infusion, TTPL has become the subsidiary of the Company, with the Company's shareholding in TTPL at 75%.

TTPL's loss before tax for the year was ₹1.94 Cr. (previous year: ₹2.06 Cr.).

9.6. TI Financial Holdings Ltd (TIFHL)

TI Financial Holdings Ltd is a wholly-owned subsidiary of the Company with an investment of ₹0.11 Cr. and is yet to commence its operations.

9.7. Cholamandalam MS Risk Services Ltd (CMSRSL)

CMSRSL, a joint venture with Mitsui Sumitomo Insurance Company Ltd., Japan, offers consulting services in the areas of risk assessment and mitigation across a range of industries. CMSRSL recorded a revenue of ₹35.33Cr. during the year 2014-15 (previous year: ₹24.58 Cr.). The profit before tax for the year was ₹2.04Cr. (previous year: ₹3.36 Cr.).

The Statement containing salient features of the Financial Statements of the Company's subsidiaries and joint venture companies is attached as Annexure-A. 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.

10. Financial Review

10.1. Profits & Profitability

While Operating Profit before Depreciation and Interest registered a marginal growth over the previous year through continued control on costs and better operating efficiencies, the Operating Profit before Tax excluding exceptional items were impacted by costs incurred on the Large Diameter plant which is yet to reach full production levels. On certain occasions, the Company was not able to fully recover the increase in cost from its customers.

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.

10.2. Capital Expenditure

The Company's Large Diameter Tube manufacturing plant commenced production during the year under review and production is expected to stabilize in the coming year. The Company continues to invest in facilities with a view to servicing its customers in a more timely and efficient manner, modernising its assets and aims to be the best in class. The Company continues to assess the trends emerging in the industry and the changing requirements of its customers and invest appropriately for the long-term. To compete more effectively in the market and to address the growing bicycle segment in the northern and western parts of the country, the Company has started to work on a new facility in Punjab for manufacturing bicycles. 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.

10.3. Interest Cost

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.

10.4. 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.

10.5. Internal Financial Control Systems with reference to the Financial Statements

The Company has a formal system of internal financial control to ensure the reliability of financial and operational information, and regulatory and statutory compliances. The Company's business processes are enabled by an Enterprise-wide Resource Platform for monitoring and reporting processes resulting in financial discipline and accountability.

11. 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 on 3rd February 2015. The Committee reviewed the risks and related mitigation plans across the various SBUs of the Company.

11.1. Bicycles and Components

Risk	Why considered as Risk	Mitigation Plan/Counter Measure
Product Obsolescence Risk	<ul style="list-style-type: none"> • Availability of alternatives • Increased affordability for motorised vehicles • Shrinking road space for cycling 	<ul style="list-style-type: none"> • Higher variety, especially of premium bikes • Products based on customer need • “Cycling” as a concept - leisure, fitness, fun and recreation
Price Risk	<ul style="list-style-type: none"> • High competition leading to reduction in prices 	<ul style="list-style-type: none"> • Cost competitiveness • Development of lower cost models • Consumer insight based new product development and improving quality of aesthetic
Sourcing Risk	<ul style="list-style-type: none"> • Dependence on vendor base • Consistent quality and supplies • 25% of vendors located in residential area 	<ul style="list-style-type: none"> • Continuous upgrading of vendor capability • Relationship building • Imports from quality sources • Relocate vendor base through vendor park at new location
Competition Risk	<ul style="list-style-type: none"> • Competition from domestic suppliers • Imports 	<ul style="list-style-type: none"> • Enhancing the Brand Awareness • Introducing new models with a healthy innovation funnel • Consistent quality and timely delivery • Enhancing competitiveness

11.2. Engineering

Risk	Why considered as Risk	Mitigation Plan/Counter Measure
User Industry Concentration Risk	<ul style="list-style-type: none"> • Significant exposure to auto sector • Lag in pass through of input cost changes • Demand declining in global markets 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Cheaper alternatives for auto applications affecting revenue streams 	<ul style="list-style-type: none"> • Strategic alliance with educational/research institutions • Technology tie-up with global major • Imbibing new and relevant technologies
Raw Material Risk	<ul style="list-style-type: none"> • Volatility in steel price • Inconsistency in quality • High inventory holding 	<ul style="list-style-type: none"> • Alliance with steel producers • Global sourcing • Strategic sourcing • Rationalisation and standardisation of grades • Move to products with higher value addition

Risk	Why considered as Risk	Mitigation Plan/Counter Measure
Competition Risk	<ul style="list-style-type: none"> • Competition from integrated steel mills • New entrants with financial strength • Imports 	<ul style="list-style-type: none"> • 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

11.3. Metal Formed Products

Risk	Why considered as Risk	Mitigation Plan/Counter Measure
Product Risk	<ul style="list-style-type: none"> • Revenues are model specific 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Dependence on auto sector • Impact of slow down 	<ul style="list-style-type: none"> • Diversification into non-auto business • Focus on industrial applications • Develop range of power transmission products
Customer Retention Risk	<ul style="list-style-type: none"> • Availability of alternative source • Disruption in supplies 	<ul style="list-style-type: none"> • Cost competitiveness through Operational Excellence initiatives • Leverage design strength • Leverage proximity to customer • Build technology superiority • Product - plant rationalisation
Entry of competition	<ul style="list-style-type: none"> • Low technology barrier • Impact on profit 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Better product range • Tie-up with local player/end user • 'High quality' image 	<ul style="list-style-type: none"> • 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

Risk	Why considered as Risk	Mitigation Plan/Counter Measure
Sourcing Risk	<ul style="list-style-type: none"> • Dependence on few vendors for certain components 	<ul style="list-style-type: none"> • Vendor relationship building • Enhancing vendor base, both locally as well as overseas • Leveraging strength of combined entity

11.4. General

Risk	Why considered as Risk	Mitigation Plan/Counter Measure
HR Risk	<ul style="list-style-type: none"> • Ability to attract talent, especially people with domain knowledge for new projects • Retention of talent 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Multiple locations 	<ul style="list-style-type: none"> • Review of controls in a structured manner, at defined frequency • Risk based audit of controls
Currency Risk	<ul style="list-style-type: none"> • Foreign currency exposure on exports, imports and borrowings 	<ul style="list-style-type: none"> • Early identification and monitoring of exposures • Hedging of exposures based on risk profile
IT Related Risk	<ul style="list-style-type: none"> • Confidentiality, integrity and availability 	<ul style="list-style-type: none"> • Access controls • Secure Network Architecture • Infrastructure Redundancies & Disaster recovery mechanism • Audit of controls
Project Management Risk	<ul style="list-style-type: none"> • Delay in implementation • Increase in cost • Potential delay in stabilization of production 	<ul style="list-style-type: none"> • Effective project management • Pre implementation planning • Deployment of adequate resources • Effective monitoring

12. Corporate Social Responsibility (CSR)

The Company, being part of the Murugappa Group, is known for its tradition of philanthropy and community service. The Company's philosophy is to reach out to the community by establishing service-oriented philanthropic institutions in the field of education and healthcare as the core focus areas. With the enactment of the CSR provisions in the Companies Act, 2013, the Company has put in place a CSR policy incorporating the requirements therein which is also available on the Company's website at the following link, <http://www.tiindia.com/article/values/467>.

As per the provisions of the Companies Act, 2013, the Company is required to spend ₹2.99 Cr., out of which the Company has spent ₹2.64 Cr. towards CSR activities during the year 2014-15. The Company had identified the projects as with the endeavour of making an impact in the areas of its operations by working closely with local communities. Details of the same are furnished in the Annual Report of CSR activities for the year 2014-15 annexed to and forming part of this Report as Annexure-B.

Being the first year, the Company took some time in ensuring that the programmes were carefully chosen but, could not spend the required amount fully, the reasons for which are explained in detail in the aforesaid Annual Report of CSR activities.

13. Corporate Governance

Your Company is committed to maintaining high standards of corporate governance.

In response to the changes brought into effect through the Companies Act, 2013 and the changes in the corporate governance norms (Clause 49 of the Listing Agreement) announced by the SEBI, the Board of Directors of your Company has reviewed the constitution and terms of reference of the Audit Sub-Committee, the Compensation & Nomination Committee (renamed, Nomination & Remuneration Committee) and the Shareholders'/Investors' Grievance Committee (renamed, Stakeholders Relationship Committee). The required changes to the above Committees have been made to ensure compliance with the new requirements.

A report on corporate governance together with a certificate from the Auditors is annexed in accordance with the terms of the Listing Agreement with the Stock Exchanges and forms part of the Board's Report. The Managing Director and the Chief Financial Officer have submitted a certificate to the Board regarding the Financial Statements and other matters as required under Clause 49(IX) of the Listing Agreement.

The Report further contains details as required to be provided in the Board's Report on Independent Directors declaration, policy on Directors appointment and remuneration including criteria, annual evaluation by the Board and Directors, composition and other details required of Board committees, implementation of risk management policy, whistle-blower policy/vigil mechanism etc.

14. Human Resources

The Company leveraged its strength of human capital by focussing on building technical and leadership capabilities,

driving operational excellence initiatives and enhancing the engagement of employees. The vision is to continue to build the capability of the human potential required to harness the business opportunities presented through various operational and strategic interventions.

The journey of investing on people potential continued during 2014-15. Comprehensive approach towards re-skilling of shop-floor manpower was completed through a manpower mix study across the Company. Actions are being taken to have the right mix of skilled workforce at the plants.

Learning and development processes have been tailor made to suit the business needs and aid the individual in meeting the competency gaps identified as part of their development process. A customised functional competency dictionary has been charted for all functions across the Company. The Company has also taken the initiative of value stream mapping, a critical process aimed at improving the process efficiencies and productivity improvements.

Employee engagement continued to be a focus area and a survey was carried out covering all levels across India with clear action plans crafted for implementation.

The Company launched an end-to-end Human Resource Management System. The e-portal is aimed at modernising the existing system and inclusion of new modules like learning management, talent management, e-recruitment, etc. A Central Recruitment Team was formed to standardise and optimize resource utilization across the Company.

Operational excellence continued to remain a critical area of focus during this financial year also. Operational excellence for support functions, horizontal deployment of projects across units and innovative approach to cost competitiveness were deployed. These projects are seen to have brought immense cost saving and process efficiency across various functions for the business.

Industrial relations remained cordial at all the units and long-term settlements were successfully concluded with the unions at Mohali and Shirwal.

The number of permanent employees on the rolls of the Company as at 31st March, 2015 was 3434.

The information relating to employees and other particulars required under Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members excluding the information on employees, particulars of which are available for inspection

by the Members at the Registered Office of the Company during business hours on all working days of the Company up to the date of the forthcoming Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in the said regard.

The disclosure with respect to remuneration as required under Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached and forms part of this Report as Annexure-C.

15. Prevention of sexual harassment at workplace

The Company has put framed a policy on prevention of sexual harassment at workplace in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment has been constituted. The policy extends to all employees (permanent, contractual, temporary and trainees). Employees at all levels are being sensitized about the new policy and the remedies available thereunder. No complaints were received and disposed off during the year under review.

16. Employee Stock Option Scheme

Details of the Employee Stock Option Scheme as required under the relevant SEBI Guidelines are annexed to this Report as Annexure-D.

17. Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) that in the preparation of the annual Financial Statements for the year ended 31st March 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in Note 1 of the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual Financial Statements have been prepared on a going concern basis;
- e) that proper internal financial controls to be followed by the Company have been laid down and that the financial controls are adequate and were operating effectively; &
- f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18. Auditors

The Companies Act, 2013 has made it mandatory to rotate the statutory auditors once every 10 years in case of a firm of auditors. It stipulates compulsory rotation of auditors every 10 years in case of a firm of auditors and companies have been given a maximum of 3 years from 1st April, 2014 to comply with the requirement.

Consistent with the above requirement, M/s. Deloitte Haskins & Sells, Chartered Accountants, who have been the Statutory Auditors of the Company since the year 2005, have informed that they will not be seeking re-appointment at the ensuing 66th Annual General Meeting.

The Board of Directors take the opportunity to place on record its grateful appreciation of the contribution and services rendered by M/s Deloitte Haskins & Sells, Chartered Accountants, its partners and managers for their contribution and services rendered over the years.

In view of the above, it is proposed to appoint M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, as the Statutory Auditors of the Company for a period of 5 years from the conclusion of the ensuing 66th Annual General Meeting till the conclusion of 71st Annual General Meeting.

The Board of Directors recommend the appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants as Statutory Auditors.

Consequent to the applicability of cost audit under the Companies (Cost Records and Audit) Amendment Rules, 2014 notified by the Ministry of Corporate Affairs ('MCA') in December, 2014, Mr. V Kalyanaraman, Cost Accountant was appointed as the Cost Auditor for auditing the cost accounting records maintained by the Company relating to Steel Products and Metal Formed Products for the financial year ending 31st March, 2015. The Cost Audit Reports relating to the above products will be filed within the stipulated period of 180 days from the close of financial year.

In respect of the previous year, 2013-14, the Cost Audit and Compliance Reports relating to Steel Products and Metal Formed Products, audited by Mr. V Kalyanaraman, Cost Auditor, were filed electronically in XBRL mode, on 24th September 2014 viz., well within the limit of within 180 days from the end of the financial year as stipulated by the MCA.

19. Related Party Transactions

All related party transactions that were entered into during the financial year under review were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions during the year which may have a potential conflict with the interest of the Company at large. Necessary disclosures as required under the Accounting Standard (AS) 18 have been made in the notes to the Financial Statements.

The policy on Related Party Transactions as approved by the Board is uploaded and is available on the following link on the Company's website, <http://www.tiindia.com/article/values/476>. None of the Directors had any pecuniary relationships or transactions vis-à-vis the Company.

20. Directors

Ms. Madhu Dubhashi was appointed as Additional & Independent Director with effect from 3rd November, 2014. She holds office up to the date of the ensuing Annual General Meeting. The Board recommends her appointment as Independent Director under Section 149 of the Act for a term of five years viz., from the date of the 66th Annual General Meeting (2015) till the date of the 71st Annual General Meeting (2020).

Notice along with the deposit in terms of Section 160 of the Companies Act, 2013 has been received from a Member proposing the candidature of Ms. Madhu Dubhashi for appointment as Independent Director of the Company.

Mr. M M Murugappan will retire by rotation at the ensuing Annual General Meeting under Section 152 of the Companies Act, 2013 ("the Act") and being eligible, he offers himself for re-appointment.

The Board takes pleasure in recommending the appointment of Mr. M M Murugappan as Director and Ms. Madhu Dubhashi as Independent Director of the Company at the forthcoming Annual General Meeting.

21. Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and

Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. R Sridharan of M/s. R. Sridharan & Associates, Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith and forms part of this Report as Annexure-E. No qualifications or observation or other remarks have been made by the Secretarial Auditor in his said Report.

22. Annual Return

Extract of the Annual Return is annexed and forms part of this Report as Annexure-F.

23. Key Managerial Personnel

Mr. L Ramkumar, Managing Director, Mr. Arjun Ananth, Chief Financial Officer and Mr. S Suresh, Company Secretary are the Key Managerial Personnel of the Company as per Section 203 of the Companies Act, 2013.

24. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 is annexed herewith and forms part of this Report as Annexure-G.

The Directors thank all Customers, Vendors, Financial Institutions, Banks, State Governments, Joint Venture Partners 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, 2015

ANNEXURE-A

INFORMATION IN RESPECT OF EACH SUBSIDIARY COMPANY
Form AOC - I

Part A - Information in respect of each Subsidiary		₹ in Cr.									
1	2	3	4	5	6	7	8	9	10	11	
Sl. No.	Cholamandalam Investment and Finance Company Limited	Cholamandalam Securities Limited	Cholamandalam MS General Insurance Company Limited	TI Financial Holdings Limited	Shanthi Gears Limited	TI Tsubamex Private Limited	Financiere C10 SAS	SEDIS SAS	S2CI	SEDIS Co.Limited	
2	Cholamandalam Distribution Services Limited	Cholamandalam Securities Limited	Cholamandalam MS General Insurance Company Limited	TI Financial Holdings Limited	Shanthi Gears Limited	TI Tsubamex Private Limited	Financiere C10 SAS	SEDIS SAS	S2CI	SEDIS Co.Limited	
3	Reporting period of the subsidiary	31-Mar-15	31-Mar-15	31-Mar-15	31-Mar-15	31-Mar-15	31-Dec-14	31-Dec-14	31-Dec-14	31-Dec-14	
4	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	INR	INR	INR	INR	INR	EUR 1 EUR = ₹76.64	EUR 1 EUR = ₹76.64	EUR 1 EUR = ₹76.64	GBP 1 GBP = ₹98.16	
5	Share Capital	643.73	22.50	298.81	8.17	26.00	25.74	49.82	1.76	1.91	
6	Reserves & Surplus	2,528.92	(7.13)	420.20	262.57	(3.65)	51.00	12.69	4.00	1.94	
7	Total Assets(Non-Current and Current Assets)	23,873.23	32.42	3,600.39	306.29	22.55	88.80	154.62	12.52	6.27	
8	Total Liabilities (Non-Current and Current Liabilities)	20,700.58	17.05	2,881.38	-	0.20	12.06	92.11	6.76	2.42	
9	Investments (Non Current + Current Investments)	67.48	1.38	2,609.50	15.54	21.35	81.80	4.10	-	-	
10	Turnover	3,691.19	14.44	1,778.92	155.19	0.04	5.59	261.37	17.88	10.69	
11	Profit/(Loss) Before Tax	657.22	3.42	199.12	13.11	(1.94)	-	(4.35)	0.84	0.33	
12	Provision for Tax	222.06	0.18	62.02	3.79	(0.03)	(2.26)	(1.30)	0.28	0.07	
13	Profit/(Loss) After Tax	435.16	3.24	137.10	9.32	(1.91)	2.26	(3.05)	0.56	0.26	
14	Proposed Dividend	14.37	Nil	Nil	4.09	Nil	Nil	Nil	Nil	Nil	
15	% of Shareholding	50.28%	50.28%	74%	70.12%	75%	100%	100%	100%	100%	
Notes:											
1 Names of subsidiaries which are yet to commence operations - TI Financial Holdings Limited and TI Tsubamex Private Limited											
2 Names of subsidiaries which have been liquidated or sold during the year - Nil											



Part B - Joint Ventures

(Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures)

Particulars		
Name of the Joint Venture company		Cholamandalam MS Risk Services Limited
1	Latest Audited Balance Sheet Date	31-Mar-15
2	Share of Joint Ventures held by the company on the year end	
	No of Shares	9,90,000
	Amount of Investment	9,900,000
	Extent of Holding (%)	49.50%
3	Description of how there is significant influence	Through shareholding
4	Reason why the Joint Venture is not consolidated	It is getting consolidated in the Company's Consolidated Financials
5	Net worth attributable to shareholding as per latest audited Balance Sheet	₹6.16 Crores
6	Profit/(Loss) for the year	
	i. Considered in Consolidation	₹0.68 Crores
	ii. Not Considered in Consolidation	Nil

Notes:

- Names of Joint Ventures which are yet to commence operations - Nil
- Names of Joint Ventures which have been liquidated or sold during the year - Nil

On behalf of the Board

M M Murugappan
Chairman

Chennai
5 May 2015

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

L Ramkumar
Managing Director

ANNEXURE-B

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

- 1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

Outline of the Company's CSR Policy

Tube Investments of India Limited ("Company" or "TI"), being part of the Murugappa Group, is known for its tradition of philanthropy and community service. The Company's philosophy is to reach out to the community by establishing service-oriented philanthropic institutions in the field of education and healthcare as the core focus areas.

The Company firmly believes that social responsibility is not just a corporate obligation that has to be carried out but it is one's dharma and has been earmarking a part of its income for carrying out its social responsibilities. Therefore, TI's philanthropic endeavours are a reflection of its spiritual conscience and this provides it a way to discharge its responsibilities to the various sections of the society.

The Company has been carrying out Corporate Social Responsibility (CSR) activities for a long time through AMM Foundation, an autonomous charitable trust engaged in the field of Education and Healthcare, while also pursuing CSR activities for the benefit of the local community in the States in which it operates.

The CSR Policy of the Company inter alia provides for identification of CSR projects and programmes, modalities of execution, monitoring process. The Policy can be accessed on the Company's website (weblink: <http://www.tiindia.com/article/values/467>).

Overview of the CSR Projects and Programmes

TI is committed to identifying and supporting programmes aimed at:

- Empowerment of the underprivileged sections of the society through education, access to and awareness about financial services and the like;
- Provision of access to basic necessities like healthcare, drinking water & sanitation and the like;
- Work towards eradicating hunger and poverty, through livelihood generation and skill development;
- Supporting environmental and ecological balance through afforestation, soil conservation, rain water harvesting, conservation of flora & fauna, and similar programmes;
- Promotion of sports through training of sportspersons;
- Undertake rural development projects;
- Any other programme that falls under our CSR Policy and is aimed at the empowerment of underprivileged sections of the society.

The projects and programmes identified by the Company for implementation during the financial year, 2014-15 can be accessed in the Company's website (weblink: <http://www.tiindia.com/article/values/467>).

- 2. Composition of the CSR Committee:**

Mr. S Sandilya (Independent Director)

Mr. C K Sharma (Independent Director)

Mr. L Ramkumar (Managing Director)

- 3. Average net profits of the Company during the three immediately preceding financial years:**

The average net profits of the Company made during the three immediately preceding financial years as calculated under Section 135 of the Companies Act, 2013 and the Rules thereunder works out to ₹149.51 Cr.

- 4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):**

The prescribed CSR expenditure (2% of the average net profits as in 3 above) under Section 135 of the Companies Act, 2013 is ₹2.99 Cr.

5. Details of CSR spent during the financial year, 2014-15:

- Total amount spent for the financial year: ₹2.64 Cr.
- Amount unspent: ₹0.35 Cr.
- Manner in which the amount spent during the financial year is detailed below:

₹ in Cr.

Sl. No.	CSR Project/Activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) State and district where Projects or Programs was undertaken	Amount Outlay (Budget) Project or Programs wise	Amount spent on the Projects or Programs	Cumulative expenditure up to the reporting period	Amount Spent - Direct (D) or through implementing agency (IA)*
1	<ol style="list-style-type: none"> Providing infrastructure support viz. books, chairs, computers, laboratory etc., to the Government aided local schools (D); Sponsor programs to enhance the skills of Teachers (D); Support the Skill development programs viz., Technical/Soft skills/ Computer Education of children in Government aided schools (D); Sponsor Higher Education for poor students in Government aided Schools (D); Setting up a Basic Training Centre (BTC) at the Company's Avadi plant campus for enhancing the vocational training and skill development of students (D); Developing the infrastructure for school (IA); Supporting the research programs at Government approved research facilities (IA). 	Education	<p>Tamilnadu : Ambattur, Avadi and Taramani in Chennai, Tirutani, Ponpadi, Kakkalur,</p> <p>Punjab : Mohali</p> <p>Uttarakhand : Laksar</p> <p>Andhra Pradesh : Kazipally, Gadapotharam</p>	2.50	2.33	2.33	<p>1.77 (IA)</p> <p>0.56 (D)</p>
2	<ol style="list-style-type: none"> Sponsor Mobile Medical Units to provide medical support to the underprivileged in urban and rural slum areas (IA); Sponsor Health & Medical camps & specific medical programs for the underprivileged (IA). 	Health	<p>Tamilnadu : Ambattur, Avadi, Thiruninravur, Kadambathur, Nemilicherry, and Pichivakkam in Chennai , Tiruttani, Ponpadi</p> <p>Punjab : Mohali</p> <p>Uttarkhand : Lakshar</p> <p>Andhra Pradesh : Kazipally, Gadapotharam</p>	0.41	0.22	0.22	0.22 (IA)
3	Promoting dance, music and visual arts (IA).	Art	Tamilnadu : Thiruvanmiyur in Chennai	0.05	0.05	0.05	0.05 (IA)
4	Cleaning the sub-canal and making proper drainage system in Nira River (IA).	Environmental Sustainability	Maharashtra : Nira	0.03	0.03	0.03	0.03 (IA)
				2.99	2.64[@]	2.64	2.64

@ All direct expenditure only;

* Details of Implementing Agencies:

Education: AMM Foundation [Ref. Sl. No.1(f)], Shri AMM Murugappa Chettiar Research Centre [Ref. Sl.No.1(g)]

Health: Help Age India [Ref. Sl. No.2(a)], Dr Agarwal Eye Hospital, Sir Ivan Stedford Hospital, Hearing Aid Centre, MIOT Hospitals, Dr. Ramachandran's Diabetes Centre, Max Hospitals, Rajan Eye Care Hospital [Ref. Sl.No. 2(b)]

Art: Kalakshetra Foundation [Ref. Sl. No.3]

Environment: Shirwal Grama Panchayat [Ref. Sl. No. 4]

6. Reason for not spending the prescribed CSR expenditure amount:

While the Companies Act, 2013 became effective from 1st April, 2014, the Rules and clarifications relating to CSR got settled as late as September, 2014. In view of the various issues which arose relating to interpretation of the law and the implementation challenges faced by corporates, the Government came out with a number of clarifications on the issues raised. Considering the reputation risk and the care needed to be taken in identifying projects, the Company was able to finalise the CSR projects and firm up the implementation mechanism only by January/February, 2015. Despite the delay in finalising the projects, identifying the implementing agencies and in deploying the personnel for CSR related activities, the Company was able to successfully implement a number of projects as per plan and could spend an aggregate sum of ₹264 lakhs (as against the obligation of ₹299 lakhs). Being the first year of implementation of CSR under the statute, the Company faced certain challenges in terms of identifying the agencies and allocating dedicated personnel. While the Company has been successful in implementing projects relating to provision of infrastructure and support in the field of education, it could not spend/carry out the projects in respect of healthcare, in full, as contemplated, due to lack of experience. Based on the experience gained during the implementation and with the able guidance of the CSR Committee and the Board, the Company is confident of successfully carrying out the projects already taken up as well as the projects that may be taken up during the years to come.

7. Responsibility Statement:

It is hereby affirmed that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

On behalf of the Board

Chennai
5th May, 2015

L Ramkumar
Managing Director

S Sandilya
Chairman of the meeting of
CSR Committee

ANNEXURE-C

DISCLOSURE OF REMUNERATION UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The details of remuneration during the financial year, 2014-15 as per Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are as follows:

(i) Ratio of remuneration* of each Director to the median remuneration of the employees of the Company for the financial year, 2014-15			
Name	Designation	Ratio	
Mr. M M Murugappan	Chairman	19.20	
Mr. Pradeep V Bhide	Director	7.41	
Mr. S. Sandilya	Director	3.29	
Mr. N. Srinivasan	Director	3.21	
Mr. C K Sharma	Director	3.29	
Mr. Hemant M Nerurkar	Director	2.46	
Ms. Madhu Dubhashi	Director	1.18	
Mr. L Ramkumar	Managing Director	87.94	
Note: *Remuneration includes Sitting Fees			
(ii) Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer & Company Secretary in the financial year, 2014-15			
Name	Designation	% increase	
Mr. M M Murugappan	Director	-28%	
Mr. Pradeep V Bhide	Director	17%	
Mr. S Sandilya	Director	64%	
Mr. N Srinivasan	Director	72%	
Mr. C K Sharma	Director	84%	
Mr. Hemant M Nerurkar*	Director	NA	
Ms. Madhu Dubhashi*	Director	NA	
Mr. L Ramkumar	Managing Director	17%	
Mr. Arjun Ananth#	Chief Financial Officer	NA	
Mr. S Suresh	Company Secretary	11%	
* Joined during 2014-15 # Joined during 2013-14			
(iii) Percentage increase in median remuneration of employees in the financial year, 2014-15		4	
(iv) Number of permanent employees on the rolls of the Company as on 31.3.2015		3,434	
(v) Explanation on the relationship between average increase in remuneration and Company performance	<p>The average % increase in remuneration of employees in 2014-15 was 6% as compared to the previous financial year.</p> <p>The Company's performance may be seen with respect to the following parameters: Increase in the financial year, 2014-15 as compared to the previous financial year in respect of (a) market capitalization: 103%; (b) profit before taxation: 10%; & (c) gross revenue: 8%.</p> <p>The average % increase in the remuneration of employees as compared to the Company's performance parameters as above is fair and reasonable considering the nature of business and size of the Company.</p>		
(vi) Comparison of remuneration of each Key Managerial Personnel against the performance of the Company			
Name	Designation	% increase in remuneration	% increase in PBT
Mr. L Ramkumar	Managing Director	17	10
Mr. Arjun Ananth*	Chief Financial Officer	NA	10
Mr. S Suresh	Company Secretary	11	10
* Joined during 2013-14.			

(vii) Variations in the market capitalization & other parameters of the Company

Note: *closing price on the National Stock Exchange of India

Parameters	As on 31.03.2014	As on 31.03.2015	Variation - absolute	Variation – %
Market capitalization (₹ Cr.)	3,365.94	6,835.92	3,469.98	103
Price to Earnings ratio (no. of times)	27.88	72.48	44.60	160
Market quotation* (₹ per share)	180.10	365.30	185.20	103
Public Offer price (₹ per share) & % increase/decrease in comparison with the market quotation	There was no Public Offer since 1979			-

(viii) Average % increase already made in the salaries of employees other than the managerial personnel in the last financial year and comparison with the % increase in the managerial remuneration and justification thereof. Whether there are any exceptional circumstances for increase in the managerial remuneration.

Parameters	
Average % increase in the salaries of employees other than managerial personnel viz., Managing Director, in the financial year, 2014-15	6
Average % increase in the managerial remuneration in the financial year, 2014-15 viz., Managing Director's remuneration	17
Remarks	The Managing Director's remuneration comprises of fixed and variable component. The annual increment in salary for the financial year, 2014-15 is determined by the Nomination & Remuneration Committee on the basis of Company financials, level of responsibility, experience and scales prevailing in the industry.

(ix) Key parameters for any variable component of remuneration availed by the Directors

The Remuneration Policy of the Company governs payment of remuneration *inter alia* to the Directors (for details, please refer to the Corporate Governance Report).

The remuneration to the non-executive Directors (NEDs) of the Company consists of commission on the profits of the Company, apart from sitting fees. While the shareholders have approved payment of commission to the NEDs up to 1% of the net profits of the Company for each year calculated as per the provisions of Section 198 of the Companies Act, 2013, the actual commission paid to the NEDs 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 NEDs in attending to the affairs and business of the Company and the extent of responsibilities cast on the NEDs under various laws and other relevant factors.

The Managing Director's remuneration, besides the fixed component, comprises of a variable component also, namely, the performance incentive. This incentive is determined by the Nomination & Remuneration Committee on the basis of the balanced score card with its three components viz., Company financials, Company score card and Strategic Business Unit scores given appropriate weightage.

(x) Ratio of remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the financial year

None of the employees received any remuneration in excess of the highest paid Director during the financial year, 2014-15.

(xi) Affirmation

It is affirmed that the remuneration paid to the employees during the financial year, 2014-15 is as per the Remuneration Policy of the Company.

On behalf of the Board

Chennai
5th May, 2015

M M Murugappan
Chairman

ANNEXURE-D

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	28,10,676	
(d)	Options exercised	23,51,664	
(e)	Total number of shares arising as a result of exercise of Option	23,51,664	
(f)	Options lapsed/cancelled	18,20,844	
(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	₹14,68,39,616	
(i)	Total number of Options in force	5,04,432	
(j)	i. Details of Options granted to Senior Management Personnel	<i>Name and Designation Messrs.</i>	<i>No. of Options granted</i>
		L Ramkumar <i>Managing Director</i>	3,10,260
		P Ramachandran <i>President –TIDC</i>	71,800
		Paul K K <i>President- TPI</i>	86,200
		R Natarajan <i>Sr. Vice President – CTC</i>	89,760
		N Prasad <i>Sr. Vice President – HR</i>	69,000
		K R Srinivasan <i>Sr.Vice President – TIMF</i>	53,280
		R Narayanan <i>Sr. Vice President – Sourcing</i>	51,740

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	<i>Name of the employee Messrs.</i>	<i>No. of Options granted during 2008-09</i>
	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
	Ravichanthar S R	28,100
	<i>Name of the employee Messrs.</i>	<i>No. of Options granted during 2010-11</i>
	K K Paul	86,200
	Siladitya Chaudhuri	38,000
	<i>Name of the Employees Messrs.</i>	<i>No. of Options granted during 2011-12</i>
Subratasen Sarma	30,400	
Krishna Srinivas	24,600	
Pandian P M	33,600	
Deotta K Tembhekar	30,800	
U Rajagopal	24,900	
P Ramachandran	40,300	
iii. Employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant	None	
(k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard AS-20	₹6.45	
(l) i. Difference between the compensation cost using the intrinsic value of the Stock Options (which is the method of accounting used by the Company) and the compensation cost that would have been recognized in the accounts if the fair value of Options had been used as the method of accounting	The employee compensation cost for the year would have been lower by ₹2.17 Cr. had the Company used the fair value of Options as the method of accounting instead of the intrinsic value.	
ii. Impact of the difference mentioned in (i) above on the profits of the Company	The profit before tax for the year would have been higher by ₹2.17 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

Chennai
5th May, 2015

M M Murugappan
Chairman

ANNEXURE-E

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015**

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,
The Members
Tube Investments Of India Limited
Dare House
No.234, N S C Bose Road
Chennai – 600001.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by TUBE INVESTMENTS OF INDIA LIMITED [Corporate Identity No.L35921TN1949PLC002905] (hereinafter called “the Company”). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances of the Company and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under and the Companies Act, 1956 (to the extent applicable);
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) During the year, the Company has repaid its entire external commercial borrowings and it has complied with the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations made there under. There was no Overseas Direct Investment or Foreign Direct Investment during the year under review.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Company has not issued any securities during the year under review and hence the question of compliance of the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 does not arise;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 to the extent applicable;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Company has not delisted its Securities from any of the Stock Exchanges in which it is listed during the period under review and hence the question of complying with the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 does not arise; and

- h) The Company has not bought back any Securities during the period under review and hence the question of complying with the provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 does not arise.
- (vi) We have reviewed the systems and mechanisms established by the Company for ensuring compliances under the other applicable Acts, Rules, Regulations and Guidelines prescribed under various laws which are applicable to the Company and categorized under the following major heads/groups:
1. Factories Act, 1948;
 2. Labour laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis as relating to wages, gratuity, prevention of sexual harassment, dispute resolution welfare, provident fund, insurance, compensation etc.;
 3. Industries (Development & Regulation) Act, 1991;
 4. Acts relating to consumer protection including the Competition Act, 2002;
 5. Acts and Rules prescribed under prevention and control of pollution;
 6. Acts and Rules relating to Environmental protection and energy conservation;
 7. Acts and Rules relating to hazardous substances and chemicals;
 8. Acts and Rules relating to Electricity, fire, petroleum, drugs, motor vehicles, explosives, Boilers etc.;
 9. Acts relating to protection of IPR;
 10. Land revenue laws; and
 11. Other local laws as applicable to various plants and offices.

With respect to Fiscal laws such as Income Tax, Central Excise Act, VAT Act, Central Sales Tax and Service Tax, based on the information & explanations provided by the management and officers of the Company and also on verification of reports of professionals including reports of Internal Audit, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

We have also examined compliance with the applicable clauses of the following:

- (i) The Secretarial Standards on General and Board Meetings specified by the Institute of Company Secretaries of India (ICSI) as prescribed under Section 118(10) of the Act are applicable with effect from 1st July, 2015. However, the Secretarial Standards 1 and 2 relating to Board Meetings and General Meetings which were issued by the ICSI as recommendatory in nature have been complied with.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors before schedule of the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. There are

certain businesses which can be transacted through Video Conferencing/Audio Visual means as provided under the Companies Act, 2013 and the relevant Rules made there under. One meeting of the board was held through video conferencing during the year, which was properly convened, conducted and the proceedings recorded in compliance with the provisions of Section 173(2) of the Companies Act, 2013 read with Rule 3 of The Companies (Meetings of Board and its Powers) Rules, 2014 providing the procedure for convening and conducting board meetings through video conferencing/audio visual means.

Based on the verification of the records and the minutes, the decisions at the meetings of the board/committees of the Company were carried out with the consent of majority of the board of directors/committee Members and there were no dissenting members as per the e minutes. Further, in the minutes of the General Meeting, the particulars of members who voted against the resolution(s) have been properly recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has

- a) Obtained approval of the Shareholders through postal ballot for making investment in the equity share capital of TI Tsubamex Private Limited, a Joint Venture Company, for a sum not exceeding ₹17.50 Crores in addition to investment of ₹2 crores already made. Consequent to capital increase in TI Tsubamex Private Limited, it became a subsidiary of the Company.
- b) Issued Secured Redeemable Non Convertible Debentures for ₹350 Crores.
- c) Redeemed Secured Redeemable Non Convertible Debentures for ₹230 Crores.

For R.SRIDHARAN & ASSOCIATES
COMPANY SECRETARIES

Place : Chennai
Date : 5th May, 2015

CS R.SRIDHARAN
CP No. 3239
FCS No. 4775

FORM NO. MGT-9 Extract of Annual Return

as on the financial year ended on 31st March, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	Corporate Identification No.	:	L35921TN1949PLC002905
2	Registration Date	:	9th September, 1949
3	Name of the Company	:	Tube Investments of India Limited
4	Category/Sub-Category of the company	:	Public Company/Limited by Shares
5	Address of the Regd. Office and contact details	:	"Dare House", 234 N S C Bose Road Chennai – 600 001 Tel: 044 42286715 Fax: 044 42110404
6	Whether listed Company	:	Yes
7	Name, address and contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Private Limited Plot No.17-24 Vittal Rao Nagar, Madhapur Hyderabad – 500 081 Email: einward.ris@karvy.com Tel : (040) - 23420818 Fax : (040) – 23420814

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

S. No.	Name and Description of main products/ services	NIC Code of the Product/Service	% to total turnover of the company
1	Cycles and Components	3092	36
2	Steel Strips and Tubes	2431	40
3	Metal Formed Products	2511	24

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

S. No	Name and Address of the Company	Address	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Cholamandalam Investment and Finance Company Ltd.	"Dare House", No.2, N S C Bose Road, Chennai – 600 001	L65993TN1978PLC007576	Subsidiary	50.28	2(87)(ii)
2	Cholamandalam Securities Ltd.	"Dare House", No.2, N S C Bose Road, Chennai – 600 001	U65993TN1994PLC028674	Fellow Subsidiary [Subsidiary of (1) above]	50.28	2(87)(ii)
3	Cholamandalam Distribution Services Ltd.	"Dare House", No.2, N S C Bose Road, Chennai – 600 001	U67190TN2000PLC045617	Fellow Subsidiary [Subsidiary of (1) above]	50.28	2(87)(ii)
4	Cholamandalam MS General Insurance Company Ltd.	"Dare House", No.2, N S C Bose Road, Chennai – 600 001	U66030TN2001PLC047977	Subsidiary	74.00	2(87)(ii)
5	Shanthi Gears Ltd.	304A, Trichy Road, Singanallur Coimbatore – 641 005	L29130TZ1972PLC000649	Subsidiary	70.12	2(87)(ii)
6	TI Financial Holdings Ltd.	"Dare House", No.234, N S C Bose Road, Chennai – 600 001	U65999TN2008PLC069496	Joint Venture Co.	100.00	2(87)(ii)
7	TI Tsubamex Private Ltd.	"Dare House", No.234, N S C Bose Road, Chennai – 600 001	U28910TN2014PTC094447	Subsidiary	75.00	2(87)(ii)
8	Cholamandalam MS Risk Services Ltd.	"Dare House", No.2, N S C Bose Road, Chennai – 600 001.	U74140TN1994PLC029257	Joint Venture Co.	49.50	2(6)

9	Financiere C10 SAS	35 Rue Des Bas Trevois 10003 TROY France, RCS Troyes 428,747,703 (No.2000 B Management 163)	Foreign Company	Subsidiary	100.00	2(87)(ii)
10	SEDIS SAS	35 Rue Des Bas Trevois 10003 TROY France, RCS Troyes 379 720 212 (No.92B Management 146)	Foreign Company	Fellow Subsidiary [Subsidiary of (9) above]	100.00	2(87)(ii)
11	S2CI	35 Rue Des Bas Trevois 10003 TROY France, RCS Troyes 440,134,054 (No.2007B Management 34)	Foreign Company	Fellow Subsidiary [Subsidiary of (9) above]	100.00	2(87)(ii)
12	SEDIS Co. Ltd.	248 Mackadown Lane, Kitts Green, Birmingham, D33 OLE England	Foreign Company	Fellow Subsidiary [Subsidiary of (9) above]	100.00	2(87)(ii)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Sl. No.	Category of Shareholders	No. of Shares held at the beginning of the year 1st April, 2014				No. of Shares held at the end of the year 31st March, 2015				% Change during the year
		Demat	Physical	Total	% to Total No. of Shares	Demat	Physical	Total	% to Total No. of Shares	
(A)	PROMOTER									
(1)	INDIAN									
(a)	Individual/HUF	1,10,99,460	-	1,10,99,460	5.94	1,10,99,460	-	1,10,99,460	5.93	0.008
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	7,07,50,575	-	7,07,50,575	37.86	7,07,50,575	-	7,07,50,575	37.81	0.048
(d)	Financial Institutions/Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
(AA)	PROMOTER GROUP									
(a)	Individual/HUF	60,42,940	-	60,42,940	3.23	60,74,240	-	60,45,240	3.23	0.003
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	21,38,535	-	21,38,535	1.14	14,14,570	-	21,38,535	1.14	0.001
	Others	13,98,630	-	13,98,630	0.75	13,98,630	-	13,98,630	0.75	0.001
	Sub-Total A(1) :	95,80,105		95,80,105	48.92	95,82,405		95,82,405	48.86	0.061
(2)	FOREIGN									
(a)	Individuals (NRIs/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :									
	Total Shareholding of Promoter and Promoter Group A=A(1)+A(2)	9,14,30,140		9,14,30,140	48.92	9,14,32,440		9,14,32,440	48.86	0.061
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds/UTI	1,08,91,717	-	1,08,91,717	5.83	1,74,20,636	-	1,74,20,636	9.31	-3.48
(b)	Financial Institutions/Banks	8,89,927	7,350	8,97,277	0.48	9,10,081	7,350	9,17,431	0.49	-0.01
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	60,35,448	-	60,35,448	3.23	45,73,894	-	45,73,894	2.44	0.79
(f)	Foreign Institutional Investors	3,03,18,692	2,36,660	3,05,55,352	16.35	2,45,37,407	2,36,660	2,47,74,067	13.24	3.11
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	4,81,35,784	2,44,010	4,83,79,794	25.89	4,74,42,018	2,44,010	4,76,86,028	25.48	0.40
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	1,34,84,261	5,630	1,34,89,891	7.22	1,37,19,114	6,290	1,37,25,404	7.33	-0.12
(b)	Individuals									



Sl. No.	Category of Shareholders	No. of Shares held at the beginning of the year 1st April, 2014				No. of Shares held at the end of the year 31st March, 2015				% Change during the year
		Demat	Physical	Total	% to Total No. of Shares	Demat	Physical	Total	% to Total No. of Shares	
	(i) Individuals holding nominal share capital upto ₹1 lakh	1,53,79,414	17,71,911	1,71,51,325	9.18	1,56,16,394	16,08,566	1,72,24,960	9.20	-0.03
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	1,05,13,323	84,740	1,05,98,063	5.67	1,13,05,968	84,740	1,13,90,708	6.09	-0.42
(c)	Others									
	Clearing Members	1,19,336	-	1,19,336	0.06	39,346	-	39,346	0.02	0.04
	Non Resident Indians	5,89,936	57,030	6,46,966	0.35	6,43,997	57,030	7,01,027	0.37	-0.03
	Trusts	1,53,791	-	1,53,791	0.08	1,08,291	-	1,08,291	0.06	0.02
	Sub-Total B(2) :	4,02,40,061		4,21,59,372	22.56	4,14,33,110	17,56,626	4,31,89,736	23.08	-0.52
	Total Public Shareholding B=B(1)+B(2) :	8,83,75,845	19,19,311	9,05,39,166	48.44	8,88,75,128	20,00,636	9,08,75,764	48.56	-0.12
	Total (A+B) :	17,98,05,985	21,63,321	18,19,69,306	97.37	18,03,07,568	20,00,636	18,23,08,204	97.42	-0.06
(C)	Shares held by custodians for GDRs									
(i)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(ii)	Public	49,23,460	-	49,23,460	2.63	48,23,460	-	48,23,460	2.58	0.06
	Sub-Total C :	49,23,460		49,23,460	2.63	48,23,460		48,23,460	2.58	0.06
	GRAND TOTAL (A+B+C) :	18,47,29,445	21,63,321	18,68,92,766	100.00	18,51,31,028	20,00,636	18,71,31,664	100.00	-

Notes:

- The change in promoter/promoter group shareholding reflects the changes arising on account of re-classification of the holdings into promoter and promoter group as at 31st March 2015.
- The decrease change in overall promoter/promoter group shareholding (percentage) is on account of change in paid up equity share capital arising on account of allotment of shares to employees under the Company's ESOP Scheme, 2007.

(ii) Shareholding of Promoter and Promoter group								
Sl. No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged/ encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged/ encumbered to total Shares	
	Messrs.							
1	M V Murugappan	12,34,200	0.66	0.04	12,34,200	0.66	0.04	-
2	M V Subbiah	7,44,150	0.40	0.03	7,44,150	0.40	0.03	-
3	S Vellayan	4,30,250	0.23	0.03	4,30,250	0.23	0.03	-
4	A Vellayan	6,31,900	0.34	0.02	6,31,900	0.34	0.02	-
5	V Narayanan	2,81,140	0.15	0.00	2,81,140	0.15	0.00	-
6	V Arunachalam	3,38,990	0.18	0.00	3,38,990	0.18	0.00	-
7	A Venkatachalam	7,64,610	0.41	0.09	7,64,610	0.41	0.09	-
8	Arun Venkatachalam	1,98,130	0.11	0.00	1,98,130	0.11	0.00	-
9	M M Murugappan	13,07,275	0.70	0.00	13,07,275	0.70	0.00	-
10	M M Veerappan	3,88,130	0.21	0.00	3,88,130	0.21	0.00	-
11	M M Muthiah	3,98,130	0.21	0.00	3,98,130	0.21	0.00	-
12	M M Venkatachalam	6,92,990	0.37	0.09	6,92,990	0.37	0.09	-
13	M V Muthiah	4,49,590	0.24	0.00	4,49,590	0.24	0.00	-
14	M V Subramanian	23,425	0.01	0.00	23,425	0.01	0.00	-
15	M A Alagappan	8,40,660	0.45	0.00	8,40,660	0.45	0.00	-
16	Arun Alagappan	8,33,090	0.45	0.04	8,33,090	0.45	0.04	-
17	M A M Arunachalam	6,78,820	0.36	0.00	6,78,820	0.36	0.00	-
18	E.I.D. Parry (India) Ltd.	-	-	-	-	-	-	-
19	Coromandel International Ltd. (Formerly known as Coromandel Fertilizers Ltd.)	-	-	-	-	-	-	-
20	New Ambadi Estates Pvt. Ltd.	-	-	-	-	-	-	-
21	Murugappa Holdings Limited	6,40,54,680	34.23	0.00	6,40,54,680	34.23	0.00	-
22	Ambadi Enterprises Ltd	10,58,200	0.57	0.00	10,58,200	0.57	0.00	-
23	Ambadi Investments Private Limited	56,36,695	3.01	0.00	56,36,695	3.01	0.00	-
24	Carborundum Universal Limited	1,000	0.00	0.00	1,000	0.00	0.00	-
25	Cholamandalam Investment and Finance Company Ltd.							
26	Murugappa & Sons (M V Murugappan, M A Alagappan and M M Murugappan hold shares on behalf of the Firm)	8,63,980	0.46		8,63,980	0.46		
		8,18,50,035			8,18,50,035			

Notes:

- There was a re-classification of Promoter/Promoter Group between 01-04-2014 and 31-03-2015.
- The decrease in % of total holdings is consequent to allotment of Shares under the ESOP Scheme during the year.
- The above table does not include the holdings of the Promoter group aggregating 95,82,405 Shares (5.12%) as at 31st March, 2015.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	At the beginning of the year	8,18,50,035	43.80%	8,18,50,035	43.74%*
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No change during the year			
3	At the end of the year	8,18,50,035	43.80%	8,18,50,035	43.74%*

* Change in percentage is due to increase in share capital due to allotment of Equity Shares under the ESOP Scheme.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name	Shareholding					Cumulative Shareholding during the year (1.4.2014 to 31.03.2015)	
		No. of Shares at the beginning 1.4.2014/ end of the year 31.3.2015	% of total Shares of the Company	Date	Increase/ Decrease in Shareholding	Reason	No. of Shares	% of total Shares of the Company
1	Life Insurance Corporation of India	59,62,757	3.19					
				7-Nov-14	-114825	Transfer	5847932	3.13
				14-Nov-14	-94364	Transfer	5753568	3.08
				21-Nov-14	-122496	Transfer	5631072	3.01
				28-Nov-14	-339325	Transfer	5291747	2.83
				5-Dec-14	-1307	Transfer	5290440	2.83
				16-Jan-15	-71477	Transfer	5218963	2.79
				23-Jan-15	-419629	Transfer	4799334	2.57
				30-Jan-15	-165046	Transfer	4634288	2.48
				6-Feb-15	-110057	Transfer	4524231	2.42
				13-Feb-15	-10228	Transfer	4514003	2.41
		45,01,203	2.41	31-Mar-15	-12800	Transfer	4501203	2.41
2	ELM Park Fund Limited	51,58,523	2.76					
				31-Dec-14	24000	Transfer	5182523	2.77
		51,58,523	2.77	31-Mar-15				
3	The Bank of New York Mellon	49,23,460	2.63					
				6-Jun-14	100000	Transfer	4823460	2.58
		48,23,460	2.58	31-Mar-15				
4	Gagandeep Credit Capital Private Limited	44,09,610	2.36					
					0	No movement		
		44,09,610	2.36	31-Mar-15				
5	Sudarshan Securities Private Limited	31,78,880	1.70					
				31-Mar-15	270000	Transfer	3448880	1.84
		34,48,880	1.84	31-Mar-15				
6	National Westminster Bank PLC as Depository of First State Asia Pacific Fund, a Sub-Fund of First State Investments ICVC**	28,70,459	1.53					
				20-Jun-14	298277	Transfer	2572182	1.38
				18-Jul-14	608402	Transfer	1963780	1.05
				12-Sep-14	115443	Transfer	1848337	0.99
				19-Sep-14	194821	Transfer	1653516	0.88
				30-Aug-14	130671	Transfer	1522845	0.81
				3-Oct-14	9058	Transfer	1513787	0.81
				10-Oct-14	25319	Transfer	1488468	0.80
				17-Oct-14	19455	Transfer	1469013	0.79
				24-Oct-14	259260	Transfer	1209753	0.65
				31-Oct-14	15382	Transfer	1194371	0.64
				7-Nov-14	298277	Transfer	896094	0.48
		8,96,094	0.48	31-Mar-15				



Sl. No.	Name	Shareholding					Cumulative Shareholding during the year (1.4.2014 to 31.03.2015)	
		No. of Shares at the beginning 1.4.2014/ end of the year 31.3.2015	% of total Shares of the Company	Date	Increase/ Decrease in Shareholding	Reason	No. of Shares	% of total Shares of the Company
7	National Westminster Bank PLC As Depository of First State Indian Sub-Continent Fund, a Sub-fund of First State Investments ICVC	27,44,689	1.47					
				19-Sep-14	91157	Transfer	2653532	1.42
				30-Sep-14	61142	Transfer	2592390	1.39
				3-Oct-14	4238	Transfer	2588152	1.38
				10-Oct-14	11846	Transfer	2576306	1.38
				24-Oct-14	130412	Transfer	2445894	1.31
		24,45,894	1.31	31-Mar-15				
8	Daiwa Capital Markets Singapore Limited A/c. Toyota Tsusho Corporation	27,00,000	1.44			No movement		0.00
		27,00,000	1.44	31-Mar-15				
9	India Capital Fund Fund Limited **	25,61,500	1.37					
		0	0	16-May-14	25,61,500			
				31-Mar-15				
10	HDFC Trustee Company Ltd. A/c HDFC Mid-Cap Opportunities Fund	21,85,000	1.17					
				2-May-14	7,494	Transfer	21,92,494	1.17
				9-May-14	1,31,093	Transfer	23,23,587	1.24
				23-May-14	8,911	Transfer	23,32,498	1.25
				30-May-14	3,01,600	Transfer	26,34,098	1.41
				6-Jun-14	1,61,518	Transfer	27,95,616	1.50
				13-Jun-14	32,000	Transfer	28,27,616	1.51
				20-Jun-14	75,954	Transfer	29,03,570	1.55
				30-Jun-14	5,12,295	Transfer	34,15,865	1.83
				18-Jul-14	4,01,000	Transfer	38,16,865	2.04
				8-Aug-14	1,83,315	Transfer	40,00,180	2.14
				19-Sep-14	42,203	Transfer	40,42,383	2.16
				30-Sep-14	57,617	Transfer	41,00,000	2.19
				3-Oct-14	1,00,000	Transfer	42,00,000	2.25
		42,07,494	2.25	31-Mar-15	7,494	Transfer	42,07,494	2.25
11	Reliance Capital Trustee Co. Ltd. A/c. Reliance Regular Savings Fund - Equity Options*	17,98,846	0.96			No movement		
		17,98,846	0.96	31-Mar-15				
12	Mayank Jashwantlal Shah*	17,00,000	0.91					
				11-Apr-14	50,000	Transfer	17,50,000	0.94
				24-Oct-14	2,00,000		19,50,000	1.04
		19,50,000	1.04	31-Mar-15				

- Notes:**
- The Company's Equity Shares are traded in Stock Exchanges on daily basis and the dates given above refer to the benpos date.
 - * Not in the list of Top 10 shareholders as on 01-04-2014. The same has been reflected above since the shareholders were on the list of Top 10 Shareholders as on 31-03-2015.
 - ** Ceased to be in the list Top 10 shareholders as on 31-03-2015. The same has been reflected above since the shareholder was one of the Top 10 Shareholders as on 01-04-2014.

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Directors				
1	Mr. M M Murugappan, Chairman (Non-Executive Director)				
	At the beginning of the year	13,07,275	0.70	-	-
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	13,07,275	0.70		
2	Mr. C K Sharma, Non-executive Director				
	At the beginning of the year	400	0.0002		
	Date-wise increase in shareholding during the year (30.3.2015)*	200	-	600	0.0002
	(31.3.2015)*	300		700	0.0004
	At the end of the year	700	0.0004		
3	Mr. N Srinivasan, Non-executive Director				
	At the beginning of the year	69,467	0.0371		
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	69,467	0.0371		
4	Mr. L Ramkumar, Managing Director				
	At the beginning of the year	1,50,650	0.0805		
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	1,50,650	0.0805		
	Key Managerial Personnel				
1	Mr. Arjun Ananth, Chief Financial Officer				
	At the beginning of the year	-	-		
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	-	-		
2	Mr. S Suresh, Company Secretary				
	At the beginning of the year	-	-		
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	-	-		

*secondary market purchase – 200 shares on 30.3.2015 and 100 shares on 31.3.2015

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in Cr.

Particulars	Secured	Short Term - Unsecured	Deposits
Indebtedness at the beginning of the financial year			
i) Principal Amount	1,311.81	51.33	-
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	47.95	-	-
Total (i+ii+iii)	1,359.76	51.33	-
Change in Indebtedness during the financial year			
i) Addition	721.91	1,200.00	-
ii) Reduction	712.98	1,151.33	-
Net Change	8.93	48.67	-
Indebtedness at the end of the financial year			
i) Principal Amount	1,320.74	100.00	-
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	48.07	-	-
Total (i+ii+iii)	1,368.81	100.00	-

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Director and/or Manager:

₹ in Cr.

Sl. No.	Particulars of Remuneration	Name of Managing Director Mr. L Ramkumar
1	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2.67
	(b) Value of perquisites under Section 17(2) of Income-tax Act, 1961	0.34
	(c) Profits in lieu of salary under Section 17(3) of Income tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of Profit - others, specify	-
5	Others, please specify	-
	Total (A)	3.01
	Overall Ceiling as per the Act	6.13

B. Remuneration to other Directors:

1.	Particulars of remuneration	Name of Directors					Total Amount
		Mr. S Sandilya	Mr. P V Bhide	Mr. C K Sharma	Mr. Hemant M Nerurkar	Ms. Madhu Dubhashi	
	Independent Directors						
	Fees for attending Board/Committee Meetings	0.04	0.03	0.04	0.02	0.01	0.14
	Commission	0.07	0.23	0.07	0.07	0.03	0.47
	Others, please specify	-	-	-	-	-	-
	Total (1)	0.11	0.26	0.11	0.09	0.04	0.61
2.	Other Non-Executive Directors		Mr. M M Murugappan		Mr. N Srinivasan		Total Amount
	Fees for attending Board/Committee Meetings		0.03		0.03		0.06
	Commission		0.63		0.08		0.71
	Others, please specify		-		-		-
	Total (2)		0.66		0.11		0.77
	Total (B) = (1)+(2)						1.38
	Total Managerial Remuneration (A)+(B)						4.39
	Overall Ceiling as per the Act						13.49

C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole-time Director

1.	Particulars of remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	Chief Financial Officer	
	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	0.46	0.66	1.12
	(b) Value of perquisites under Section 17(2) of Income-tax Act, 1961	0.06	0.06	0.12
	(c) Profits in lieu of salary under Section 17(3) of Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of Profit - others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	0.52	0.72	1.24

VII. Penalties/Punishment/Compounding of Offences: There were no penalties, punishment or compounding of offences during the year ended 31st March, 2015.

ANNEXURE-G

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Power & Fuel Consumption

Particulars		2014-15	2013-14
1	Electricity		
	(a) Purchased		
	Units (kWh)	9,65,93,217	8,48,08,064
	Total Cost (₹ Cr.)	75.13	66.02
	Rate per Unit (₹)	7.78	7.78
	(b) Own Generation through Diesel Generator		
	Unit (kWh)	46,63,595	73,24,415
	Total Cost (₹ Cr.)	9.52	12.83
	Rate per Unit (₹)	20.42	17.52
	(c) Own Generation through Furnace Oil Generator		
	Units (kWh)	1,12,77,173	1,51,44,406
	Total Cost (₹ Cr.)	11.18	15.69
	Rate per Unit (₹)	9.91	10.36
	(d) Own generation through Windmills - (Units - kWh)	3,22,580	3,18,533
2	Furnace Oil		
	Quantity (kilo litres)	28,59,381	38,17,901
	Total Cost (₹ Cr.)	11.18	15.69
	Rate per Unit (₹)	39.09	41.09
3	Consumption per unit of production		
	A. Cycles (kWh per Cycle)	2.66	2.38
	B. Strips and Tubes (kWh per Ton)	221	226
	C. Metal Form (kWh per Ton)	320	306
	D. Chains (kWh per Ton)	1,310	1,345

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 2014-15 have been highlighted hereunder.

Across the Company, various initiatives were undertaken covering thermal energy, pumps, compressors, lighting and renewable energy. In addition, studies were conducted on harmonics, variable speed drives, etc. The Company used external consultants in select locations to study areas for energy conservation.

In the Bicycles business, initiatives included installation of energy efficient ovens for phosphating, piped natural gas for process heating and use of specially designed stainless steel baskets for phosphating resulting in cycle time reduction.

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 etc.

In the Engineering business, a 30 KW Parabolic solar heating system was installed for coolant heating. The business also commissioned a Briquette boiler which is a renewable energy resource for heating wet process bath thereby resulting in avoiding usage of Superior Kerosene Oil for this process. The other significant energy conservation measures include reduction in skin loss in bell annealing, reduction of heat energy loss in roller hearth furnace, introduction of induction lighting, recalibration of pump sizes and introduction of centralised compressors.

Technology Absorption

Efforts made by the Company towards technology absorption and its benefits

a. Technology for forming and welding high strength & thick walled steel tubing

The developmental process includes roll pass design, spring back prediction and compensation through appropriate choice of machine elements with associated changes to mill structural. This has facilitated increase in width of product offering from the engineering segment, extending its products to newer applications such as hydraulic cylinder tubing, axle tubes and camshaft tubes.

b. Technology for fabrication of Cycle frames using AA6000 series Aluminium tubes

This technology is aimed at localization of aluminium frames to launch lightweight bicycles with contemporary materials. Technology absorption includes associated joinery and heat treatment technologies to manufacture high aluminium quality cycle frames.

c. Processing of alloy steel strip suited to fine blanking applications

The Company has been a forerunner in the development of low alloy steels for the fine blanking industry, a significant part of which had been hitherto imported. The technology involves the ability to understand and deploy heat treatment cycles to deliver optimal material properties suitable for fine blanking.

d. Tooling and processing technology for manufacture of deep drawn auto components from sheet metal

The Company has invested in multi-station transfer presses capable of productively manufacturing

deep drawn parts for the auto industry. The Company has successfully developed in-house process layout and tooling to produce parts.

e. Forming technologies to produce 3D parts through Fine Blanking:

Development of Nomograms using simulation and finite element techniques to define formability limits ahead of process engineering has helped the Company to successfully develop several auto components in the seating systems for automobiles through the fine blanking process.

f. Leveraging induction heating technologies to widen scope of applications:

Widespread deployment of induction heating technologies in the processing of steel tubes has resulted in single piece flow manufacture and related qualitative benefits.

g. Integrating machine vision systems and transducers for automated inspection:

The newly constituted special machine manufacturing cell, has amongst other initiatives, developed a variety of vision-based, transducer-based integrated inspection systems progressively eliminating the human element in inspection operations.

Future plans on technology

- Design development and manufacture of inverted tooth (silent) chains, for two wheeler engine timing applications (camshaft drives) for formed metal parts division.
- Development of bright annealing, technologies leveraging rapid heating systems for engineering division.

Expenditure on R & D

Particulars	₹ in Crores	
	2014-15	2013-14
Capital expenditure	0.17	0.92
Recurring	13.08	12.83
Total	13.25	13.75
Total R&D expenditure as a % of total turnover	0.36	0.41

Foreign Exchange Earnings and Outgo

Particulars	₹ in Crores	
	2014-15	2013-14
Foreign exchange earnings (CIF Value)	222.04	204.77
Foreign exchange outgo	336.77	353.10

On behalf of the Board

Chennai
5th May, 2015

M M Murugappan
Chairman

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 8 members, 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, Mr. Hemant M Nerurkar and Ms. Madhu Dubhashi are Independent Directors in terms of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges. None of the Directors are related to each other.

At the previous (65th) Annual General Meeting held on 6th August, 2014, the Members had approved the appointment of Mr. S Sandilya, Mr. Pradeep V Bhide, Mr. C K Sharma and Mr. Hemant M Nerurkar to hold office as Independent Directors for such term as mentioned under the respective resolutions relating to their appointment in the Notice of the said Annual General Meeting. The Company had issued letter of appointment to the said Independent Directors as required under Schedule IV to the Companies Act, 2013 and the terms and conditions of their appointment have also been disclosed on the Company's website (www.tiindia.com) [link: <http://www.tiindia.com/investors/466>].

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

On their appointment, Independent Directors are familiarized about the Company's operations and businesses. As part of the familiarization programme, a handbook is provided to all Directors including Independent Directors at the time of their appointment. The handbook provides a snapshot to the Directors of their duties and responsibilities, rights, appointment process and evaluation, compensation, Board procedure and stakeholders' expectations. The handbook also provides the Directors with an insight into the Group's practices.

To familiarize the Director with the Company's operations and businesses, plant visits are organized in respect of all divisions of the Company, as part of the induction programme, where the Director is taken around the facilities and explained in detail about the process. During such visit, besides interaction by the Business Heads and key executives with the Director, detailed presentations on the business of the Division are also made for the Director. Direct meetings with the Chairman and the Managing Director are further facilitated for the new appointee to familiarize him/her about the Company/its businesses and the Group Practices.

The details of familiarisation programme as above are also disclosed on the Company's website (link: <http://www.tiindia.com/investors/466>).

None of the Directors of the Company was a member of more than 10 Board-level committees or a chairman of more than 5 such committees across all companies, in which he/she was a Director.

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

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

There were 6 meetings of the Board during the financial year 2014-15. The dates of the Board meetings, attendance

and the number of Directorships/Committee memberships held by the Directors as on 31st March, 2015 are given in **Table 1** of the annexure to this Report.

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.

Audit Committee

The role of the Audit Committee, in brief, is to review Financial Statements, internal controls, accounting policies, internal audit report, related party transactions, risk management systems and functioning of the Whistle Blower mechanism.

The Company has an independent Audit Committee. Of the four members of the Committee, 3 are independent Directors, with Mr. S Sandilya, Independent Director, 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 are in line with the enhanced scope for the Committee as laid down under Section 177 of the Companies Act, 2013 and the Corporate Governance norms under the Listing Agreement with the Stock Exchanges.

The Committee met 5 times during the year ended 31st March, 2015. 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 the Companies Act, 2013, 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 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 & Remuneration Committee

The role of the Nomination and Remuneration Committee is in accordance with the requirement of Section 178 of the Companies Act, 2013 and the revised Corporate Governance norms, which have been made effective from 1st October, 2014. Under the revised terms of reference, the Committee's role includes formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommending to the Board a policy relating to the remuneration for the Directors, key managerial personnel and other employees; formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on Board diversity and identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Committee's scope further covers recommending to the Board the appointment/re-appointment of the executive and non-executive Directors.

During the year, as per the requirement of the revised Clause 49 of the Listing Agreement with the Stock Exchanges, the Board approved a new Remuneration Policy, on the Committee's recommendation, providing therein a performance driven and market oriented

framework to ensure that the Company attracts, retains and motivates high quality executives who can achieve the Company's goals, while aligning the interests of employees, shareholders and all stakeholders in accordance with the group's values and beliefs.

The Company's total compensation package includes fixed compensation, variable compensation in the form of annual incentive, perquisites and benefits including health and life insurance and retirement benefits. In addition, select leaders are eligible for long-term incentive plan in the form of stock options (ESOPs).

Fixed compensation is determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. The annual incentive (variable pay) of senior executives is linked directly to the performance of the Business Unit and the Company through a balanced score card. A formal annual performance management process is applied to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives are directly linked to the performance ratings. Overall compensation is subject to periodic reviews which take into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.

Accordingly, the Committee determines 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 the balanced score card with its three components viz., Company financials, Company score card and strategic business unit scores being given appropriate weightage.

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

The Committee has further laid down the qualifications, positive attributes and independence criteria in terms of Section 178(3) of the Companies Act, 2013 to be considered for nominating candidates for Board positions/re-appointment of Directors.

The Board Diversity Policy devised by the Committee sets out the approach to diversity on the Board of the Company in order to ensure a process which is transparent with diversity of thought, experience, knowledge, perspective and gender in the Board.

The members elect an Independent Director amongst themselves as the Chairman for each meeting. The Committee met 4 times during the year ended 31st March, 2015. 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, 2015, are given in **Table 4** and **Table 5** respectively of the annexure to this Report.

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee has been constituted as required under the Companies Act, 2013 and the Rules thereunder. The Committee consists of 3 members, 2 of them being Independent Directors.

Under the terms of reference, the scope of the CSR Committee is (a) to formulate and recommend to the Board, a Corporate Social Responsibility Policy, indicating the activities to be undertaken by the Company as specified under Schedule VII of the Companies Act, 2013; (b) to recommend the amount of expenditure to be incurred on the activities; and (c) to monitor the Corporate Social Responsibility Policy of the Company from time to time.

The Committee met three times during the year ended 31st March, 2015. The composition of the Corporate Social Responsibility Committee and the attendance of each member at these meetings are given in **Table 6** of the annexure to this Report.

Risk Management Committee

The role of the Risk Management Committee, in brief, is to review the Risk Management Policy developed by the Management, risk management framework and its implementation thereby ensuring that an effective risk management system is in place.

A Risk Management Committee was constituted by the Board of Directors in 2011 to specifically identify/monitor key risks of the Company and evaluate the management of such risks for effective mitigation. Mr. Pradeep V Bhide, a non-executive Director, is the Chairman of the Risk Management Committee.

The Committee consists of 3 members, 2 of them being Independent Directors. The Committee provides support to the Board in the discharge of the Board's overall responsibility in overseeing the risk management process.

The Chairman and the Heads of Strategic Business Units are invitees to the meetings of the Committee. The Committee met on 3rd February, 2015. The composition of the

Committee and attendance of its members at the meeting are given in **Table 7** of the annexure to this Report.

A statement on some of the significant risks associated with the Company's businesses and the mitigation plans thereof are furnished as part of the Board's Report.

Performance Evaluation

The annual performance evaluation was carried out pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges. As part of the performance evaluation process, an evaluation questionnaire based on the criteria as finalised in consultation with the Directors together with supporting documents was circulated to all the Board members, in advance. The Directors evaluated themselves, the Chairman, other Board members, the Board as well as the functioning of the Board Committees viz., Audit, Nomination & Remuneration, Risk Management and Stakeholders Relationship Committees on the basis of well-defined evaluation parameters as set out in the questionnaire. The duly filled in questionnaires were received back from the Chairman and all the other Directors.

To take the evaluation exercise forward, all the Independent Directors of the Company met on 27th March, 2015, without the attendance of the non-Independent Directors and members of the management to discuss *inter alia* the matters specified under Schedule IV of the Companies Act, 2013.

The Board reviewed the process of evaluation of the Board of Directors and its Committees including the Chairman and the individual Directors.

Subsidiary Companies

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

The Financial Statements and in particular, the investments made by the unlisted subsidiary companies are reviewed by the Audit Committee. 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.

The Company has formulated a policy for determining 'material' subsidiaries and the same is available on the

Company's website (link: <http://www.tiindia.com/article/values/475>).

Related Party Transactions

During the financial year under review, all the transactions entered into with the Related Parties, as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement were in the ordinary course of business and on arm's length pricing basis only. Accordingly, these transactions do not attract the provision of Section 188 of the Companies Act, 2013.

Further, there were no materially significant transactions with related parties which were in conflict with the interest of the Company.

The policy for related party transactions approved by the Board had been uploaded on the Company's website [link: <http://www.tiindia.com/article/values/476>].

Dissemination of Information

The 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 audited annual financial results are normally published in 'The Hindu 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. 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

The 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/Secretary to approve transfers/transmissions. Share transfer requests are processed within

15 days from the date of receipt. Karvy Computershare Private Limited, Hyderabad, is the Company's share transfer agent and depository registrar.

The Stakeholders Relationship Committee specifically focuses 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, the terms of reference of the Committee have specifically been enhanced to resolve grievances of security holders of the Company including complaints, if any, relating to transfer of shares, non-receipt of balance sheet and 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, 2015. The composition of the Committee and attendance of its members at the meetings are given in **Table 8** of the annexure to this Report.

One investor complaint was received and the same was resolved during the year ended 31st March, 2015. No complaints were pending as at 31st March, 2015.

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 Controls

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 *inter alia* on the accuracy of Financial Statements and adequacy of internal controls for the financial reporting purpose as required under Clause 49(IX) of the Listing Agreement with the Stock Exchanges, for the year ended 31st March, 2015.

Whistle Blower Policy

Pursuant to the requirements of Section 177 of the Companies Act, 2013 and Clause 49(II)(F) of the Listing Agreement with the Stock Exchanges, the Company has established a vigil mechanism (Whistle Blower Policy) for the employees and the Directors as an avenue to voice concerns relating to unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Ombudsperson appointed by the Board deals with the complaints received and ensures appropriate action. The mechanism also provides for 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. No employee was denied access to the Audit Committee.

Compliance of Corporate Governance Norms

The Company has complied with all the mandatory requirements of corporate governance norms during the financial year. 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, 2014 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, which was updated during the year providing for the duties of Independent Directors and the Whistle Blower Policy. The Directors and the Senior Management of the



Company have furnished their affirmation of compliance with the Code during the financial year, 2014-15. The Code of Conduct has been posted on the website of the Company [link: <http://www.tiindia.com/article/values/33>]. A declaration of affirmation in this regard certified by the Managing Director is annexed to this Report.

Other Disclosures

A Management Discussion and Analysis Report highlighting the performance of individual businesses forms part of the Board's Report.

A write up on the risks associated with the business and mitigation plans therefor also forms part of the Board's Report.

Related party transactions during the year have been disclosed as a part of the Financial Statements as required under the

Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

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

General Shareholder Information

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

On behalf of the Board

M M Murugappan
Chairman

Chennai
5th May, 2015

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, 2015, as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

Chennai
5th May, 2015

L Ramkumar
Managing Director

ANNEXURE TO THE **CORPORATE GOVERNANCE REPORT****(A) Board Meeting Dates and Attendance**

The Board of Directors met 6 times during the financial year 2014-15. The dates of the Board meetings were 5th May, 2014, 6th August, 2014, 3rd November, 2014, 18th November, 2014, 4th February, 2015 and 27th March, 2015.

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, 2015 are as follows:

TABLE 1

Sl. No.	Name of Director	Board meetings attended (no. of meetings held)	Number of Directorships ^(a) - including TI (out of which as Chairman)	Number of committee memberships ^(b) - including TI (out of which as Chairman)	Attendance at last AGM	No. of shares held as on 31st March, 2015
1.	Mr. M M Murugappan	6(6)	14(5)	8(4)	Present	13,07,275
2.	Mr. L Ramkumar	6(6)	4(1)	2(1)	Present	1,50,650
3.	Mr. Pradeep V Bhide	6(6)	8(2)	7(1)	Present	-
4.	Mr. S Sandilya	6(6)	8(2)	5(3)	Present	-
5.	Mr. C K Sharma	6(6)	3	1	Present	700
6.	Mr. N Srinivasan	6(6)	5	6	Present	69,467
7.	Mr. Hemant M Nerurkar	6(6)	6(1)	-	Present	-
8.	Ms. Madhu Dubhashi ^(c)	4(4)	3	1	Not applicable	-

^(a) Excludes foreign companies.

^(b) Includes only membership in Audit and Stakeholders Relationship Committees.

^(c) Ms. Madhu Dubhashi was co-opted as an Additional Director w.e.f. 3rd November, 2014.

(B) Composition of Audit Committee and Attendance

The Committee met 5 times during the year ended 31st March, 2015. The dates of the Committee's meetings were 5th May, 2014, 6th August, 2014, 3rd November, 2014, 4th February, 2015 and 27th March, 2015. 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	5(5)
Mr. C K Sharma	5(5)

(C) Composition of Nomination & Remuneration Committee and Attendance

The Committee met 4 times during the year ended 31st March, 2015. The dates of the Committee's meetings were 5th May, 2014, 6th August, 2014, 3rd November, 2014 and 4th February, 2015. The composition of the Nomination & Remuneration 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	82,87,665	73,44,725	1,11,30,190	33,99,434	3,01,62,014

^(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 and compensated absences since the amount cannot be ascertained individually.

(E) Remuneration of Non-Executive Directors

The details of commission provided for/sitting fees paid to non-executive Directors for the year ended 31st March, 2015 are as follows:

TABLE 5

(Amount in ₹)

Name of the Director	Commission ^(a)	Sitting fees	Total
Mr. M M Murugappan	63,00,000	2,85,000	65,85,000
Mr. Pradeep V Bhide	22,50,000	2,90,000	25,40,000
Mr. S Sandilya	7,50,000	3,80,000	11,30,000
Mr. N Srinivasan	7,50,000	3,50,000	11,00,000
Mr. C K Sharma	7,50,000	3,80,000	11,30,000
Mr. Hemant M Nerurkar ^(b)	6,80,137	1,65,000	8,45,137
Mrs. Madhu Dubhashi ^(b)	3,06,164	1,00,000	4,06,164

^(a) Provisional and will be paid after the adoption of accounts by the shareholders at the Annual General Meeting.

^(b) Commission calculated on *pro rata* basis.

(F) Composition of Corporate Social Responsibility Committee and Attendance

The Committee met 3 times during the year ended 31st March, 2015. The dates of the Committee's meeting were on 6th August, 2014, 3rd November, 2014 and 4th February, 2015. The composition of the Corporate Social Responsibility Committee and the attendance of each member at this meeting is as follows:

TABLE 6

Name of the Member	Number of meetings attended (Number of meetings held)
Mr. S Sandilya	3(3)
Mr. C K Sharma	3(3)
Mr. L Ramkumar	3(3)

(G) Composition of Risk Management Committee and Attendance

The Committee met on 3rd February, 2015. The composition of the Risk Management Committee and the attendance of each member at this meeting is as follows:

TABLE 7

Name of the Member	Number of meetings attended (Number of meetings held)
Mr. Pradeep V Bhide	1(1)
Mr. Hemant M Nerurkar	1(1)
Mr. L Ramkumar	1(1)

(H) Composition of Stakeholders Relationship Committee and Attendance

The Committee met twice during the year ended 31st March, 2015. The dates of the Committee's meetings were 3rd November, 2014 and 23rd March, 2015. The composition of the Stakeholders Relationship Committee and the attendance at the above meetings are as follows:

TABLE 8

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

On behalf of the Board

M M Murugappan
Chairman

Chennai
5th May, 2015

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, Deloitte Haskins & Sells, Chartered Accountants (Firm's Registration No.: 008072S), as Statutory Auditors of Tube Investments of India Limited ("the Company"), having its Registered Office at "Dare House", 234 NSC Bose Road, Chennai – 600001, have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2015 as stipulated in Clause 49 of the Listing Agreement, as amended from time to time, of the Company with the stock exchanges.
2. We have been requested by the Management of the Company to provide a certificate on compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement, as amended from time to time.
3. The Management is responsible for the compliance of conditions of Corporate Governance. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. In our opinion and to the best of our information and according to the explanations given to us by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement, as amended from time to time.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company

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

Geetha Suryanarayanan
Partner
(Membership No.29519)

Chennai
5th May, 2015



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 : Monday
Date : 10th August, 2015
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 2015-16

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

Results for the first quarter ending
30th June, 2015 - 10th August, 2015

Results for the second quarter/half-year ending
30th September, 2015 - 3rd November, 2015

Results for the third quarter ending
31st December, 2015 - January/February, 2016

Results for the fourth quarter ending
31st March 2016/Annual Results
for the financial year 2015-16 - April/May, 2016

Book Closure for Dividend

Friday, 24th July, 2015 to Monday, 10th August, 2015 (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 Monday, 10th August, 2015 and the same will be paid on or after 14th August, 2015. During the year, in February, 2015, 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
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 - Final	29.01.2011 01.08.2011	06.03.2018 06.09.2018
2011-12 - Interim - Final	01.02.2012 06.08.2012	08.03.2019 11.09.2019
2012-13 - Interim - Final	31.01.2013 02.08.2013	08.03.2020 07.08.2020
2013-14 - Interim - Final	04.02.2014 06.08.2014	12.03.2021 11.09.2021
2014-15 - Interim	04.02.2015	12.03.2022

As provided under the Companies Act, 1956/2013, 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 2006-07 have been transferred to the IE&P Fund.

In terms of the Circular dated 10th May, 2012 issued by the Ministry of Corporate Affairs ("MCA"), 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 24th July, 2015 to enable them to forward the dividend warrants to the latest address of Members. Members are also advised to intimate the RTA the details of their bank account to enable incorporation of the same on dividend warrants. This would help prevent any fraudulent encashment of dividend warrants.

(b) Shareholders holding shares in demat form

Shareholders can make use of the National Electronic Clearing Services (“NECS”) of Reserve Bank of India, offered at several centres across the country, 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 of India Ltd.	TUBEINVEST
BSE Ltd	504973

Listing fee for the year ended 31st March, 2015 has been paid to the above Stock Exchanges in time.

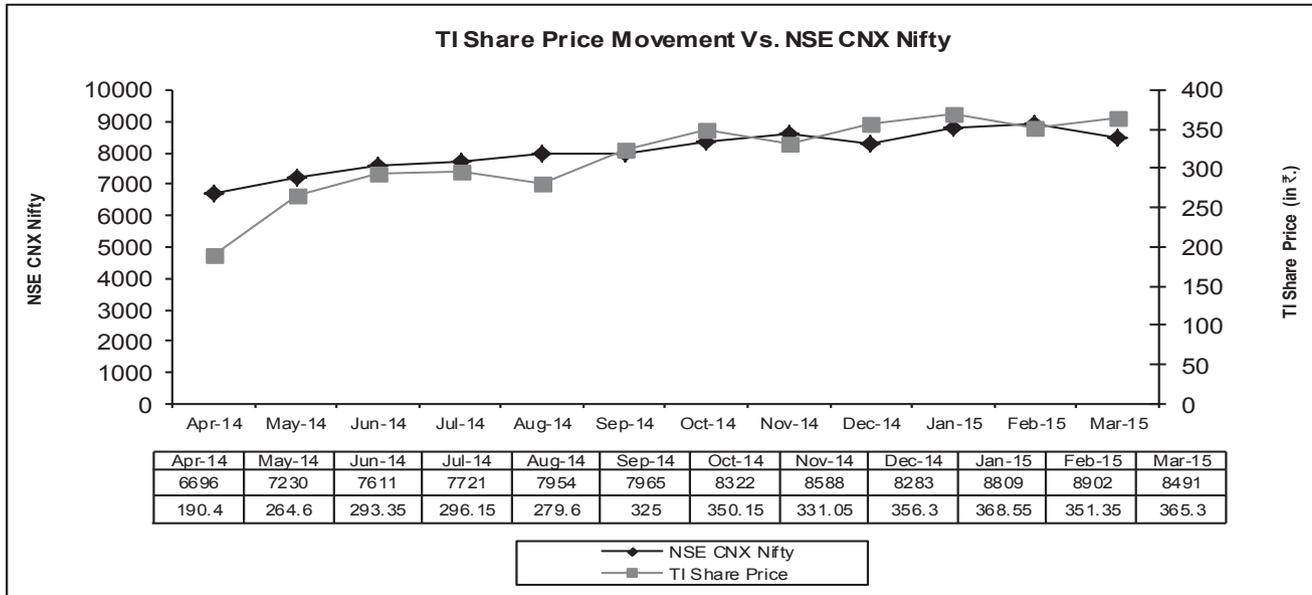
Non-Convertible Debentures

Listed on Wholesale Debt Market Segment (WDM) of National Stock Exchange.

Market Price Data and Comparison

Monthly high and low price of the Equity Shares of the Company during 2014-15 are as follows:

Month	National Stock Exchange of India Ltd		BSE Ltd	
	High	Low	High	Low
	₹	₹	₹	₹
Apr-14	201.00	175.50	200.40	175.00
May-14	289.00	188.90	288.90	180.00
Jun-14	317.05	263.95	317.20	265.00
Jul-14	305.90	272.00	306.00	263.00
Aug-14	296.95	260.70	296.00	261.00
Sep-14	357.45	278.50	356.75	280.00
Oct-14	364.70	306.00	365.00	305.00
Nov-14	357.90	321.00	357.50	326.00
Dec-14	378.00	314.80	377.75	313.00
Jan-15	389.00	338.00	389.00	337.00
Feb-15	375.00	340.05	375.00	342.90
Mar-15	404.40	351.00	401.00	353.60



Note: Closing NSE CNX Nifty and TI share price on NSE are as on the last trading day of each month during 2014-15

Registrar and Share Transfer Agent

Karvy Computershare Private Ltd
Karvy Selenium Tower B, Plot 31-32, Gachibowli
Financial District, Nanakramguda
Hyderabad - 500 032
inward.ris@karvy.com
Tel : (040) – 67162222
Fax: (040) - 23001153 | Toll Free: 1800-345-4001

Debenture Trustees

IDBI Trusteeship Services Ltd
Asian Building, Ground Floor, 17 R Kamani Marg
Ballard Estate, Mumbai – 400001
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, 2015

	Category	No. of shares held	% of shareholding
A	Promoter & Promoter Group	9,14,32,440	48.86
B	Non-Promoter Holding		
	1 Institutional Investors		
	a) Mutual Funds and UTI	1,74,20,636	9.31
	b) Banks, Financial Institutions, Insurance Companies	54,91,325	2.93
	c) Foreign Institutional Investors	2,47,74,067	13.24
	2 Others		
	a) Private Corporate Bodies	1,37,25,404	7.34
	b) Indian Public	2,87,56,135	15.37
	c) NRI	7,01,027	0.37
	d) Bank of New York Mellon (Depository for GDR holders)	48,30,630	2.58
	Grand Total	18,71,31,664	100.00

Distribution of Shareholding as on 31st March, 2015

Category	No. of holders	% to Total	No. of shares	% to Total
1 - 5000	17,243	90.30	69,03,509	3.69
5001 - 10000	951	4.98	34,06,322	1.82
10001 - 20000	349	1.83	25,34,261	1.35
20001 - 30000	151	0.79	19,08,132	1.02
30001 - 40000	60	0.31	10,67,049	0.57
40001 - 50000	47	0.25	10,57,885	0.57
50001 - 100000	96	0.50	34,42,701	1.84
Above 100000	199	1.04	16,68,11,805	89.14
Total	19,096	100.00	18,71,31,664	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 Pvt Ltd.

Dematerialisation of Shares

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

GDR Details

As at 31st March, 2015, 48,30,630 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 the leading national English newspapers ("The New Indian Express" and "The Hindu Business Line") and in one vernacular (Tamil) newspaper ("Dinamani"). The quarterly/annual results are also available on the Company's website, www.tiindia.com

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

Resolutions passed by Postal Ballot

In January, 2015, a Special Resolution under Section 186 of the Companies Act, 2013 for the investment of a sum not exceeding ₹17.50 crores, in addition to the investment of ₹2 crores already made, in the Equity Share Capital of M/s. TI Tsubamex Private Ltd, 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	11,62,90,807 votes
Number of votes in favour	11,62,77,283 votes
Number of votes against	13,524 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 192 A 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
06.08.2012	Yes	<p>(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.</p> <p>(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.</p>
02.08.2013	No	Not applicable
06.08.2014	Yes	<p>(a) Payment of remuneration to the non-whole-time Directors of the Company not exceeding 1% of the net profits of the Company for a period of five financial years commencing from 1st April, 2014 up to the financial year ending on 31st March, 2019.</p> <p>(b) Issue of Non-Convertible Debentures on private placement basis for a maximum sum of ₹475 crores.</p> <p>(c) Mortgaging/charging of the moveable and immoveable properties of the Company for the proposed long-term borrowings in future.</p>

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
2011-12	06.08.2012	4.00 P.M.	T T K Auditorium, The Music Academy T T K Road, Chennai 600 014
2012-13	02.08.2013	4.00 P.M.	Same as above
2013-14	06.08.2014	4.00 P.M.	Same as above

Unclaimed Shares

In accordance with Clause 5A of the Listing Agreement with the Stock Exchanges, the details in respect of the Equity Shares lying in the Unclaimed Suspense Account are given below:

Sl. No.	Particulars	No. of Shareholders	No. of Shares
1	Aggregate number of Shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 01.04.2014	2,194	20,60,236
2	Number of Shareholders who approached the Company for transfer of their shares from the Unclaimed Suspense Account during the year 01.04.2014 to 31.03.2015	73	1,25,445
3	Number of Shareholders to whom shares were transferred from the Unclaimed Suspense Account during 01.04.2014 to 31.03.2015	73	1,25,445
4	Aggregate number of Shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 31.03.2015	2,121	19,34,791

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

Tube Products of India

Tirupati-Tiruttani Highway
Ponpadi Village,
Thiruvelangadu Block,
Tiruttani Taluk, Thiruvallur 631 213
Tel : 09940259940

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, Gangnoli Village
Tehsil - Laksar, Haridwar
Uttarakhand 247 663
Tel : 09219401388/9
Fax : (01332) - 259100

TI Metal Forming

Khasra No.227, Gangnoli Village
Tehsil – Laksar, Haridwar
Uttarakhand 247 663
Tel: 09219403539

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) - 27724

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
Karvy Selenium Tower B, Plot 31-32, Gachibowli
Financial District, Nanakramguda
Hyderabad 500 032
e-mail : einward.ris@karvy.com
Tel : (040) - 67162222
Fax : (040) - 23001153
Toll Free : 1800-345-4001

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TUBE INVESTMENTS OF INDIA LIMITED

Report on the Standalone 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, 2015, the Statement of Profit and Loss, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

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, of the state of affairs of the Company as at 31 March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31 March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 (I) to the financial statements;
 - ii. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

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

Geetha Suryanarayanan
Partner

Chennai, 5 May 2015

Membership No. 29519

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) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and 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.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) 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.
- (v) The Company has not accepted any deposits during the financial year.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.
- (vii) 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, Employees' State Insurance, Income Tax, Sales Tax, Wealth tax, Value Added Tax, Service Tax, Duty of Customs, Duty of Excise, 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, Employees' State Insurance, Income Tax, Sales Tax, Wealth tax, Value Added Tax, Service Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

- (c) Details of dues of Income Tax, Sales Tax, Duty of Customs, Duty of Excise and Service Tax which have not been deposited as at 31 March 2015 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, 2007-08, 2008-09, 2010-11	7.90
	Interest **	Commissioner of Income Tax (Appeals)	2005-06, 2010-11	0.99
Central Sales Tax Act, 1956 – Various States	Sales Tax#	Revisional Board (West Bengal)	2005-06	0.06
Local Sales Tax Laws – Various States	Sales Tax	Joint Commissioner of Commercial Taxes	2009-10, 2010-11	0.25
	Sales Tax***	Honourable High Court of Punjab and Haryana	1999-00	0.02
	Interest & Penalty***	Assessing Officer - on remand pursuant to Appellate Proceedings	2002-03	0.03
	Sales Tax#	Revisional Board (West Bengal)	2005-06	0.01
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)	2011-12 & 2012-13	0.02
Central Excise Act, 1944	Excise Duty/ Penalty	Customs, Excise and Service Tax Appellate Tribunal	2001-02 to 2009-10	3.68
	Excise Duty/ Penalty/ Interest	Commissioner of Central Excise (Appeals)	1995-06 to 2012-13	0.21

* ₹2.31 Crores pertaining to 2010-11 has been remitted subsequently on 30 April 2015.

** ₹0.19 Crores pertaining to 2010-11 has been remitted subsequently on 30 April 2015 and ₹0.02 Crores pertaining to 2008-09 has been adjusted against the Refund due for the year 2005-06.

***Paid subsequently on 29 April 2015.

Paid subsequently on 20 April 2015.

(d) The Company has been generally regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.

(viii) The Company does not have accumulated losses as the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(ix) 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 taken any loans from financial institutions during the current year.

(x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.

(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) 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 2015



BALANCE SHEET

₹ in Crores

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2	37.43	37.38
(b) Reserves and Surplus	3	1283.10	1201.46
		1320.53	1238.84
Non-Current Liabilities			
(a) Long Term Borrowings	4	781.13	638.04
(b) Deferred Tax Liabilities (Net)	5	56.70	52.04
		837.83	690.08
Current Liabilities			
(a) Short Term Borrowings	6	339.61	302.93
(b) Trade Payables	7	625.82	584.51
(c) Other Current Liabilities	8	395.08	516.50
(d) Short Term Provisions	9	44.46	42.15
		1404.97	1446.09
TOTAL		3563.33	3375.01
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	904.25	694.28
(ii) Capital Work-in-Progress		36.39	197.06
(b) Non-Current Investments	11	1523.18	1505.69
(c) Long Term Loans and Advances	12	52.64	65.00
		2516.46	2462.03
Current Assets			
(a) Current Investments	13	0.01	0.02
(b) Inventories	14	468.23	370.21
(c) Trade Receivables	15	477.94	445.94
(d) Cash and Cash Equivalents	16	25.73	30.27
(e) Short Term Loans and Advances	17	74.96	66.54
		1046.87	912.98
TOTAL		3563.33	3375.01
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

Chennai
5 May 2015

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

On behalf of the Board

M M Murugappan
Chairman

L Ramkumar
Managing Director

STATEMENT OF PROFIT AND LOSS

₹ in Crores

Particulars	Note No.	Year Ended 31.03.2015	Year Ended 31.03.2014
Revenue from Operations			
Sale of Products - Gross	18	3916.16	3609.42
Excise Duty on Sales		(270.38)	(257.73)
Sale of Products - Net		3645.78	3351.69
Other Operating Revenues	19	181.99	173.88
		3827.77	3525.57
Other Income	20	37.14	47.19
Total Revenue		3864.91	3572.76
Expenses			
Cost of Materials Consumed	21	2324.92	2128.12
Purchase of Stock-in-Trade - Cycles/Components and Metal Formed Products		88.50	56.63
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	(49.21)	(5.27)
Employee Benefits Expense	23	322.01	299.52
Finance Costs	24	138.30	123.27
Depreciation and Amortisation Expense	10	97.01	84.24
Other Expenses	25	822.23	745.09
		3743.76	3431.60
Profit Before Exceptional Items and Tax		121.15	141.16
Exceptional Items			
Reversal of Provision for diminution in value of investment in Subsidiary (Net)		-	0.06
Compensation under Voluntary Retirement Scheme		(27.43)	-
Profit on Sale of Non Operating Assets		61.43	-
Profit Before Tax		155.15	141.22
Tax Expense			
Income Tax			
- Current Year		26.80	47.40
- Prior Years		5.24	-
- MAT Credit Entitlement		(4.80)	-
Deferred Tax (Net)		7.05	(0.25)
		34.29	47.15
Profit for the Year		120.86	94.07
Earnings per Equity Share of ₹2 each	37		
Basic		6.46	5.04
Diluted		6.45	5.03
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

Chennai
5 May 2015

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

On behalf of the Board

M M Murugappan
Chairman

L Ramkumar
Managing Director



CASH FLOW STATEMENT

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
A. Cash Flow from Operating Activities:		
Net Profit Before Tax	155.15	141.22
Adjustments for :		
Depreciation and Amortisation Expense	97.01	84.24
Finance Costs	138.30	123.27
Profit on Tangible Assets Sold/Discarded (Net)	(63.83)	(1.90)
Profit on Sale of Current Investments	(0.04)	(1.51)
Provision/(Release of Provision) for Doubtful Trade Receivables (Net)	2.22	(0.92)
Trade Receivables Written off	0.02	0.32
Unrealised Exchange Differences on Foreign Currency Borrowings (Net)	2.25	(0.97)
Reversal of Provision for diminution in value of investment in Subsidiary (Net)	-	(0.06)
Liabilities no longer payable written back	(0.45)	(2.93)
Discount on prepayment of sales tax deferral (Refer Note 4.2.3)	(1.86)	-
Interest Income	(2.65)	(2.83)
Dividend Income	(29.61)	(34.79)
Operating Profit before Working Capital/Other Changes	296.51	303.14
Adjustments for :		
Increase in Trade Payables	44.21	99.11
Increase in Other Current Liabilities	0.40	7.54
Increase/(Decrease) in Short Term Provisions	1.98	(1.79)
(Increase)/Decrease in Long Term Loans and Advances	(6.42)	0.46
Increase in Inventories	(98.02)	(13.44)
Increase in Trade Receivables	(34.24)	(50.94)
Increase in Short Term Loans and Advances	(3.62)	(27.12)
Cash Generated From Operations	200.80	316.96
Direct Taxes Paid (Net)	(33.51)	(38.28)
Net Cash Flow from Operating Activities	167.29	278.68
B. Cash Flow from Investing Activities:		
Capital Expenditure (Including Capital Work-in-Progress and Capital Advances)	(135.80)	(168.90)
Sale of Tangible Assets	66.68	5.44
Investment in Subsidiaries	-	(56.51)
Investment in TI Tsubamex Private Limited (Refer Note 11 a)	(17.50)	(2.00)
Purchase of Other Investments	-	(3.19)
Proceeds from Liquidation of Subsidiary	-	0.06
Proceeds from Current Investments (Net)	0.06	1.53
Interest Received	2.65	2.83
Dividend Received	29.61	34.79
Net Cash Used in Investing Activities	(54.30)	(185.95)
C. Cash Flow from Financing Activities:		
Proceeds from exercise of Employees Stock Option	2.51	1.30
Proceeds from Long Term Borrowings	350.00	480.81
Repayment of Long Term Borrowings	(317.98)	(414.49)
Repayment of Sales Tax Deferral	(10.52)	(3.86)
Proceeds from/(Repayments of) Short Term Borrowings (Net)	36.68	(0.24)
Finance Costs Paid (Including Exchange Differences on Foreign Currency Loans)	(138.18)	(121.30)
Dividends Paid (Including Dividend Distribution Tax - Net)	(39.20)	(37.84)
Receipt of Industrial Promotion Subsidy	-	0.10
Net Cash Used in Financing Activities	(116.69)	(95.52)
Net Decrease in Cash and Cash Equivalents [A+B+C]	(3.70)	(2.79)
Cash and Cash Equivalents at the Beginning of the Year	27.57	30.36
Cash and Cash Equivalents as at End of the Year	23.87	27.57
Notes:		
1. Reconciliation with Note 16		
Cash and Cash Equivalents as at End of the Year as per Cash Flow Statement	23.87	27.57
Balance in Restricted Bank Account	-	0.91
Unpaid Dividend Accounts	1.86	1.79
Cash and Cash Equivalents as at End of the Year as per Note 16	25.73	30.27
2. Capital Expenditure includes and Finance Costs excludes ₹0.47 Cr. (Previous Year ₹3.02 Cr.) of Finance Costs Capitalised.		

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Geetha Suryanarayanan

Partner

Chennai
5 May 2015

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

On behalf of the Board

M M Murugappan
Chairman

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 to comply with the Accounting Standards specified under Section 133 of the Companies Act 2013 read with Rule 7 of Companies (Accounts) Rules, 2014. 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 revisions, 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.

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.

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

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies (Contd.)

and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

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

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

1.7. Impairment of Assets

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

1.8. Investments

- a) Current investments are carried at lower of cost and fair value.
- b) Non-Current investments are carried at cost. Diminution in the value of such investments, other than temporary, is provided for.
- c) Cost of investments includes acquisition charges such as brokerage, fees and duties.

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

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.

1.10. Revenue and Other Income

- a) Sales are recognised on transfer of significant risk and rewards of ownership to the buyer which generally coincides with 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, and where no repayment is ordinarily expected, 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.

1.12. 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

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies (Contd.)

trustees and managed by Life Insurance Corporation of India (LIC). The Company has no liability for future Superannuation Fund benefits other than its annual contribution and recognizes such contributions as an expense in the year in which the services are rendered.

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.

c. Employee State Insurance

Contributions to Employees State Insurance Scheme 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. Actuarial gains/losses are immediately recognised in the Statement of Profit and Loss. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The Defined Benefit Obligation recognised in the balance sheet represents the present value of the Defined Benefit Obligation less the Fair Value of Plan Assets out of which the obligations are expected to be settled and adjusted for unrecognised past service cost, if any. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions.

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 recognizes such obligation, if any, determined based on an actuarial valuation as at the balance sheet date, 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 recognized based on the eligible leave at credit on the Balance Sheet date, and the estimated cost is based on the terms of the employment contract.

V. Voluntary Retirement Scheme

Compensation to employees under Voluntary Retirement Schemes is 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 over the lease term.

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 as at Balance Sheet date

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

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies (Contd.)

Non-monetary items are carried at historical cost.

Treatment of Exchange Differences

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

Accounting of Forward Contracts

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

1.15. 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 recognized immediately in the Statement of Profit and Loss.

Changes in the fair value of Derivative Contracts that do not qualify for hedge accounting are recognized 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 based on the useful life as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets:

Description of Assets	Useful life and basis of Depreciation/ Amortisation
Plant and Machinery - Special tools and special purpose machines used in door frame products	4 Years
Plant and Machinery - Electrical Appliances such as A/C, Fridge, Water Cooler, Camera, TV, Grinder etc.	5 Years
Office Equipment - Data Processing Equipment	3 Years
Vehicles - Motor Vehicles	4 Years

The Assets mentioned above are depreciated based on the Company's estimate of their useful lives taking into consideration factors such as product life cycle, durability based on use, etc.

Leasehold Land/Improvements are depreciated over the primary lease period as the right to use these assets ceases on expiry of the lease period.

Individual Fixed Assets whose actual cost does not exceed ₹5000 are fully depreciated in the year of acquisition considering the nature and usage pattern of these assets.

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 on the straight-line method based on the useful life as prescribed in Schedule II to the Companies Act, 2013.

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.

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies (Contd.)

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.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

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.

Current Tax and Deferred Tax relating to items directly recognised in Reserves are recognised in Reserves and not in the Statement of Profit and Loss.

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 accounting policies adopted for segment reporting are in line with the accounting policies followed by the Company.
- 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 recognized 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 31.03.2015	As at 31.03.2014
Authorised Capital		
21,50,00,000 Equity Shares of ₹2 each	43.00	43.00
Issued, Subscribed and Paid-up Capital		
18,71,31,664 Equity Shares of ₹2 each fully paid up (Previous Year 18,68,92,766 Equity Shares of ₹2 each fully paid up)	37.43	37.38
	37.43	37.38

a) The Reconciliation of Share Capital is given below:

Particulars	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
At the beginning of the year	18,68,92,766	37.38	18,66,79,308	37.33
Shares allotted on exercise of Employee Stock Options (Refer Note e below)	2,38,898	0.05	2,13,458	0.05
At the end of the year	18,71,31,664	37.43	18,68,92,766	37.38

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 2015:

Name of the Share Holder	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	% against total number of Shares	No. of Shares	% against total number of Shares
Murugappa Holdings Limited	6,40,54,680	34.23%	6,40,54,680	34.27%

d) Status on Global Depository Receipts (GDRs):

The aggregate number of GDRs outstanding as at 31 March 2015 is 48,30,630 (As at 31 March 2014 49,30,630) each representing one Equity Share of ₹2 face value. GDR % against total number of shares is 2.58% (As at 31 March 2014 2.64%). 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, the details of which are as follows:

NOTES TO FINANCIAL STATEMENTS

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	-	-	30.01.09 - 100%
Grant 3	24-Mar-08	56.80	26,55,260	10,81,048	14,32,934	1,41,278	-	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	2,41,919	52,386	-	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	1,65,716	1,04,888	1,54,796	-	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	60,964	35,064	-	29.01.12 - 40% 29.01.13 - 30% 29.01.14 - 30%
Grant 9	29-Jan-11	140.05	13,900	13,900	-	-	-	29.01.12 - 50% 29.01.13 - 50%
Grant 10	02-May-11	140.45	55,000	33,844	-	13,776	7,380	02.05.12 - 20% 02.05.13 - 20% 02.05.14 - 30% 02.05.15 - 30%
Grant 11	01-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	02-Nov-11	143.10	1,26,800	14,600	12,448	61,712	38,040	02.11.12 - 20% 02.11.13 - 20% 02.11.14 - 30% 02.11.15 - 30%
Total			46,76,940	18,20,844	23,51,664	4,59,012	45,420	

During the past 5 years, the Company has allotted 23,50,664 (Previous Year 21,12,766) 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 2015 is 5,04,432 (Previous Year 8,11,595) 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	2,71,773	-	38,065	92,430	1,41,278	2,71,773	1,41,278
Grant 4	31-Jul-08	59,386	-	-	7,000	52,386	59,386	52,386
Grant 5	31-Oct-08	-	-	-	-	-	-	-
Grant 6	30-Jan-09	-	-	-	-	-	-	-
Grant 7	29-Jan-11	2,67,008	-	9,924	1,02,288	1,54,796	1,76,618	1,54,796
Grant 8	29-Jan-11	59,796	-	-	24,732	35,064	59,796	35,064
Grant 9	29-Jan-11	11,120	-	11,120	-	-	11,120	-
Grant 10	02-May-11	22,632	-	1,476	-	21,156	7,872	13,776
Grant 11	01-Aug-11	-	-	-	-	-	-	-
Grant 12	02-Nov-11	1,19,880	-	7,680	12,448	99,752	38,820	61,712
Total		8,11,595	-	68,265	2,38,898	5,04,432	6,25,385	4,59,012

NOTES TO FINANCIAL STATEMENTS

3. Reserves and Surplus

₹ in Crores

Particulars	As at	
	31.03.2015	31.03.2014
Capital Reserve		
Balance at the beginning of the year	1.34	1.24
Industrial Promotion Subsidy from Govt. of Maharashtra	-	0.10
Balance at the end of the year	1.34	1.34
Capital Redemption Reserve (Refer Note a below)	6.15	6.15
Securities Premium Account		
Balance at the beginning of the year	193.39	192.14
Additions during the year	2.46	1.25
Balance at the end of the year	195.85	193.39
Debenture Redemption Reserve		
Balance at the beginning of the year	154.38	135.10
Additions during the year	104.68	106.78
Deletions during the year	(62.50)	(87.50)
Balance at the end of the year	196.56	154.38
Hedge Reserve Account (Refer Note 39)		
Balance at the beginning of the year	(0.44)	(0.32)
Additions/(Deductions) during the year (Net)	2.45	(0.12)
Balance at the end of the year	2.01	(0.44)
General Reserve		
Balance at the beginning of the year	669.66	649.66
Additions during the year	30.00	20.00
Balance at the end of the year	699.66	669.66
Surplus in the Statement of Profit and Loss		
Surplus at the beginning of the year	176.98	160.04
Profit for the year	120.86	94.07
Depreciation on Tangible Fixed Assets on Transition to Schedule II of the Companies Act 2013 (Refer Note 40)	(4.63)	-
Final dividend including dividend distribution tax (Refer Note b)	(0.00)	(0.00)
Transfer to General Reserve	(30.00)	(20.00)
Transfer to Debenture Redemption Reserve (Net)	(42.18)	(19.28)
Interim Dividend @ ₹1.50 (Previous year ₹1.50) per Equity Share of ₹2 each	(28.06)	(28.02)
Final Dividend Proposed @ ₹0.50 (Previous year ₹0.50) per Equity Share of ₹2 each	(9.36)	(9.34)
Dividend Distribution Tax (Net) - Current year	(3.30)	(2.08)
Earlier year's provision for dividend tax no longer required (Refer Note c below)	1.22	1.59
Surplus at the end of the year	181.53	176.98
	1283.10	1201.46

Notes:

- Represents the amount transferred, for a sum equal to the face value of the Equity Shares, at the time of Buy-back of shares.
- Subsequent to the Balance Sheet date of 31 March 2014 and before the book closure date for declaration of the final dividend for the year 2013-14, 50,558 (Previous Year 68,636) Equity Shares were allotted under the Employee Stock Option Scheme to employees and dividend of ₹0.0025 Cr. (Previous Year ₹0.0034 Cr.) on these Shares were paid. The total amount of ₹0.0030 Cr. (Previous Year ₹0.0034 Cr.) including dividend distribution tax, have been appropriated from the opening surplus in the Statement of Profit and Loss.
- 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 on Dividend declared and paid during the year.

NOTES TO FINANCIAL STATEMENTS

4. Long Term Borrowings

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Secured Borrowings		
Secured, Listed and Rated Non-Convertible Debentures (NCD)		
10.1500% Privately Placed NCD	50.00	50.00
9.9900% Privately Placed NCD	50.00	50.00
9.9000% Privately Placed NCD	100.00	-
9.8100% Privately Placed NCD	150.00	150.00
8.9072% Privately Placed NCD	100.00	-
8.8000% Privately Placed NCD #	150.00	150.00
9.0213 % Privately Placed NCD	150.00	-
9.9500 % Privately Placed NCD	-	100.00
10.0400 % Privately Placed NCD	-	50.00
10.0450 % Privately Placed NCD	-	50.00
Foreign Currency Long Term Buyers Credit Loans (LTBC)		
LTBC - USD 0.17 Mio.	1.04	1.00
LTBC - USD 0.56 Mio.	3.50	3.36
LTBC - USD 1.29 Mio.	8.03	7.70
LTBC - USD 1.45 Mio.	9.09	8.71
LTBC - USD 1.52 Mio.	9.47	9.08
Unsecured Borrowings		
Deferred Payment Liability - Sales Tax Deferral	-	8.19
	781.13	638.04

Includes Debentures held by Subsidiary - Cholamandalam MS General Insurance Company Limited.

10.00 10.00

4.1. Nature of Security

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

All NCDs' are secured by a *pari passu* first charge on certain immovable properties of the Company.

4.1.2. Foreign Currency Long Term Buyers Credit Loans (LTBC)

All LTBCs are 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 (NCDs)

Coupon Rate	Outstanding Amount (₹ in Crores)	Maturity Date and Redemption Particulars	Options Available	Date of Redemption if Option is exercised
10.1500%	50	9 August 2018 - ₹50 Cr.	Call	9 August 2015
9.9900%	50	26 April 2017 - ₹50 Cr.	-	-
9.9000%	100	11 August 2016 - ₹100 Cr.	-	-
9.8100%	150	9 August 2016 - ₹75 Cr. 9 August 2017 - ₹75 Cr.	-	-
8.9072%	100	1 July 2016 - ₹100 Cr.		
8.8000%	150	26 April 2016 - ₹150 Cr.	-	-
9.0213%	150	18 April 2016 - ₹150 Cr.	-	-
9.9500%#	100	9 August 2016 - ₹30 Cr. 9 August 2017 - ₹30 Cr. 9 August 2018 - ₹40 Cr.	Put & Call	9 August 2015
10.0400%#	50	28 April 2015 - ₹50 Cr.	-	-
10.0450%#	50	20 April 2015 - ₹50 Cr.	-	-

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

NOTES TO FINANCIAL STATEMENTS

4.2.2. Foreign Currency Long Term Buyers Credit Loans (LTBC)

The rate of Interest for all LTBCs': 6 Months LIBOR Plus 1.50% p.a.

Outstanding Amount	Repayment Date
USD 0.17 Mio.	20 January 2017
USD 0.56 Mio.	30 November 2016
USD 1.29 Mio.	29 September 2016
USD 1.45 Mio.	19 August 2016
USD 1.52 Mio.	19 August 2016

4.2.3. Sales Tax Deferral

The Company had availed benefit for establishing capacities in certain states in the form of Sales Tax Deferral which was originally repayable over a period of time upto 2020-21. During the year, the Company has prepaid the amount outstanding and the discount on prepayment amounting to ₹1.86 Cr. has been recognised under Other Operating Revenue for the year ended 31 March 2015.

5. Deferred Tax Liabilities (Net)

The Net Deferred Tax Liability of ₹56.70 Cr. as at 31 March 2015 (Previous Year ₹52.04 Cr.) comprises the following:

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Deferred Tax Liabilities		
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961 (Also Refer Note 40)	78.45	64.02
Total (A)	78.45	64.02
Deferred Tax Assets		
Provision for Doubtful Trade Receivables	(3.35)	(2.60)
Provision for Employee Benefits and Others	(18.40)	(9.38)
Total (B)	(21.75)	(11.98)
Net Deferred Tax Liabilities (A+B)	56.70	52.04

6. Short Term Borrowings

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Secured Borrowings		
(secured by <i>pari passu</i> first charge on inventories and trade receivables)		
From Banks		
Foreign Currency Loans	206.23	119.83
Cash Credit and other borrowings	33.38	131.77
	239.61	251.60
Unsecured Borrowings		
From Banks		
Cash Credit and other borrowings	-	1.33
Commercial papers	100.00	50.00
	100.00	51.33
	339.61	302.93

NOTES TO FINANCIAL STATEMENTS

7. Trade Payables

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Acceptances	204.72	225.78
Other than Acceptances		
- Dues to Micro, Small & Medium Enterprises (See Note below)	0.56	1.06
- Goods and Services *	420.54	357.67
	625.82	584.51
* Includes Dues to		
Managing Director	0.73	0.61
Subsidiaries		
- Sedis SAS	0.11	0.07
- Cholamandalam Investment and Finance Co Ltd	0.01	0.01
- Shanthi Gears Ltd	-	0.01

Note:

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

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Principal amount due to suppliers under MSMED Act	0.51	1.03
Interest accrued and due to suppliers under MSMED Act, on the above amount	0.01	0.00
Payment made to suppliers (other than interest) beyond the appointed day, during the year	1.51	6.67
Interest paid to suppliers under MSMED Act (Section 16)	0.02	0.02
Interest due and payable to suppliers under MSMED Act, for payments already made	0.04	0.03
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.05	0.03

NOTES TO FINANCIAL STATEMENTS

8. Other Current Liabilities

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Current Maturities of Long Term Borrowings		
Secured, Listed and Rated Non-Convertible Debentures (NCDs)		
10.0450% Privately Placed NCD#	50.00	-
10.0400% Privately Placed NCD#	50.00	-
9.9500% Privately Placed NCD#	100.00	-
9.4570% Privately Placed NCD	100.00	-
11.0500% Privately Placed NCD	-	100.00
8.5000% Privately Placed NCD	-	30.00
10.9500 % Privately Placed NCD	-	100.00
9.9000% Privately Placed NCD#	-	100.00
Foreign Currency Term Loans - Secured		
External Commercial Borrowing - USD 9.32 Mio.	-	14.48
External Commercial Borrowing - USD 15.00 Mio.	-	73.50
Deferred Payment Liability - Sales Tax Deferral - Unsecured	-	4.19
Interest Accrued but Not Due*	48.07	47.95
Unpaid Dividends	1.86	1.79
Advances and Deposits from Customers/Others	6.56	8.95
Dues to Directors	1.18	1.28
Other Liabilities		
- Recoveries from employees	2.74	2.80
- Statutory liabilities	13.79	10.98
- Capital Creditors	20.27	20.11
- Others	0.61	0.47
	395.08	516.50

Refer Note 4.1.1 for nature of securities and 4.2.1 for repayment particulars

* Includes Dues to Subsidiary - Cholamandalam MS General Insurance

Company Limited

0.82

0.82

Amounts to be Credited to Investor Education and Protection Fund towards

Unpaid Dividends

-

-

Notes:

- The 9.4570% Debentures are secured by a *pari passu* first charge on certain immovable properties of the Company. The Debentures were issued for a tenor of 371 days and are redeemable at par, on 25 September 2015.
- The 11.0500% Debentures were secured by a *pari passu* first charge on certain immovable properties of the Company. The Debentures were redeemed at par, on 26 September 2014.
- The 8.5000% Debentures were secured by a *pari passu* first charge on certain immovable properties of the Company. The Debentures were redeemed at par, on 27 November 2014.
- The 10.9500% Debentures were secured by a *pari passu* first charge on certain immovable properties of the Company. The Debentures were redeemed at par, on 15 December 2014.
- External Commercial Borrowing - USD 9.32 Mio. (Outstanding as at 31 March 2014 – USD 3.10 Mio.) was secured by a *pari passu* first charge on all the Plant & Machinery and certain immovable properties of the Company. The Borrowing was repaid on 10 February 2015.
- External Commercial Borrowing - USD 15.00 Mio. was secured by a *pari passu* first charge on all the Plant & Machinery of the Company. The Borrowing was repaid on 2 March 2015.

NOTES TO FINANCIAL STATEMENTS

9. Short Term Provisions

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Provision for Compensated Absences	16.29	15.53
Provision for Warranties (Refer Note a below)	1.28	1.28
Provision for Wealth Tax	0.10	0.07
Provision for Contingency/Others (Refer Note b below)	15.56	14.34
Proposed Dividend	9.36	9.34
Distribution Tax on Proposed Dividend	1.87	1.59
	44.46	42.15

Notes:

(a) Provision for Warranties

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
At the beginning of the year	1.28	1.96
Created during the year	1.96	2.37
Utilised during the year	(1.96)	(3.05)
At the end of the year	1.28	1.28

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

(b) Provision for Contingencies/Others

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
At the beginning of the year	14.34	16.02
Created/(Utilised) during the year	1.22	(1.68)
At the end of the year	15.56	14.34

The above provision includes provision towards various claims against the Company recorded as a matter of prudence.

NOTES TO FINANCIAL STATEMENTS

10. Tangible Assets

₹ in Crores

Particulars	Gross Block at Cost				Depreciation/Amortisation					Net Block	
	As at 31.03.2014	Additions	Deletions	As at 31.03.2015	As at 31.03.2014	For the Year (Refer Note a below & Note 40)	On Deletions	Transitional adjustment (Refer Note 40)	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
Land (Freehold)	120.59	1.22	0.16	121.65	-	-	-	-	-	121.65	120.59
	(58.51)	(62.08)	-	(120.59)	-	-	-	-	-	(120.59)	(58.51)
Land (Leasehold)	1.14	-	-	1.14	0.16	0.02	-	-	0.18	0.96	0.98
	(1.14)	-	-	(1.14)	(0.14)	(0.02)	-	-	(0.16)	(0.98)	(1.00)
Buildings (Note b)	205.96	64.64	0.33	270.27	60.28	7.94	0.22	1.46	69.46	200.81	145.68
	(190.34)	(15.82)	(0.20)	(205.96)	(54.18)	(6.22)	(0.12)	-	(60.28)	(145.68)	(136.16)
Plant & Machinery	1061.04	243.62	12.12	1292.54	645.69	83.55	10.07	5.40	724.57	567.97	415.35
	(1006.13)	(66.97)	(12.06)	(1061.04)	(583.41)	(71.16)	(8.88)	-	(645.69)	(415.35)	(422.72)
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	23.64	3.14	2.80	23.98	19.16	3.27	2.82	0.09	19.70	4.28	4.48
	(22.99)	(2.00)	(1.35)	(23.64)	(16.83)	(3.83)	(1.50)	-	(19.16)	(4.48)	(6.16)
Furniture & Fixtures	12.76	1.42	0.91	13.27	9.64	0.51	0.76	0.07	9.46	3.81	3.12
	(13.17)	(0.85)	(1.26)	(12.76)	(9.50)	(1.36)	(1.22)	-	(9.64)	(3.12)	(3.67)
Vehicles	7.85	2.81	1.52	9.14	3.78	1.72	1.12	-	4.38	4.76	4.07
	(7.26)	(2.73)	(2.14)	(7.85)	(3.88)	(1.65)	(1.75)	-	(3.78)	(4.07)	(3.38)
TOTAL	1433.19	316.85	17.84	1732.20	738.91	97.01	14.99	7.02	827.95	904.25	694.28
Previous Year	(1299.75)	(150.45)	(17.01)	(1433.19)	(668.14)	(84.24)	(13.47)	-	(738.91)	(694.28)	(631.61)

Notes:

- Depreciation/Amortisation for the year includes depreciation amounting to ₹0.02 Cr. (Previous Year ₹5.10 Cr.) charged additionally on certain assets.
- Net Block of Buildings includes Improvement to Buildings ₹17.89 Cr. (Previous Year ₹10.22 Cr.) constructed on leasehold land.
- All the above assets are owned by the Company unless otherwise stated as leased asset.
- 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 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
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	Euro 15	2,23,920	2,23,920	61.15	61.15
TI Tsubamex Private Ltd (Note a)	10	1,95,00,000	-	19.50	-
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	10	22,11,15,659	22,11,15,659	327.14	327.14
TI Financial Holdings Ltd	10	1,10,000	1,10,000	0.11	0.11
Investment in Joint Venture:					
Equity Shares (Fully Paid) - Unquoted					
Cholamandalam MS Risk Services Ltd - Non Trade	10	9,89,979	9,89,979	0.99	0.99
TI Tsubamex Private Ltd (Note a) - Trade	10	-	20,00,000	-	2.00
Other Investments:					
Trade Investments:					
Equity Shares (Fully Paid) - Quoted					
LG Balakrishnan & Bros. Ltd (Cost - ₹40,238 only) (Note b)	10	5,192	2,596	-	-
LGB Forge Ltd	1	25,960	25,960	-	-
Non Trade Investments:					
Equity Shares (Fully Paid) - Quoted					
Carborundum Universal Ltd (Cost - ₹23,574 only)	1	6,000	6,000	-	-
Kartik Investments Trust Ltd	10	33,790	33,790	0.04	0.04
Coromandel Engineering Company Ltd	10	4,33,481	4,33,481	0.82	0.82
GIC Housing Finance Ltd	10	48,700	48,700	0.24	0.24
Equity Shares (Fully Paid) - Unquoted					
Indo Oceanic Shipping Co. Ltd (Cost ₹1 only)	10	50,000	50,000	-	-
Bombay Mercantile Co-op. Ltd (Cost ₹5,000 only)	10	500	500	-	-
Southern Energy Development Corporation Ltd	10	70,000	70,000	0.07	0.07
Murugappa Management Services Ltd	100	42,677	42,677	0.78	0.78
TI Cycles of India Co-operative Canteen Ltd (Cost - ₹250 only)	5	50	50	-	-
TI Diamond - Miller Co-operative Canteen Ltd (Cost - ₹100 only)	5	20	20	-	-
Andheri Sarabjit Co-operative Housing Society Ltd (Cost - ₹250 only)	50	5	5	-	-
Chennai Willingdon Corporate Foundation (Cost - ₹100 only)	10	10	10	-	-
Cauvery Power Generation Chennai Pvt Ltd	10	24,00,000	24,00,000	2.41	2.41
Others - Unquoted					
Government of India Securities				-	0.01
				1523.18	1505.69

NOTES TO FINANCIAL STATEMENTS

	As at 31.03.2015	As at 31.03.2014
Quoted		
Cost	1111.03	1111.03
Market value	4882.84	2464.78
Unquoted		
Cost	412.15	394.66

Notes:

- During the year, the Company subscribed to 1,75,00,000 Equity Shares of ₹10 each of TI Tsubamex Private Limited (TTPL), a Joint Venture Company at ₹10 per share amounting to ₹17.50 Cr. and the Company's share holding in TTPL has increased from 50% to 75%. As a result, TTPL has become a subsidiary of the Company from 26 February 2015.
- During the year, LG Balakrishna & Bros. Ltd. has issued Bonus Equity Shares in the ratio of 1:1.

12. Long Term Loans and Advances

(Considered Good, Unsecured unless stated otherwise)

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Capital Advances		
- Secured	1.05	16.74
- Unsecured	0.99	5.52
Loans and advances		
- Electricity and other deposits	11.50	7.73
- Others	0.90	0.90
Deposits with Government, Public bodies and others		
- Balance with Customs, Excise and Sales Tax Authorities	7.77	5.12
- Advance Income Tax (Net of Provision)	30.43	28.99
	52.64	65.00

13. Current Investments

(valued at lower of cost and fair value)

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Investment in Government Securities - Unquoted	0.01	0.02
	0.01	0.02

Notes:

During the year, the Company has invested an aggregate amount of ₹720.64 Cr. (Previous Year ₹716.00 Cr.) in the 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 ₹720.68 Cr. (Previous Year ₹717.51 Cr.).

NOTES TO FINANCIAL STATEMENTS

14. Inventories

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

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Raw Materials	186.65	140.29
Work-in-Progress	88.44	88.04
Finished Goods	129.68	101.02
Stock-in-Trade	22.37	15.93
Stores and Spare Parts	6.80	6.29
Goods-in-Transit		
- Raw Materials	18.71	16.77
- Stock-in-Trade	15.58	1.87
	468.23	370.21

Details of Inventories

₹ in Crores

Particulars	Cycles and Components		Steel Strips and Tubes		Metal Formed Products		Total	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
Raw Materials	80.71	39.65	72.05	70.24	33.89	30.40	186.65	140.29
Work-in-Progress	22.12	29.99	40.09	34.68	26.23	23.37	88.44	88.04
Finished Goods	52.11	25.51	57.73	54.74	19.84	20.77	129.68	101.02
Stock-in-Trade	21.74	14.66	-	-	0.63	1.27	22.37	15.93
Stores and Spare Parts	-	-	4.49	3.96	2.31	2.33	6.80	6.29
Goods-in-Transit								
- Raw Materials	17.33	6.63	1.38	9.05	-	1.09	18.71	16.77
- Stock-in-Trade	15.58	1.84	-	-	-	0.03	15.58	1.87
Total Inventories	209.59	118.28	175.74	172.67	82.90	79.26	468.23	370.21

NOTES TO FINANCIAL STATEMENTS

15. Trade Receivables

(Unsecured)

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	3.20	4.29
- Doubtful	8.65	7.06
	11.85	11.35
Others		
- Considered good*	474.74	441.65
- Doubtful	1.20	0.57
	475.94	442.22
Gross Trade Receivables	487.79	453.57
Provision for Doubtful Receivables	(9.85)	(7.63)
	477.94	445.94
* Includes Dues from Subsidiaries		
- Societe De Commercialisation De Composants Industrials – SARL	0.84	1.08
- Sedis SAS	4.79	5.79
- Shanthi Gears Limited	-	0.01

16. Cash and Cash Equivalents

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Balance with Banks		
- Current Accounts *	23.79	28.37
- Unpaid Dividend Accounts	1.86	1.79
	25.65	30.16
Cash on Hand	0.08	0.11
	25.73	30.27
* includes balance in restricted bank account	-	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	23.87	27.57

NOTES TO FINANCIAL STATEMENTS

17. Short Term Loans and Advances

(Unsecured and considered good unless otherwise stated)

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Advances and Claims Recoverable		
- Goods and Services	28.01	16.31
- Employee related	1.84	1.43
- Prepaid expenses	5.25	3.24
- Gratuity Fund (Net of Provision) (Refer Note 33)	0.51	0.45
- Others [#]	0.71	2.95
	36.32	24.38
Deposit with Subsidiary - Cholamandalam MS General Insurance Co. Ltd.	0.06	0.07
Other deposits	9.03	6.27
Balances with Customs, Excise and Sales Tax Authorities	24.74	35.81
MAT Credit Entitlement	4.80	-
Fringe Benefits Tax (Net of Provision)	0.01	0.01
	74.96	66.54

Includes dues from TI Tsubamex Private Limited, Subsidiary

- 2.18

18. Sale of Products

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Cycles and Components	1324.12	1195.94
Steel Strips and Tubes	1630.59	1531.29
Metal Formed Products	961.45	882.19
Sale of Products - Gross[#]	3916.16	3609.42
Excise Duty on Sales	(270.38)	(257.73)
Sale of Products - Net	3645.78	3351.69
# Includes Sale of Stock-in-Trade		
- Cycles and Components	71.22	62.69
- Metal Formed Products	11.20	12.51

19. Other Operating Revenues

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Scrap sales [Net of Excise Duty - ₹24.27 Cr. (Previous Year ₹23.31 Cr.)]	161.77	153.55
Conversion Income	0.61	1.01
Cash Discount	0.26	0.27
Export Benefits	6.79	5.41
Service Income from Subsidiaries	6.43	8.37
Discount on prepayment of sales tax deferral (Refer Note 4.2.3)	1.86	-
Liabilities no longer payable written back	0.45	2.93
Others	3.82	2.34
	181.99	173.88

NOTES TO FINANCIAL STATEMENTS

20. Other Income

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Dividend income from		
- Subsidiaries	28.15	34.45
- Joint Venture	0.25	0.25
- Non-Trade Investments	0.03	0.09
- Current Investments	1.18	-
	29.61	34.79
Interest Income		
- Fixed Deposits with Banks	2.29	1.44
- Others	0.36	1.39
	2.65	2.83
Rental Income	0.32	0.13
Royalty Income	0.21	0.24
Gain on Exchange Fluctuation (Net)	1.91	5.79
Profit on Tangible Assets Sold/Discarded (Net)	2.40	1.90
Profit on Sale of Current Investments	0.04	1.51
	37.14	47.19

21. Cost of Materials Consumed

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Opening Raw Material	157.06	149.48
Purchases	2373.22	2135.70
Closing Raw Material	(205.36)	(157.06)
Raw Materials Consumed	2324.92	2128.12
Itemwise breakup of Raw Materials Consumed is given below:		
Steel	1479.38	1339.19
Rims	75.67	67.34
Tyres	87.51	80.90
Cycle Tubes	38.54	34.82
Saddle	39.84	36.88
Chains	13.00	13.84
Frames	137.97	121.20
Forks	54.14	44.54
Mudguards	28.60	25.78
Cycle Components and Others	370.27	363.63
Raw Materials Consumed	2324.92	2128.12

NOTES TO FINANCIAL STATEMENTS

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

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Opening 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
Closing Stock		
Work-in-Progress	88.44	88.04
Finished Goods	129.68	101.02
Stock-in-Trade	37.95	17.80
	256.07	206.86
	(49.21)	(5.27)

23. Employee Benefits Expense

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Salaries, Wages and Bonus	263.59	246.47
Contribution to Provident and Other Funds	19.91	18.92
Welfare Expenses	38.51	34.13
	322.01	299.52

24. Finance Costs

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Interest Expense	128.86	114.95
Exchange difference on Foreign Currency Loans	9.34	7.61
Other Borrowing Costs	0.10	0.71
	138.30	123.27

NOTES TO FINANCIAL STATEMENTS

25. Other Expenses

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Consumption of Stores and Spares	171.49	157.49
Freight and Carriage Inwards	60.23	46.37
Conversion Charges	85.61	67.99
Power and Fuel *	147.01	150.91
Rent (Net)	14.36	12.14
Repairs to Buildings	0.55	0.35
Repairs to Machinery	53.72	50.37
Insurance	2.58	3.14
Rates and Taxes	15.23	16.11
Travelling and Conveyance	19.04	18.59
Printing, Stationery and Communication	5.70	5.76
Freight, Delivery and Shipping Charges	124.57	112.77
Discounts/Incentives on Sales	23.83	25.79
Advertisement and Publicity	35.47	29.83
Trade Receivables Written Off	0.02	0.32
Provision/(Release of Provision) for Doubtful Trade Receivables (Net)	2.22	(0.92)
Auditor's Remuneration (Note a)	0.60	0.56
Commission to Non Whole Time Directors	1.18	1.24
Directors' Sitting Fees	0.20	0.08
Bank Charges	1.68	1.92
Information Technology Expenses	10.23	6.74
Donations to Charitable and other institutions	1.00	0.73
Expenditure on Corporate Social Responsibility	2.64	-
Other Expenses	43.07	36.81
	822.23	745.09

* Includes Stores Consumed 71.41 84.06

Note:

a) Auditor's Remuneration

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
As Auditor:		
Audit fee	0.33	0.30
Tax audit fee	0.04	0.03
Limited review	0.09	0.08
Consolidation fee	0.07	0.06
In other capacity:		
Company law matters	0.01	0.01
Other services (Certification fees)	0.06	0.07
Reimbursement of Expenses	-	0.01
	0.60	0.56

NOTES TO FINANCIAL STATEMENTS

26. Contingent Liabilities and Commitments

₹ in Crores

Particulars		As at 31.03.2015	As at 31.03.2014
I.	Contingent Liabilities		
a)	Disputed Income-Tax demands from A.Y. 1993-94 to 2011-12 under appeal/remand pending before various appellate/assessing authorities against which ₹30.44 Cr. (Previous Year ₹26.15 Cr.) has been deposited. The Balance of ₹6.12 Cr. (Previous Year ₹0.48 Cr.) is not deposited for which rectification petitions/appeals have been filed. The Management is of the opinion that the above demands are arbitrary and are not sustainable.	36.56	26.63
b)	Disputed Service Tax, Excise and Customs duty demand amounting to ₹1.67 Cr. (Previous Year ₹1.69 Cr.) and penalty of ₹1.30 Cr. (Previous Year ₹1.22 Cr.) pertaining to financial years 1999-00 to 2012-13 under appeal pending before the Appellate Tribunal against which ₹0.10 Cr.(Previous Year ₹0.10 Cr.) has been deposited. The Management is of the opinion that the above demands are arbitrary and are not sustainable.	2.97	2.91
c)	Other Claims against the Company not acknowledged as debts	0.81	0.62
d)	Bills drawn on Customers and Discounted with Banks	1.83	1.55
II.	Commitments		
a)	Estimated amount of contracts remaining to be executed on capital expenditure and not provided for	17.40	46.99
b)	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.	44.82	63.53
c)	Committed revenue contracts outstanding under Letter of Credit	50.92	45.13

Notes:

- 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.
- The uncertainties and possible reimbursement in respect of the above mentioned contingent liabilities are dependent on the outcome of various legal proceedings and therefore, cannot be predicted accurately.

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 25 under the respective heads)

Particulars	₹ in Crores	
	2014-15	2013-14
Employee Benefits Expense	6.76	6.49
Consumption of Stores and Spares	0.70	1.75
Power and Fuel	0.43	0.29
Repairs to Machinery	0.50	0.55
Other Expenses	4.69	3.75
	13.08	12.83

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

Particulars	₹ in Crores	
	2014-15	2013-14
Plant & Machinery	0.03	0.89
Office Equipment	0.14	0.03
Furniture & Fixtures	0.00	-
	0.17	0.92

28. Imported and Indigenous Materials Consumed

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

Particulars	2014-15		2013-14	
	%	₹ in Crores	%	₹ in Crores
Imported	7.55	175.58	7.66	162.97
Indigenous	92.45	2149.34	92.34	1965.15
	100.00	2324.92	100.00	2128.12

(b) Consumption of Stores and Spares (Refer Note 25)

Particulars	2014-15		2013-14	
	%	₹ in Crores	%	₹ in Crores
Imported	2.63	6.39	3.14	7.59
Indigenous				
- Fuel	29.40	71.41	34.80	84.06
- Others	67.97	165.10	62.06	149.90
	100.00	242.90	100.00	241.55

29. Value of Imports on CIF Basis

Particulars	₹ in Crores	
	2014-15	2013-14
Raw Materials	197.05	157.41
Stores and Spare Parts	7.99	13.01
Finished Goods	52.94	42.88
Capital Goods	66.82	128.65
	324.80	341.95

NOTES TO FINANCIAL STATEMENTS

30. Earnings in Foreign Exchange

₹ in Crores

Particulars	2014-15	2013-14
FOB Value of Exports	209.51	191.26
Service Income	4.41	5.25
Proceeds on Liquidation of Overseas Subsidiary	-	0.06
	213.92	196.57

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

Particulars	2014-15	2013-14
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	2013-14	2012-13
- Interim	2014-15	2013-14

*The above excludes remittances amounting to ₹0.97 Cr. (Previous Year ₹0.99 Cr.) to Global Depository Receipt (GDR) holders through the custodian of GDR holders.

32. Expenditure in Foreign Currency

₹ in Crores

Particulars	2014-15	2013-14
Travel	1.53	0.79
Interest on Foreign Currency Loans	3.14	3.75
Royalty	1.81	0.73
Others	5.49	5.88
Total	11.97	11.15

33. Employee Benefits

a) Gratuity

Actuarial data on Gratuity:

₹ in Crores

Particulars	2014-15	2013-14
Change in Benefit Obligation		
Projected Benefit Obligation as at Year Beginning	36.46	32.17
Service Cost	3.43	3.27
Interest Cost	2.71	2.46
Actuarial Loss	1.18	1.38
Benefits Paid	(5.16)	(2.82)
Projected Benefit Obligation as at Year End	38.62	36.46
Change in Plan Assets		
Fair Value of Plan Assets as at Year Beginning	36.91	32.95
Expected/Actual Return on Plan Assets	3.04	2.79
Employer's Contribution	4.15	3.88
Benefits Paid	(5.16)	(2.82)
Actuarial Gain	0.19	0.11
Fair Value of Plan Assets as at Year End	39.13	36.91

NOTES TO FINANCIAL STATEMENTS

₹ in Crores

Particulars	2014-15	2013-14
Amounts Recognised in the Balance Sheet		
Projected Benefit Obligation at the Year End	38.62	36.46
Fair Value of the Plan Assets at the Year End	39.13	36.91
Asset Recognised in the Balance Sheet	0.51	0.45
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	3.43	3.27
Interest on Obligation	2.71	2.46
Expected/Actual Return on Plan Assets	(3.04)	(2.79)
Net Actuarial Loss Recognised in the Year	0.99	1.27
Net Cost Recognised in the Statement of Profit and Loss	4.09	4.21
Assumptions		
Discount Rate	8.00%	8.00%
Future Salary Increase (%)	5.00%	5.00%
Attrition Rate	1 to 3%	1 to 3%
Expected Rate of Return on Plan Assets	8.00%	8.00%

Notes:

- 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.
- The expected/actual return on Plan Assets is as furnished by LIC.
- The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.
- The details of Experience adjustments to the extent of the information available are given below.

₹ in Crores

Experience adjustments	2014-15	2013-14	2012-13
Experience adjustment on Plan Liabilities (Gain)/Loss	1.18	1.38	0.15
Experience adjustment on Plan Assets Gain/(Loss)	0.19	0.11	0.25

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. As at 31 March 2015, the Company does not have additional obligation in respect of the same.

c) Long Term Compensated Absences

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

Assumptions	2014-15	2013-14
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%

d) Contributions to Defined Contribution Plans

During the year, the Company recognised ₹9.65 Cr. (Previous Year ₹9.10 Cr.) for Contributions to Provident Fund, ₹4.56 Cr. (Previous Year ₹4.34 Cr.) for Contributions to Superannuation Fund and ₹0.97 Cr. (Previous Year ₹0.82 Cr.) for Contributions to Employee State Insurance Scheme in the Statement of Profit and Loss.

NOTES TO FINANCIAL STATEMENTS

34. Segment Information

The Company's operations are organised into three major divisions – Cycles and Components, 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 AND COMPONENTS		ENGINEERING		METAL FORMED PRODUCTS		ELIMINATIONS		TOTAL	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
REVENUE										
External Sales	1307.41	1179.42	1463.45	1373.60	874.92	798.67			3645.78	3351.69
Inter-Segment Sales			142.43	136.08	0.35	0.58	(142.78)	(136.66)		
Other Operating Revenue	6.84	5.57	118.79	112.69	54.11	52.23			179.74	170.49
Unallocated Corporate Income									2.25	3.39
Total Revenue	1314.25	1184.99	1724.67	1622.37	929.38	851.48	(142.78)	(136.66)	3827.77	3525.57
Unallocated Corporate Expenses net of Income									(12.10)	(13.41)
RESULTS										
Operating Profit	57.74	38.47	102.76	136.04	79.37	65.13			227.77	226.23
Profit/(Loss) on Sale of Tangible Assets	0.01	(0.02)	0.13	(0.15)	1.89	2.07			2.03	1.90
Net Operating Profit	57.75	38.45	102.89	135.89	81.26	67.20			229.80	228.13
Dividend Income									29.61	34.79
Finance Costs									(138.30)	(123.27)
Tax Expense									(34.29)	(47.15)
Exceptional Items-										
Reversal of Provision for diminution in value of investment in Subsidiary (Net)		0.06								0.06
Compensation under Voluntary Retirement Scheme	(5.13)		(15.43)		(6.87)				(27.43)	
Profit on Sale of Non Operating Assets									61.43	
Profit on Sale of Current Investments (Net)									0.04	1.51
Net Profit	52.62	38.51	87.46	135.89	74.39	67.20			120.86	94.07
ASSETS										
Segment Assets	423.19	275.86	936.01	918.17	629.65	622.71	(28.98)	(25.99)	1959.87	1790.75
Unallocated Corporate Assets*									1603.46	1584.26
Total Assets	423.19	275.86	936.01	918.17	629.65	622.71	(28.98)	(25.99)	3563.33	3375.01
LIABILITIES										
Segment Liabilities	253.25	214.00	316.45	309.01	152.64	144.78	(28.98)	(25.99)	693.36	641.80
Unallocated Corporate Liabilities									72.00	79.19
Total Liabilities	253.25	214.00	316.45	309.01	152.64	144.78	(28.98)	(25.99)	765.36	720.99
OTHER INFORMATION										
Capital Expenditure	20.41	7.51	86.99	124.61	26.32	32.67			133.72	164.79
Unallocated Corporate Capital Expenditure									2.08	4.11
Depreciation	7.02	7.05	47.91	39.15	38.50	34.64			93.43	80.84
Unallocated Corporate Depreciation									3.58	3.40
Depreciation Adjusted to Retained Earnings (Refer Note 40)	2.31		2.64		1.64				6.59	
Corporate Depreciation Adjusted to Retained Earnings (Refer Note 40)									0.43	

* includes Income Tax Assets (Net)

NOTES TO FINANCIAL STATEMENTS

(B) SECONDARY SEGMENT

₹ in Crores

Particulars		2014-15	2013-14
1)	Revenue by Geographic Market		
	India	3605.73	3320.80
	Rest of the World	222.04	204.77
	Total	3827.77	3525.57
2)	Segment Assets by Geographic Market		
	India	3428.94	3241.54
	Rest of the World	99.15	104.47
	Income Tax Assets	35.24	29.00
	Total	3563.33	3375.01
3)	Capital Expenditure by Geographic Market		
	India	135.80	168.90
	Rest of the World	0.00	0.00
	Total	135.80	168.90

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. TI Tsubamex Private Limited (Joint Venture upto 25 February 2015 and Subsidiary w.e.f. 26 February 2015)
- f. Financiere C10 SAS and its Subsidiaries namely
 - i. Sedis SAS
 - ii. Societe De Commercialisation De Composants Industriels – SARL (S2CI)
 - iii. Sedis Co. Ltd.

II. Entity having Significant Influence

Murugappa Holdings Limited

III. Joint Venture Company

Cholamandalam MS Risk Services Limited

IV. Key Management Personnel (KMP)

Mr. L. Ramkumar – Managing Director

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

NOTES TO FINANCIAL STATEMENTS

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

₹ in Crores

Transaction	Related Party	2014-15	2013-14
Dividend Received	Cholamandalam Investment and Finance Company Limited	25.28	25.28
	Cholamandalam MS Risk Services Limited	0.25	0.25
	Shanthy Gears Limited	2.87	9.17
Dividend Paid	Murugappa Holdings Limited	12.81	12.81
	Mr. L. Ramkumar	0.03	0.05
Interest on Debentures	Cholamandalam MS General Insurance Company Limited	0.88	0.82
Claims Received	Cholamandalam MS General Insurance Company Limited	0.52	0.53
Premium Paid	Cholamandalam MS General Insurance Company Limited	4.36	4.98
Rentals Paid	Cholamandalam Investment and Finance Company Limited	0.18	0.16
Subscription to Equity Shares	Cholamandalam MS General Insurance Company Limited	-	55.50
	TI Tsubamex Private Limited	17.50	2.00
Sales and Services rendered	Shanthy Gears Limited	2.19	3.17
	Financiere C10 SAS	4.41	5.25
	Sedis SAS	21.03	14.94
	S2CI	2.66	2.90
Purchases	Shanthy Gears Limited	0.29	0.58
	Sedis SAS	0.04	0.16
Receipt of Liquidation Proceeds	TICI Motors (Wuxi) Company Limited	-	0.06
Reimbursement of Expenses Paid	Shanthy Gears Limited	0.72	0.09
	TI Tsubamex Private Limited	0.39	-
	Cholamandalam MS Risk Services Limited	0.10	0.08
Amount received on exercise of Employee Stock Options	Mr. L. Ramkumar	-	0.28
Purchase of Fixed Assets	Shanthy Gears Limited	-	0.17
Rental Deposit Receivable	Cholamandalam Investment and Finance Company Limited	0.01	0.01
Payable	Shanthy Gears Limited	-	0.01
	Sedis SAS	0.11	0.07
	Cholamandalam Investment and Finance Company Limited	0.01	0.01
	Cholamandalam MS General Insurance Company Limited	10.82	10.82
	Mr. L. Ramkumar	0.73	0.61
Receivable	Shanthy Gears Limited	-	0.01
	TI Tsubamex Private Limited	-	2.18
	Cholamandalam MS General Insurance Company Limited	0.06	0.07
	Sedis SAS	4.79	5.79
	S2CI	0.84	1.08
Final Dividend - Proposed	Murugappa Holdings Limited	3.20	3.20
	Mr. L. Ramkumar	0.01	0.01

NOTES TO FINANCIAL STATEMENTS

c) Details of remuneration to Key Management Personnel is given below

₹ in Crores

Particulars	2014-15	2013-14
Managing Director's Remuneration		
- Salaries and Allowances	1.94	1.70
- Provident Fund and Superannuation	0.22	0.17
- Welfare and Perquisites	0.12	0.10
- Incentive	0.73	0.61
	3.01	2.58

Notes:

- Managing Director's remuneration excludes Provision for Gratuity and Compensated Absences since the amount cannot be ascertained individually.
- 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 Financial Statements by the shareholders at the Annual General Meeting.

36. Operating Leases

The Company has Operating Lease agreements for certain office space and residential accommodation generally which are cancellable in nature. As per the lease terms, an amount of ₹14.36 Cr. (Previous Year ₹12.14 Cr.) has been recognised in the Statement of Profit and Loss.

Future minimum lease payments as per the lease terms are given below:

₹ in Crores

Particulars	2014-15	2013-14
Not later than one year	10.97	7.47
Later than one year and not later than five years	27.35	24.08
Later than five years	42.41	41.13

37. Earnings Per Share

Particulars	2014-15	2013-14
Profit after Tax - ₹ in Crores	120.86	94.07
Weighted Average Number of Shares		
- Basic	18,69,89,340	18,67,58,789
- Diluted	18,73,38,384	18,70,55,077
Earnings Per Share of ₹2 each		
- Basic	6.46	5.04
- Diluted	6.45	5.03

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:

NOTES TO FINANCIAL STATEMENTS

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

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	2014-15	2013-14
Profit for the year (As reported)	120.86	94.07
Stock based employee compensation expense included in net profit	-	-
Stock based employee compensation reversal determined under fair value based method (Pro forma)	1.43	1.60
Profit for the year (Pro forma)	122.29	95.67

Impact on Earnings per Share

in ₹

Particulars	2014-15	2013-14
Basic Earnings per Share of ₹ 2 each (As reported)	6.46	5.04
Basic Earnings per Share of ₹ 2 each (Pro forma)	6.54	5.12
Diluted Earnings per Share of ₹ 2 each (As reported)	6.45	5.03
Diluted Earnings per Share of ₹ 2 each (Pro forma)	6.53	5.11

NOTES TO FINANCIAL STATEMENTS

38. Information on Joint Venture Entities

The particulars of the Company's Joint Venture Entities as at 31 March 2015 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 31.03.2015					2014-15	
	% Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitments	Income	Expenses
Cholamandalam MS Risk Services Limited	49.50%	14.15	7.99	-	-	17.49	16.48
	(49.50%)	(16.53)	(10.86)	-	-	(12.17)	(10.51)
TI Tsubamex Private Limited	Refer Note c below					0.02	0.99
	(50.00%)	(2.26)	(1.13)	-	-	-	(1.03)

Notes:

- Figures in brackets are for the previous year.
- The above Joint Venture Entities are located in India.
- TI Tsubamex Private Limited was a Joint Venture Entity upto 25 February 2015 and has become a Subsidiary w.e.f 26 February 2015.

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 at 31 March 2015, the Company has recognised a net Mark to Market (MTM) Gain of ₹2.01 Cr. (Previous Year Loss ₹0.44 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.

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

₹ in Crores

Particulars	2014-15	2013-14
At the beginning of the year	(0.44)	(0.32)
Net Movement for the year	2.45	(0.12)
At the end of the Year	2.01	(0.44)

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.

Details of Derivative Exposures are as under:

Type of Derivative	Contracts Booked for	Currency	As at 31.03.2015		As at 31.03.2014	
			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	8	2.12	5	1.10
	Future Export	EUR	15	2.85	5	0.96
	Future Import	USD	38	3.28	10	2.18
	Future Import	EUR	-	-	4	0.59
	Future Import	JPY	-	-	2	79.17
	Borrowings	USD	5	33.00	2	20.00
Other Derivatives (including currency swaps)	Borrowings	USD	5	4.99	7	23.10

NOTES TO FINANCIAL STATEMENTS

Details of Unhedged Foreign Currency Exposures are as under:

(Value in Mio.)

Currency	As at 31.03.2015		As at 31.03.2014	
	Exports	Imports	Exports	Imports
USD	2.61	5.96	4.60	4.65
EUR	0.45	1.29	0.47	1.11
JPY	-	2.21	-	3.25

Rupee Equivalent of above unhedged exposure is given below:

₹ in Crores

Currency	As at 31.03.2015		As at 31.03.2014	
	Exports	Imports	Exports	Imports
Equivalent INR	19.34	46.04	31.45	37.23

40. Change in Depreciation Rate

During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from 1 April 2014, the Company revised its estimated useful lives for some of its fixed assets to align the same with the useful lives specified in Schedule II. The details of previously applied depreciation rates/useful lives in respect of these assets and the revised useful lives are as below:

Asset	Previous depreciation rate as per Schedule XIV to the Act, 1956/useful life	Revised useful life as per Schedule II to The Companies Act, 2013
Plant & Machinery	4.75%/21 years	15 years
Electrical Equipments	4.75%/21 years	10 Years
Railway Siding	4.75%/21 years	15 years

Consequent to the above, the depreciation for the year is lower by ₹0.26 Cr. with the consequential impact in Profit before Tax for the year. Further, an amount of ₹4.63 Cr. (Net of deferred tax of ₹2.39 Cr.) has been adjusted to opening retained earnings.

41. Previous Year's Figures

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

Signatures to Notes to Financial Statements

On behalf of the Board

M M Murugappan

Chairman

Chennai
5 May 2015

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

L Ramkumar
Managing Director



CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS 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** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its jointly controlled entities comprising of the Consolidated Balance Sheet as at 31 March 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Holding Company's preparation 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 whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group and its jointly controlled entities as at 31 March 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of 9 subsidiaries and jointly controlled entities, whose financial statements reflect total assets of ₹3,844.85 Crores as at 31 March 2015, total revenues of ₹2,054.10 Crores and net cash flows amounting to ₹264.50 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 on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies incorporated in India for which the Order is applicable and jointly controlled companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

The Order is not applicable to two of the subsidiaries of the Company incorporated in India namely,

Cholamandalam MS General Insurance Company Limited, which is an insurance company as defined under the Insurance Act, 1938 and TI Financial Holdings Limited, which does not meet the criteria specified for applicability. Accordingly, our comments in the Annexure are only with reference to the Company and its other subsidiaries and jointly controlled entities incorporated in India for whom the Order is applicable.

2. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Attention is invited to Note 1.3 to the consolidated financial statements regarding the accounting policies followed by two of the subsidiaries of the Company based on regulatory requirements.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of the subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the Group companies and jointly controlled companies incorporated in India is disqualified as at 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.



- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and on consideration of the reports of the other auditors of the subsidiaries/jointly controlled entities incorporated in India:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and jointly controlled entities - Refer to Note 35 (I) to the consolidated financial statements.
 - ii. The Group and jointly controlled entities did not have any material foreseeable losses on long term contracts including derivative contracts.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and jointly controlled companies incorporated in India.

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

Geetha Suryanarayanan
Partner
Membership No. 29519

Chennai, 5 May 2015

ANNEXURE TO THE **INDEPENDENT AUDITORS' REPORT**

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

Our reporting on the Order includes a subsidiary company and jointly controlled entities incorporated in India, to which the Order is applicable, which have been audited by other auditors and our report in respect of these entities is based solely on the reports of the other auditors, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

- (i) In respect of fixed assets of the Holding Company, subsidiary companies and jointly controlled entities incorporated in India:
 - a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b) Some of the fixed assets were physically verified during the year by the Management of the respective entities in accordance with a programme of verification which, in our opinion and in the opinion of the other auditors, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of inventories of the Holding Company, subsidiary companies and jointly controlled entities incorporated in India:
 - a) As explained to us and the other auditors, the inventories were physically verified during the year by the Management of the respective entities at reasonable intervals.
 - b) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the entities in the Group and the nature of its businesses.
 - c) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the respective entities has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations to us and the other auditors, the Holding Company, subsidiary

companies and jointly controlled entities incorporated in India have not granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

- (iv) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, 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 in the Holding Company, subsidiary companies and jointly controlled entities incorporated in India commensurate with the size of the respective entities and the nature of their businesses with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our and the other auditors audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us and the other auditors, the Holding Company, subsidiary companies and jointly controlled entities incorporated in India have not accepted any deposits during the year.

In respect of unclaimed deposits of one of the subsidiaries of the Company, namely, Cholamandalam Investment and Finance Company Limited ("CIFCL"), there are certain unclaimed deposits where CIFCL has complied with the provisions of Sections 73, Section 76 or any other relevant provisions of the Companies Act and the Companies (Acceptance of Deposit) Rules, 2014 as amended, as applicable to CIFCL, with regard to the deposits accepted from the public prior to 1 November, 2006. However, in respect of overdue amounts totalling to ₹0.11 lakhs, payments have not been made by CIFCL as per instructions received from the Central Bureau of Investigation. Other than the above, according to the information and explanations given to us and the other auditors, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) According to the information and explanations given to us and the other auditors, in our opinion and the opinion of the other auditors, the Holding Company, subsidiary companies and jointly controlled entities incorporated in India, have, *prima facie*, made and maintained the prescribed cost records pursuant to

the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013. Neither we nor the other auditors have, however, made a detailed examination of the cost records with a view to determining whether they are accurate or complete.

(vii) According to the information and explanations given to us and the other auditors, in respect of statutory dues of the Holding Company, subsidiary companies and jointly controlled entities incorporated in India:

(a) The respective entities have generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth tax, Value Added Tax, Service Tax, Duty of Customs, Duty of Excise,

Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth tax, Value Added Tax, Service Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax, Duty of Customs, Duty of Excise and Service Tax which have not been deposited as at 31 March 2015 on account of disputes by the aforesaid entities 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)
Company:				
Income Tax Act, 1961	Income Tax*	Commissioner of Income Tax (Appeals)	2005-06, 2007-08, 2008-09, 2010-11	7.90
	Interest**	Commissioner of Income Tax (Appeals)	2005-06, 2010-11	0.99
Central Sales Tax Act, 1956 – Various States	Sales Tax #	Revisional Board (West Bengal)	2005-06	0.06
Local Sales Tax Laws – Various States	Sales Tax	Joint Commissioner of Commercial Taxes	2009-10, 2010-11	0.25
	Sales Tax***	Honourable High Court of Punjab and Haryana	1999-00	0.02
	Interest and Penalty***	Assessing Officer - on remand pursuant to Appellate Proceedings	2002-03	0.03
	Sales Tax#	Revisional Board (West Bengal)	2005-06	0.01
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)	2011-12, 2012-13	0.02
Central Excise Act, 1944	Excise Duty/ Penalty	Customs, Excise and Service Tax Appellate Tribunal	2001-02 to 2009-10	3.68
	Excise Duty/ Penalty/Interest	Commissioner of Central Excise (Appeals)	1995-06 to 2012-13	0.21
Subsidiaries and Jointly Controlled Entities:				
Income Tax Act, 1961	Tax and Interest	Commissioner of Income Tax (Appeals)	2005-06, 2008-09 and 2011-12	19.29
	Tax and Interest	Income Tax Appellate Tribunal (ITAT)	1990-91, 1991-92, 2000-01 and 2006-07 to 2008-09	5.35
	Tax and Interest	Honorable High Court of Madras	2000-01, 2001-02 and 2002-03	0.30
	Tax	Petition filed U/s 154 of the Income tax Act	2010-11	0.03
Tamil Nadu General Sales Tax Act, 1959	TNGST	Sales Tax Appellate Tribunal	1995-96	9.87
Tamil Nadu VAT Act, 2006	Sales Tax	Appellate Assistant Commissioner Commercial Tax	2006-07 to 2014-15	18.18
Central Sales Tax Act, 1956	Sales Tax	Sales Tax Appellate Tribunal	1995-96	0.12
Bihar Finance Act, 1981	Sales Tax	Sales Tax Appellate Tribunal	1993-94 and 1994-95	0.02

Name of the Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in Crores)
Gujarat Sales Tax Act, 1969	Sales Tax	Sales Tax Appellate Tribunal	May 1997 to September 1997	0.02
Delhi Sales Tax Act, 1975	Sales Tax	Additional Commissioner of Sales Tax (Appeals)	1991-92	0.08
Rajasthan VAT Act, 2003	Sales Tax	Deputy Commissioner (Admn)	April 2006 to June 2014	0.45
OVAT Act, 2004	Sales Tax	Joint Commissioner of Sales Tax (Appeals)	July 2007 to January 2013	0.42
	Sales Tax	Additional Commissioner of Sales Tax (Appeals)	February 2012 to March 2014	2.99
Karnataka Sales Tax, 1957	Sales Tax	Joint Commissioner of Sales tax (Appeals)	2007-08 to 2013-14	3.57
Central Excise Act, 1944	Excise duty/Penalty	Appellate Tribunal, South Zonal Bench, Chennai	NIL	1.52

* ₹2.31 Crores pertaining to 2010-11 has been remitted on 30 April 2015.

** ₹0.19 Crores pertaining to 2010-11 has been remitted on 30 April 2015 and ₹0.02 Crores pertaining to 2008-09 has been adjusted against the Refund due for the year 2005-06.

*** Paid subsequently on 29 April 2015.

Paid subsequently on 20 April 2015.

- (d) The Holding Company, subsidiary companies and jointly controlled entities incorporated in India have been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
- (e) The Group and its jointly controlled entities incorporated in India do not have consolidated accumulated losses at the end of the financial year, and the Group and its jointly controlled entities have not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (f) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Holding Company, subsidiary companies and jointly controlled entities incorporated in India have not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (g) According to the information and explanations given to us and the other auditors, the Holding Company, subsidiary companies and the jointly controlled entities incorporated in India have not given guarantees for loans taken by others from banks and financial institutions.
- (h) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the term loans have been applied during the year by the Holding Company, subsidiary companies and the jointly controlled entities incorporated in India for the purposes for which they were obtained, other than temporary deployment pending application.
- (i) To the best of our knowledge and according to the information and explanations given to us and the other auditors, no fraud by the Holding Company, subsidiary companies and the jointly controlled entities incorporated in India and no material fraud on the Holding Company, subsidiary companies and jointly controlled entities incorporated in India have been noticed or reported during the year although in the case of CIFCL, there have been a few cases of irregularities amounting to ₹1.82 Crores which were detected and appropriately dealt with by the Management of CIFCL.

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

Geetha Suryanarayanan
Partner

Membership No. 29519

Chennai, 5 May 2015



CONSOLIDATED BALANCE SHEET

₹ in Crores

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share Capital	2	37.43	37.38
(b) Reserves and Surplus	3	2290.33	1913.65
		2327.76	1951.03
Minority Interest		1603.56	1364.11
Preference shares issued by a subsidiary outside the Group	2 (f)	500.00	-
Non-Current Liabilities			
(a) Long Term Borrowings	4	13195.63	10461.04
(b) Deferred Tax Liabilities (Net)	5	60.54	57.52
(c) Other Long Term Liabilities	6	1088.79	1258.35
(d) Long Term Provisions	7	324.98	305.71
		14669.94	12082.62
Current Liabilities			
(a) Short Term Borrowings	8	3049.79	3485.48
(b) Trade Payables	9	875.67	858.58
(c) Other Current Liabilities	10	7225.73	7537.49
(d) Short Term Provisions	11	109.59	79.80
		11260.78	11961.35
TOTAL		30362.04	27359.11
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	1145.70	949.76
(ii) Intangible Assets	12	20.28	16.29
(iii) Capital Work-in-Progress		40.00	200.69
Fixed Assets - Share in Jointly Controlled Entities		0.50	0.57
(b) Goodwill on Consolidation	1.2 (b)	354.30	351.50
(c) Non-Current Investments	13	2314.22	1868.53
(d) Deferred Tax Assets (Net)	14	206.05	130.32
Deferred Tax Assets (Net) - Share in Jointly Controlled Entities		0.37	0.46
(e) Long Term Loans and Advances	15	237.69	225.32
(f) Receivable under Financing Activity	16	15467.97	13351.01
(g) Other Non-Current Assets	17	610.21	614.31
		20397.29	17708.76
Current Assets			
(a) Current Investments	18	351.18	247.30
(b) Inventories	19	613.74	494.95
(c) Trade Receivables	20	633.52	613.94
(d) Cash and Cash Equivalents	21	1060.26	1229.66
(e) Short Term Loans and Advances	22	143.94	553.43
(f) Receivable under Financing Activity	23	6715.57	6077.12
(g) Other Current Assets	24	446.54	433.95
		9964.75	9650.35
TOTAL		30362.04	27359.11
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

On behalf of the Board

M M Murugappan
Chairman

Geetha Suryanarayanan
Partner

Chennai
5 May 2015

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 31.03.2015	Year Ended 31.03.2014
Revenue from Operations			
Sale of Products - Gross		4321.61	4005.68
Less: Excise Duty on Sales		283.41	273.64
Sale of Products - Net	25	4038.20	3732.04
Income from Financing Operations	26	3627.38	3199.81
Revenue from Operations - Share in Jointly Controlled Entities		16.75	11.76
Premium Earned		1477.74	1426.38
Other Operating Revenues	27	537.49	464.50
Total		9697.56	8834.49
Other Income	28	48.22	28.83
Total Revenue		9745.78	8863.32
Expenses			
Cost of Materials Consumed		2422.15	2236.73
Purchase of Stock-in-Trade - Cycles/Components and Metal Formed Products		140.70	102.17
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	29	(60.56)	(17.42)
Employee Benefits Expense	30	766.37	677.15
Finance Costs	31	142.46	124.54
Depreciation and Amortisation Expense	12	170.47	158.48
Depreciation and Amortisation Expense - Share in Jointly Controlled Entities		0.31	0.22
Other Expenses	32	1615.43	1401.82
Claims Incurred (Net of Recovery)		1105.60	1136.87
Business Origination Outsourcing		190.86	200.63
Provisions, Loan Losses and Other Charges	33	324.90	283.39
Financing Charges	34	1957.81	1769.37
Total Expenses		8776.50	8073.95
Profit Before Exceptional Items and Tax		969.28	789.37
Exceptional Items			
Compensation under Voluntary Retirement Scheme		(27.43)	-
Profit on Sale of Non Operating Assets		61.43	-
Profit Before Tax		1003.28	789.37
Tax Expense			
Income Tax			
- Current Year		389.03	314.51
- Prior Years (Net)		5.02	0.01
MAT Credit Entitlement		(5.07)	(0.94)
Deferred Tax (Net)		(69.65)	(42.13)
Provision for Tax Expense - Share in Jointly Controlled Entities		0.31	0.39
		319.64	271.84
Profit for the Year before Share of Profit attributable to Minority Interest		683.64	517.53
Share of Profit attributable to Minority Interest		(259.28)	(206.22)
Net Profit for the Year attributable to the Shareholders of the Company		424.36	311.31
Earnings per Equity Share of ₹2 each	43		
Basic		22.69	16.67
Diluted		22.65	16.64
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 2015

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

On behalf of the Board

M M Murugappan
Chairman

L Ramkumar
Managing Director



CONSOLIDATED CASH FLOW STATEMENT

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
A. Cash Flow from Operating Activities:		
Net Profit Before Tax	1003.28	789.37
Adjustments for :		
Depreciation and Amortisation Expense	170.78	158.70
Financing Charges	1957.81	1769.37
Finance Costs	142.46	124.54
Profit on Tangible Assets Sold/Discarded (Net)	(64.18)	(2.37)
Profit on Sale of Investments (Net)	(46.34)	(32.22)
Provision/(Reversal of Provision) for Doubtful Debts And Advances (Net)	2.65	(0.53)
Provision for Standard Assets (Net)	17.06	6.60
Provision for Non Performing Assets under Financing Activity (Net)	17.22	37.75
Reversal of Provision for Credit Enhancement and Servicing Costs on Assets De-recognised (Net)	(1.88)	(0.75)
Provision for doubtful debts	0.76	-
Provision/(Reversal of Provision) for Others	1.60	(1.06)
Trade Receivables Written off	1.81	0.32
Loss on Repossessed Assets (Net)	179.03	153.30
Loss Assets Written Off	112.87	86.43
Claims from Declined Risk Pool (Net)	-	(7.75)
Non-cash Expenses-Terrorism pool	1.57	1.02
Liabilities no longer payable written back	(1.37)	(3.78)
Unrealised Losses on Foreign Currency Borrowings (Net)	1.23	1.25
Gain on prepayment of Commercial paper and Debentures (Net)	(0.26)	(1.88)
Discount on prepayment of sales tax deferral	(1.86)	-
Interest Income	(340.94)	(271.44)
Dividend Income	(33.14)	(38.65)
Operating Profit before Working Capital/Other Changes	3120.16	2768.22
Adjustments for :		
Increase in Liabilities and Provisions	423.91	688.67
Decrease/(Increase) in Loans and Advances	350.40	(278.56)
Increase in Inventories	(126.23)	(21.22)
Increase in Trade Receivables	(40.67)	(55.15)
Increase in Receivable Under Financing Activity (including Repossessed Assets)	(4812.83)	(6359.64)
Decrease in Securitisation/Bilateral Assignment of Receivables	1756.95	3380.78
Cash Generated From Operations	671.69	123.10
Financing Charges Paid	(1941.53)	(1667.55)
Direct Taxes Paid (Net)	(379.06)	(327.59)
Net Cash Flow Used in Operating Activities	(1648.90)	(1872.04)
B. Cash Flow from Investing Activities:		
Capital Expenditure (Including Capital Work-in-Progress and Capital Advances)	(205.44)	(233.02)
Proceeds from Sale of Assets	68.29	6.84
Investments in Subsidiaries	-	(1.01)
Purchase of Other Investments	(26874.09)	(26343.98)
Sale/Redemption of Other Investments	26331.04	25755.32
Interest Received	374.79	243.65
Dividend Received	61.54	73.35
Net Cash Used in Investing Activities	(243.87)	(498.85)
C. Cash Flow from Financing Activities:		
Proceeds from exercise of Employees Stock Option	2.51	1.30
Increase in Equity Share Capital and Securities Premium (Net of Expenses)	11.82	21.01
Increase in Preference Share Capital of a Subsidiary	500.00	-
Repayment of Sales Tax Deferral	(10.52)	(3.86)
Increase in Long Term Borrowings	862.72	1590.61
Increase in Short Term Borrowings	582.39	1269.75
Decrease in Fixed Deposits	(30.57)	(0.58)
Finance Costs Paid (Including Exchange Differences on Foreign Currency Loans)	(143.22)	(123.53)
Dividends Paid (Including Dividend Distribution Tax - Net)	(107.77)	(111.90)
Receipt of Industrial Promotion Subsidy	-	0.10
Net Cash From Financing Activities	1667.36	2642.90
Net (Decrease)/Increase in Cash and Cash Equivalents [A+B+C]	(225.41)	272.01
Cash and Cash Equivalents at the Beginning of the Year	1031.89	759.88
Cash and Cash Equivalents on conversion of a Jointly Controlled Entity into Subsidiary during the Year	2.00	-
Cash and Cash Equivalents as at End of the Year	808.48	1031.89
Reconciliation with Note 21		
Cash and Cash Equivalents as at End of the Year as per Cash Flow Statement	808.48	1031.89
Bank Deposits held for More than Three Months	98.87	71.09
Bank Deposits under Lien	7.00	5.91
Balance in Restricted Bank Account	143.21	118.07
Balance in Dividend Accounts	2.70	2.70
Cash and Cash Equivalents as at End of the Year as per Note 21	1060.26	1229.66

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

Geetha Suryanarayanan
Partner

Chennai
5 May 2015

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

On behalf of the Board

M M Murugappan
Chairman

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 Jointly Controlled Entities (Collectively referred to as 'the Group').

- a) The Financial Statements of the Subsidiaries and Jointly Controlled Entities used in the Consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March except for foreign 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 Jointly Controlled Entities. 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 Jointly Controlled Entities 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 Jointly Controlled Entities 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 Jointly Controlled Entities and the Company's holding therein are as under:

Company	Relationship	Year End	Country of Incorporation	Proportion of Ownership	
				As at 31.03.2015	As at 31.03.2014
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%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies (Contd.)

Company	Relationship	Year End	Country of Incorporation	Proportion of Ownership	
				As at 31.03.2015	As at 31.03.2014
Financiere C10 SAS (FC 10) Subsidiaries of FC 10 - Sedis SAS - Societe De Commercialisation De Composants Industriels – SARL (S2CI) - Sedis Co. Limited	Subsidiary	31 December	France United Kingdom	100.00%	100.00%
Cholamandalam Investment and Finance Company Limited (CIFCL) Subsidiaries of CIFCL - Cholamandalam Distribution Services Limited (CDSL) - Cholamandalam Securities Limited (CSEC)	Subsidiary	31 March	India	50.28%	50.45%
Shanthi Gears Limited (SGL)	Subsidiary	31 March	India	70.12%	70.12%
Cholamandalam MS Risk Services Limited (CMSRSL)	Jointly Controlled Entity	31 March	India	49.50%	49.50%
TI Tsubamex Private Limited (TTPL) (Refer note a below)	Subsidiary w.e.f. 26 February 2015. Jointly Controlled Entity for the period from 3 January 2014 to 25 February 2015	31 March	India	75.00%	50.00%

Notes:

- a) During the year, the Company subscribed to 1,75,00,000 Equity Shares of ₹10 each of TI Tsubamex Private Limited (TTPL), a Jointly Controlled Entity Company at ₹10 per share amounting to ₹17.50 Cr. and the Company's share holding in TTPL has increased from 50% to 75%. As a result, TTPL has become a subsidiary of the Company from 26 February 2015. The effect on financial position and results as included in the Consolidated Financial Statements for the year ended 31 March 2015 is given below:

₹ in Crores

Particulars	Amount
Liabilities	0.20
Assets	22.55
Revenue	0.02
Expenses	1.00
Loss before tax	(0.98)
Loss after tax	(0.96)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies (Contd.)

- b) The Movement of Goodwill on consolidation is given below:

Particulars	₹ in Crores	
	As at 31.03.2015	As at 31.03.2014
Opening Balance	351.50	351.50
Addition on account of		
- TI Tsubamex Private Limited	0.87	-
- Financiere C10 SAS (Change due to Foreign Currency Reinstatement)	1.93	-
Closing Balance	354.30	351.50

1.3. Accounting Convention

The Consolidated Financial Statements are prepared under the historical cost convention, on an accrual basis, in accordance with the Generally Accepted Accounting Principles in India to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of companies (Accounts) Rules, 2014. 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, and the applicable Accounting Standards notified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

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;

- 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;
- It is held primarily for the purpose of being traded;
- It is expected to be realised within twelve months after the reporting date; or
- 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:

- It is expected to be settled within the normal operating cycle relevant for each of the entities in the Group;
- It is held primarily for the purpose of being traded;
- It is due to be settled within twelve months after the reporting date; or
- 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies (Contd.)

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 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.

1.7. 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies (Contd.)

- (ii) All debt securities including government securities are considered as “held to maturity” and accordingly stated at historical cost subject to amortisation of premium/ accretion of discount over the balance period of maturity/holding.
- (iii) 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.
- (iv) Units of Mutual Funds are valued at the Net Asset Value (NAV). The change in the value is credited/ (debited) to the “Fair Value Change Account”.
- (v) 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.
- (vi) The unrealized losses/gains arising due to change in fair value of equity shares will be captured at portfolio level. At the end of the financial year, any diminution in value of a scrip shall be tested for permanent impairment by applying the following tests:
 - a) CMSGICL has been continuously incurring losses during the three preceding years (or)
 - b) CMSGICL’s net worth has been fully eroded (or)
 - c) CMSGICL’s audited annual accounts are not available for the last two preceding years.

Investments in such circumstances may be construed as impaired and would be written down as under:

- a) Equity shares which are actively traded to their market value.
- b) Equity shares other than which are actively traded or unlisted, to the book value and where the book value is negative, to ₹1.

The impairment loss in such cases shall be recognized as an expense in the Statement of Profit and Loss. Any reversal of impairment loss earlier recognized in Statement of Profit and Loss, shall be recognized in the Statement of Profit and Loss.

- (vii) Segregation of invested assets is done by notionally allocating the closing Technical Reserves (Aggregate of Net Claims Outstanding and Reserve for Unexpired Risk and other related items) to Policyholders’ Funds with the balance being reflected as Shareholders’ Funds.
 - (viii) 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 Statement of Profit and Loss based on the ratio of “Technical Funds” and “Shareholders Funds” of CMSGICL, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies (Contd.)

- 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 a 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 recognized 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.
- f) In the case of CIFCL:
 - (i) Interest Income is recognised under the Internal Rate of Return method to provide a constant periodic rate of return on net investment outstanding on the Loan contracts. In the case of Non-Performing Loans, interest income is recognised upon realisation, as per RBI guidelines. Unrealised interest recognized as income in the previous period is reversed in the month in which the loan is classified as Non-Performing.
 - (ii) Interest income on bill discounting is recognised over the tenure of the instrument so as to provide a constant periodic rate of return
 - (iii) 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.
 - (iv) Additional Finance Charges, Cheque bounce charges, Field visit charges and other penal/servicing charges are recognized as income on realisation due to uncertainty in their collection.
 - (v) Interest spread on bilateral assignment or securitisation of receivables is recognized on accrual basis over the tenor of the underlying assets.
 - (vi) Loss if any in respect of securitisation and assignment is recognized upfront in the Statement of Profit and Loss.
 - (vii) Income from Non-Financing Activity is recognized as per the terms of the respective contract on accrual basis.
 - (viii) Brokerage Income on stock broking and other charges are recognized on the trade date of transaction upon confirmation of the transaction by the exchanges.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies (Contd.)

- (ix) Income from depository services, finance charges on client dues are recognized on the basis of agreements entered into with the clients and when the right to receive the income is established.
- (x) Interest income on bonds and deposits and pass through certificates is recognized on accrual basis.
- (xi) 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.
- (xii) 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 recognized 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 8 June 2006, IBNR Manual dated 22 May 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-insurer.
- 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.
- g) In accordance with IRDA Circular No IRDA/F&A/CIR/FA/126/07/2013 dated 3 July 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies (Contd.)

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.

The Company sells loan receivables by way of securitisation or direct assignment. On such sale, assets are derecognised on transfer of significant risks and reward to the purchaser and fulfilling of the true sale criteria specified in the RBI guidelines on securitisation and direct assignment.

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 the services are rendered.

(ii) Provident Fund

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

(iii) Employee State Insurance

Contributions to Employees State Insurance Scheme are recognised as expense in the year in which the services are rendered.

b) Defined Benefit Plan

(i) Gratuity

Annual contributions are made to Gratuity Funds administered by trustees and managed by LIC. 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. Actuarial gains/losses are immediately recognised in the Statement of Profit and Loss. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The defined benefit obligation recognised in the balance sheet represents the present value of the Defined Benefit Obligation less the Fair Value of Plan Assets out of which the obligations are expected to be settled and adjusted for unrecognised past service cost, if any. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions.

(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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies (Contd.)

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 recognized based on the eligible leave at credit on the Balance Sheet date, and the estimated cost is based on the terms of the employment contract.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies (Contd.)

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 recognized 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 recognized 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 based on the useful life as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets

Description of assets	Useful life and Basis of depreciation/amortisation
Special tools and special purpose machines used in door frame products	4 Years
Computer Equipment	3 Years – 4 Years
Other Plant & Machinery/Equipment	5 Years – 20 Years
Intangible Assets - Computer Software - Stock Exchange Membership Card	License Period or 3 Years whichever is lower 10 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 – 60 Years
Furniture & Fixtures	5 Years – 15 Years
Tools	3 Years

The Assets mentioned above are depreciated based on the Company's estimate of their useful lives taking into consideration factors such as product life cycle, durability based on use, etc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies (Contd.)

Leasehold Land/Improvements are depreciated over the primary lease period as the right to use these assets ceases on expiry of the lease period.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

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 considering the usage pattern of these assets.

- 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.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company

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.

Current Tax and Deferred Tax relating to items directly recognised in Reserves are recognised in Reserves and not in the Statement of Profit and Loss.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies (Contd.)

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 recognized 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 recognized. 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 31.03.2015	As at 31.03.2014
Authorised Capital		
21,50,00,000 Equity Shares of ₹2 each	43.00	43.00
Issued, Subscribed and Paid-up Capital		
18,71,31,664 Equity Shares of ₹2 each fully paid up (Previous Year 18,68,92,766 Equity Shares of ₹2 each fully paid up)	37.43	37.38
	37.43	37.38

a) The Reconciliation of share capital at the beginning and at the end of reporting period is given below:

Particulars	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
At the beginning of the year	18,68,92,766	37.38	18,66,79,308	37.33
Shares allotted on exercise of employee stock options (Refer Note e below)	2,38,898	0.05	2,13,458	0.05
At the end of the year	18,71,31,664	37.43	18,68,92,766	37.38

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:

Name of the Shareholder	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	% against total number of Shares	No. of Shares	% against total number of Shares
Murugappa Holdings Limited	6,40,54,680	34.23%	6,40,54,680	34.27%

d) Status on Global Depository Receipts (GDRs):

The aggregate number of GDRs outstanding as at 31 March 2015 is 48,30,630 (As at 31 March 2014, 49,30,630) each representing one Equity Share of ₹2 face value. GDR % against total number of shares is 2.58% (As at 31 March 2014, 2.64%). 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 the details of which are as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	-	-	30.01.09 – 100%
Grant 3	24-Mar-08	56.80	26,55,260	10,81,048	14,32,934	1,41,278	-	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	2,41,919	52,386	-	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	1,65,716	1,04,888	1,54,796	-	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	60,964	35,064	-	29.01.12 – 40% 29.01.13 – 30% 29.01.14 – 30%
Grant 9	29-Jan-11	140.05	13,900	13,900	-	-	-	29.01.12 – 50% 29.01.13 – 50%
Grant 10	02-May-11	140.45	55,000	33,844	-	13,776	7,380	02.05.12 – 20% 02.05.13 – 20% 02.05.14 – 30% 02.05.15 – 30%
Grant 11	01-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	02-Nov-11	143.10	1,26,800	14,600	12,448	61,712	38,040	02.11.12 – 20% 02.11.13 – 20% 02.11.14 – 30% 02.11.15 – 30%
Total			46,76,940	18,20,844	23,51,664	4,59,012	45,420	

During the past 5 years, the Company has allotted 23,50,664 (Previous Year 21,12,766) 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 2015 is 5,04,432 (Previous Year 8,11,595) 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	2,71,773	-	38,065	92,430	1,41,278	2,71,773	1,41,278
Grant 4	31-Jul-08	59,386	-	-	7,000	52,386	59,386	52,386
Grant 5	31-Oct-08	-	-	-	-	-	-	-
Grant 6	30-Jan-09	-	-	-	-	-	-	-
Grant 7	29-Jan-11	2,67,008	-	9,924	1,02,288	1,54,796	1,76,618	1,54,796
Grant 8	29-Jan-11	59,796	-	-	24,732	35,064	59,796	35,064
Grant 9	29-Jan-11	11,120	-	11,120	-	-	11,120	-
Grant 10	02-May-11	22,632	-	1,476	-	21,156	7,872	13,776
Grant 11	01-Aug-11	-	-	-	-	-	-	-
Grant 12	02-Nov-11	1,19,880	-	7,680	12,448	99,752	38,820	61,712
Total		8,11,595	-	68,265	2,38,898	5,04,432	6,25,385	4,59,012

f) Preference shares issued by a subsidiary outside the Group

During the year, CIFCL has issued Compulsorily Convertible Preference Shares (CCPS) which shall be converted into Equity Shares of CIFCL at the expiry of 12 months from the date of allotment or earlier at the discretion of CIFCL's Board at a conversion price of ₹407 per share (including premium of ₹397 per share) and has been subscribed by Dynasty Acquisition (FDI) Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Reserves and Surplus

₹ in Crores

Particulars	As at 31.03.2014	Net Movement	As at 31.03.2015
Capital Reserve	1.36	0.00	1.36
Capital Reserve on Consolidation	0.16	0.00	0.16
Capital Redemption Reserve	22.80	(0.05)	22.75
Securities Premium Account	254.36	3.59	257.95
Debenture Redemption Reserve	154.38	42.18	196.56
Hedge Reserve Account	(0.44)	2.45	2.01
Statutory Reserve (Refer Note a below)	132.13	44.07	176.20
Foreign Currency Translation Reserve	(0.26)	0.74	0.48
General Reserve	1181.85	299.25	1481.10
	1746.34	392.23	2138.57
Surplus/(Deficit) in the Statement of Profit and Loss			
Surplus at the beginning of the year	119.64		167.31
Profit for the year	311.31		424.36
Depreciation on Tangible Fixed Assets on Transition to Schedule II of the Companies Act 2013 (Refer Note 45)	-		(4.71)
Final Dividend including Dividend Distribution Tax (Refer Note b below)	0.00		0.00
Transfer to General Reserve	(133.70)		(308.27)
Transfer to Statutory Reserve	(72.81)		(45.25)
Transfer to Debenture Redemption Reserve	(19.28)		(42.18)
Interim Dividend @ ₹1.50 (Previous year ₹1.50) per Equity Share of ₹2 each	(28.02)		(28.06)
Final Dividend Proposed @ ₹0.50 (Previous year ₹0.50) per Equity Share of ₹2 each	(9.34)		(9.36)
Dividend Distribution Tax	(2.08)		(3.30)
Earlier year's provision for Dividend Distribution Tax no longer required (Refer Note c below)	1.59		1.22
Surplus at the end of the year	167.31		151.76
	1913.65		2290.33

Notes:

- Represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934.
- Subsequent to the Balance Sheet date of 31 March 2014 and before the book closure date for declaration of the final dividend for the year 2013-14, 50,558 (Previous Year 68,636) Equity Shares were allotted under the Employee Stock Option Scheme to employees and dividend of ₹0.0025 Cr. (Previous Year ₹0.0034 Cr.) on these Shares were paid. The total amount of ₹0.0030 Cr. (Previous Year ₹0.0034 Cr.) including dividend distribution tax, have been appropriated from the opening surplus in the Statement of Profit and Loss.
- 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 on Dividend declared and paid during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Long Term Borrowings

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Secured Borrowings		
Non-Convertible Debentures (NCD)	3370.80	2745.20
Foreign Currency Long Term Buyers Credit Loans (LTBC)	31.13	29.85
Rupee Term Loans from Banks	7185.00	5696.50
Unsecured Borrowings		
Non-Convertible Debentures (NCD)	2608.70	1981.30
Deferred Payment Liability - Sales Tax Deferral (Refer Note d below)	-	8.19
	13195.63	10461.04

Note:

- All NCDs' are secured by a pari passu first charge on certain immovable properties of the Company/Subsidiaries.
- All LTBCs' are secured by a pari passu first charge on all the Plant & Machinery of the Company.
- Rupee Term loans from banks are secured by way of immovable properties of the respective Subsidiaries.
- The Company had availed benefit for establishing capacities in certain states in the form of Sales Tax Deferral which was originally repayable over a period of time upto 2020-21. During the year, the Company has prepaid the amount outstanding and the discount on prepayment amounting to ₹1.86 Cr. has been recognised under Other Operating Revenue for the year ended 31 March 2015.

5. Deferred Tax Liabilities (Net)

₹ in Crores

Nature - Liability/(Asset)	As at 31.03.2015	As at 31.03.2014
COMPANY		
Deferred Tax Liabilities		
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961 (Also Refer Note 45)	78.45	64.02
Total (A)	78.45	64.02
Deferred Tax Assets		
Provision for Doubtful Trade Receivables	(3.35)	(2.60)
Provision for Employee Benefits and others	(18.40)	(9.38)
Total (B)	(21.75)	(11.98)
Net Deferred Tax Liability (A+B)	56.70	52.04
SUBSIDIARY- FINANCIERE C10 SAS		
Deferred Tax Liabilities (A)	3.15	3.11
Deferred Tax Assets (B)	(0.16)	(0.14)
Net Deferred Tax Liability (A+B)	2.99	2.97
SUBSIDIARY- SHANTHI GEARS LIMITED		
Deferred Tax Liabilities		
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961 (Also Refer Note 45)	2.35	4.96
Total (A)	2.35	4.96
Deferred Tax Assets		
Provision for Employee Benefits, doubtful debts & others	(1.50)	(2.45)
Total (B)	(1.50)	(2.45)
Net Deferred Tax Liability (A+B)	0.85	2.51
Total Deferred Tax Liability (Net)	60.54	57.52

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Other Long Term Liabilities

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Advances from Customers/Others	1.05	0.80
Interest Accrued but Not Due on Loans/Other Deposits	39.27	29.38
Claims Outstanding	958.51	1145.35
Reserve for Unexpired Risk	87.60	80.30
Other Liabilities	2.36	2.52
	1088.79	1258.35

7. Long Term Provisions

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Provision for Standard Assets*	35.62	32.67
Provision for Non-Performing Assets*	279.28	262.06
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised*	5.66	7.53
Provision for Compensated Absences	4.20	3.34
Share in Jointly Controlled Entities	0.22	0.11
	324.98	305.71

*Also Refer Note 11 (ii)

8. Short Term Borrowings

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Secured Borrowings (Secured by Current Assets)		
Foreign Currency Loans	206.23	119.83
Cash Credit and Other Borrowings	2237.22	2732.32
Share in Jointly Controlled Entities	2.94	6.18
	2446.39	2858.33
Unsecured Borrowings		
Cash Credit and Other Borrowings	30.90	30.45
Commercial Papers	572.50	596.70
	603.40	627.15
	3049.79	3485.48

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Trade Payables

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Trade Payables		
- Dues to Micro, Small & Medium Enterprises	0.56	1.06
- Goods and Services	669.72	631.49
Acceptances	204.72	225.78
Share in Jointly Controlled Entities	0.67	0.25
	875.67	858.58

10. Other Current Liabilities

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Current Maturities of Long Term Borrowings - Secured	4649.40	5512.92
Deferred Payment Liability-Sales Tax Deferral - Unsecured	-	4.19
Interest Accrued but Not Due	420.67	427.76
Unpaid Dividends	2.70	2.70
Income Received in Advance	0.22	0.04
Unclaimed Fixed Deposits and Interest	0.08	0.21
Advances and Deposits from Customers/Others	50.98	48.32
Collections in derecognised assets	229.75	228.58
Claims Outstanding	890.88	371.61
Reserve for Unexpired Risk	786.98	702.25
Unallocated Premium	37.89	61.80
Statutory Liabilities	47.99	44.27
Capital Creditors	20.48	20.45
Other Liabilities	87.36	111.96
Share in Jointly Controlled Entities	0.35	0.43
	7225.73	7537.49

Amounts to be Credited to Investor Education and Protection Fund towards Unpaid Dividends

- -

11. Short Term Provisions

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Provision for Compensated Absences (Net)	42.56	28.51
Provision for Warranties (Refer Note i below)	1.38	1.38
Provision for Wealth Tax	0.10	0.07
Provision for Standard Assets (Refer Note ii below)	29.61	15.50
Provision for Contingency/Others (Refer Note iii below)	16.08	14.68
Contingent Service Tax Claims (Refer Note ii below)	7.92	7.92
Proposed Dividend	9.36	9.34
Dividend Distribution Tax	1.87	1.59
Share in Jointly Controlled Entities	0.71	0.81
	109.59	79.80

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes:

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

The details of Provision for Warranties is given below:

₹ in Crores

Particulars	2014-15	2013-14
At the beginning of the year	1.38	1.96
Created during the year	2.01	2.47
Utilised during the year	(2.01)	(3.05)
At the end of the year	1.38	1.38

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

(ii) Movement in Provisions in CIFCL

(Long Term Provisions and Short Term 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)	32.67	262.06	7.53	-
- Short Term	15.50	-	-	7.92
Provision Created during the year	17.06	200.32	-	-
Reversed during the year	-	(183.10)	(1.87)	-
Closing Balance				
- Long Term (Refer Note 7)	35.62	279.28	5.66	-
- Short Term	29.61	-	-	7.92

(iii) Provision for Contingency/Others – Company and its Subsidiaries

₹ in Crores

Particulars	2014-15	2013-14
At the beginning of the year	14.68	17.67
Created/(Utilised) during the year	1.40	(2.99)
At the end of the year	16.08	14.68

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Fixed Assets

₹ in Crores

Particulars	Gross Block at Cost					Depreciation/Amortisation						Net Block	
	As at 31.03.2014	Addition on Conversion of Jointly Controlled Entities to Subsidiary	Additions/ Adjustments	Deletions/ Adjustments	As at 31.03.2015	As at 31.03.2014	Addition on Conversion of Jointly Controlled Entities to Subsidiary	For the Year (Note 1)	Transitional Adjustment (Refer Note 45)	On Deletions	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
Tangible Assets													
Land (Freehold)	139.63	-	1.22	0.68	140.17	-	-	-	-	-	-	140.17	139.63
	(76.89)	-	(62.85)	(0.11)	(139.63)	-	-	-	-	-	-	(139.63)	(76.89)
Land (Leasehold)	1.14	-	-	-	1.14	0.16	-	0.02	-	-	0.18	0.96	0.98
	(1.14)	-	-	-	(1.14)	(0.14)	-	(0.02)	-	-	(0.16)	(0.98)	(1.00)
Buildings (Note 2)	340.25	-	65.81	0.38	405.68	110.28	-	7.94	1.46	0.29	119.39	286.29	229.97
	(310.63)	-	(29.82)	(0.20)	(340.25)	(95.95)	-	(14.45)	-	(0.12)	(110.28)	(229.97)	(214.68)
Plant & Machinery	1552.26	0.20	249.04	18.33	1783.17	1030.53	0.07	114.92	5.51	28.63	1122.40	660.77	521.73
	(1465.08)	-	(102.83)	(15.65)	(1552.26)	(936.01)	-	(95.49)	-	(0.97)	(1030.53)	(521.73)	(529.07)
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	77.33	-	12.12	4.06	85.39	56.80	-	11.96	0.10	3.94	64.92	20.47	20.53
	(67.22)	-	(13.05)	(2.94)	(77.33)	(34.70)	-	(22.28)	-	(0.18)	(56.80)	(20.53)	(32.52)
Improvement to Premises (Leasehold and Owned)	30.42	-	6.67	1.98	35.11	15.85	-	8.83	-	1.59	23.09	12.02	14.57
	(22.00)	-	(8.59)	(0.17)	(30.42)	(9.26)	-	(6.75)	-	(0.16)	(15.85)	(14.57)	(12.74)
Furniture & Fixtures	36.24	-	6.37	1.75	40.86	24.46	-	5.32	0.07	1.49	28.36	12.50	11.78
	(32.02)	-	(5.78)	(1.56)	(36.24)	(20.68)	-	(5.28)	-	(1.50)	(24.46)	(11.78)	(11.34)
Vehicles	19.40	0.08	7.16	3.70	22.94	8.84	0.02	4.12	-	2.55	10.43	12.51	10.56
	(18.19)	-	(5.69)	(4.48)	(19.40)	(8.70)	-	(3.67)	-	(3.53)	(8.84)	(10.56)	(9.49)
Total	2196.88	0.28	348.39	30.88	2514.67	1247.12	0.09	153.11	7.14	38.49	1368.97	1145.70	949.76
	(1993.38)	-	(228.61)	(25.11)	(2196.88)	(1105.64)	-	(147.94)	-	(6.46)	(1247.12)	(949.76)	(887.74)
Intangible Assets													
- Computer Software	75.49	-	21.35	-	96.84	59.28	-	17.30	-	-	76.58	20.26	16.21
	(67.13)	-	(9.01)	(0.65)	(75.49)	(49.48)	-	(10.45)	-	(0.65)	(59.28)	(16.21)	(17.65)
- Others	1.71	-	-	-	1.71	1.63	-	0.06	-	-	1.69	0.02	0.08
	(1.84)	-	(0.03)	(0.16)	(1.71)	(1.62)	-	(0.09)	-	(0.08)	(1.63)	(0.08)	(0.22)
Total	77.20	-	21.35	-	98.55	60.91	-	17.36	-	-	78.27	20.28	16.29
	(68.97)	-	(9.04)	(0.81)	(77.20)	(51.10)	-	(10.54)	-	(0.73)	(60.91)	(16.29)	(17.87)
Grand Total	2274.08	0.28	369.74	30.88	2613.22	1308.03	0.09	170.47	7.14	38.49	1447.24	1165.98	966.05
Previous Year	(2062.35)	-	(237.65)	(25.92)	(2274.08)	(1156.74)	-	(158.48)	-	(7.19)	(1308.03)	(966.05)	(905.61)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes:

1. Depreciation / Amortisation for the year includes depreciation amounting to ₹0.02 Cr. (Previous Year ₹ 5.10 Cr.) charged additionally on certain assets.
2. Net Block of Buildings includes Improvement to Buildings ₹17.89 Cr. (Previous Year ₹10.22 Cr.) constructed on Leasehold Land.
3. All the above assets are owned unless otherwise stated as leased assets.
4. Previous Year Figures are given in brackets.

13. Non – Current Investments

(Valued at Cost unless stated otherwise)

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Long Term Investments		
Trade Investments:		
Government Securities - Quoted (Refer Note b)	939.74	742.72
Other Investments:		
Equity Shares (Fully paid) - Quoted (Refer Note a and b)	58.58	15.19
Equity Shares (Fully paid) - Unquoted	5.95	5.95
Debentures and Bonds - Quoted (Refer Note b)	1301.76	1090.38
Investment in Mutual Fund Units	4.68	2.85
Others	3.51	11.44
	2314.22	1868.53

Notes:

- a) Net of provision for diminution in the value of Investments ₹ Nil (Previous Year ₹1.10 Cr.)
- b) Market Value of Quoted Investments is ₹2399.14 Cr. (Previous Year ₹1832.69 Cr.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Deferred Tax Assets (Net)

₹ in Crores

Nature-(Liability)/Asset	As at 31.03.2015	As at 31.03.2014
SUBSIDIARY - CMSGICL		
Deferred Tax Liabilities		
Difference between the Depreciation as per Books at Account and the Income Tax Act, 1961	-	(1.10)
Total (A)	-	(1.10)
Deferred Tax Assets		
Provision for Employee Benefits and Others	2.37	1.40
Provision for diminution in value of investments	0.00	0.37
Difference between the Depreciation as per Books at Account and the Income Tax Act, 1961	18.72	-
Total (B)	21.09	1.77
Net Deferred Tax Asset (A+B)	21.09	0.67
SUBSIDIARY - CIFCL		
Deferred Tax Liabilities		
Unamortised Prepaid Finance Charges	(20.78)	(21.53)
Total (A)	(20.78)	(21.53)
Deferred Tax Assets		
Provision for Standard Assets	22.57	16.37
Provision for Non-Performing Assets	96.64	89.07
Provision for Credit Enhancements and Servicing Costs on Assets De-Recognised	1.96	2.56
Provision for Repossessed Stock	9.13	8.43
Provision for Contingent Service Tax	3.49	2.69
Income Derecognised on Non-Performing Assets	36.40	21.19
Unrealised Excess Interest Spread on Assignment/Securitisation	25.28	-
Provision for Employee Benefits and Others	3.65	3.09
Difference between the Depreciation as per Books at Account and the Income Tax Act, 1961 (Refer Note 45)	4.71	2.01
Others	1.57	5.77
Total (B)	205.40	151.18
Net Deferred Tax Asset (A+B)	184.62	129.65
SUBSIDIARY - TTPL		
Deferred Tax Liabilities (A)	-	-
Deferred Tax Assets		
Difference in written down value of assets as per Books at account and the Income Tax Act, 1961	0.07	-
Incorporation Expenses	0.01	-
Depreciation Loss	0.26	-
Total (B)	0.34	-
Net Deferred Tax Asset (A+B)	0.34	-
Total Deferred Tax Asset (Net)	206.05	130.32

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Long Term Loans and advances

(Considered Good, Unsecured unless stated otherwise)

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Capital Advances		
- Secured	1.05	16.74
- Unsecured	32.15	7.60
Loans and Advances		
- Receivable from Terrorism Pool	73.91	61.38
- Electricity and Other Deposits	11.50	7.73
- Others	1.44	1.30
Deposits with Government, Public Bodies and Others	20.08	18.95
Balance with Customs, Excise and Sales Tax Authorities	7.81	5.12
Advance Income Tax (Net of Provision)	86.43	103.48
MAT Credit Entitlement	3.26	2.99
Share in Jointly Controlled Entities	0.06	0.03
	237.69	225.32

16. Receivable Under Financing Activity - Non-Current

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Secured		
Automobile Financing	8658.78	8621.05
Loans against Immovable Property	6440.72	4540.09
Loans against Securities	27.50	55.97
Other Loans	94.85	4.67
Instalments and Other Dues from Borrowers	242.06	126.69
Unsecured		
Consumer Loans	0.02	0.26
Other Loans	3.50	1.83
Instalments and Other Dues from Borrowers	0.54	0.45
	15467.97	13351.01
Of the above:		
Considered Good	14665.21	12915.15
Others - Non Performing Assets	802.76	435.86
	15467.97	13351.01

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.

17. Other Non-Current Assets

(Unsecured, Considered Good unless otherwise stated)

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Deposits as collateral towards assets Derecognised	520.31	520.00
Excess Interest spread - Derecognised Assets	36.57	43.28
Prepaid Finance Charges	48.21	48.90
Other Deposits	5.12	2.13
	610.21	614.31

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. Current Investments

(At lower of Cost and Fair Value)

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Investment in Infrastructure Bonds	-	40.06
Debentures/Bonds	235.00	60.03
Mutual Funds and Money Market Instruments	43.35	115.71
Government Securities	72.83	31.39
Share in Jointly Controlled Entities	-	0.11
	351.18	247.30

19. Inventories

(Lower of Cost and Estimated Net Realisable Value (Net of Allowances))

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Raw Materials	235.93	178.57
Work-in-Progress	148.34	147.60
Finished Goods	149.96	112.94
Stock-in-Trade	35.12	26.16
Stores and Spare Parts	6.80	10.23
Goods-in-Transit		
- Raw Materials	21.44	17.14
- Stock-in-Trade	16.15	2.31
	613.74	494.95

Details of Inventories:

₹ in Crores

Particulars	Cycles and Components		Steel Strips and Tubes		Metal Formed Products		Gears and Gear Products		Total	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
Raw Materials	80.71	39.65	72.05	70.24	50.30	48.73	32.87	19.95	235.93	178.57
Work-in-Progress	22.12	29.99	40.09	34.68	56.15	56.77	29.98	26.16	148.34	147.60
Finished Goods	52.11	25.51	57.73	54.74	37.51	30.56	2.61	2.13	149.96	112.94
Stock-in-Trade	21.74	14.66	-	-	13.38	11.50	-	-	35.12	26.16
Stores and Spare Parts	-	-	4.49	3.96	2.31	6.27	-	-	6.80	10.23
Goods-in-Transit									-	-
- Raw Materials	17.33	6.63	1.38	9.05	2.73	1.46	-	-	21.44	17.14
- Stock-in-Trade	15.58	1.84	-	-	0.57	0.47	-	-	16.15	2.31
Total Inventories	209.59	118.28	175.74	172.67	162.95	155.76	65.46	48.24	613.74	494.95

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. Trade Receivables

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	72.43	36.09
Doubtful	9.41	7.60
	81.84	43.69
Others		
Considered good	556.75	573.50
Doubtful	3.20	2.03
	559.95	575.53
Gross Trade Receivables	641.79	619.22
Provision for Doubtful Debts	(12.61)	(9.63)
Share in Jointly Controlled Entities	4.34	4.35
	633.52	613.94
Of the above:		
- Secured	11.35	16.20
- Unsecured	622.17	597.74
	633.52	613.94

21. Cash and Cash Equivalents

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Balance with Banks		
- Current Accounts	272.63	545.53
- Unpaid Dividend Accounts	2.70	2.70
- On Deposit Accounts		
- Free of Lien	456.45	405.21
- Under Lien	7.00	5.91
- On Client and Exchange Related Accounts	4.11	1.87
- Deposits as Collateral towards Assets De recognised	138.95	115.02
- Public Deposit Escrow Account	0.15	0.27
- Restricted Bank Account	-	0.91
- In Deposit Accounts - Original maturity more than 3 months	96.68	68.94
Share in Jointly Controlled Entities	2.15	4.22
	980.82	1150.58
Cheques on Hand	35.21	28.92
Cash on Hand	44.23	50.16
	1060.26	1229.66
Note: Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS 3 - Cash Flow Statements is	808.48	1031.89

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. Short Term Loans and Advances

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Advances Recoverable		
- Goods and Services	29.05	19.63
- Employee Related	22.76	17.48
- Prepaid Expenses	24.11	7.58
- Others	11.21	18.90
	87.13	63.59
Other Deposits	20.34	11.95
Receivable from Declined Risk Pool	-	6.02
Receivable from IMTPIP	-	425.98
Balances with Customs, Excise and Sales Tax Authorities	27.85	39.95
MAT Credit Entitlement	4.80	-
Fringe Benefits Tax (Net of Provision)	0.01	0.01
Share in Jointly Controlled Entities	3.81	5.93
	143.94	553.43

23. Receivable under Financing Activity – Current

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Secured		
Automobile Financing	5759.92	5219.35
Loans against Immovable Property	499.21	370.95
Loans against Securities	8.25	47.75
Other Loans	35.90	12.25
Instalments and Other Dues from Borrowers	322.16	348.54
Unsecured		
Bills Discounted	19.90	1.64
Other Loans	69.39	75.79
Instalments and Other Dues from Borrowers	0.84	0.85
	6715.57	6077.12
Of the above:		
Considered Good	6715.57	6077.12
Others - Non Performing Assets	-	-
	6715.57	6077.12

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24. Other Current Assets

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Excess Interest spread - Derecognised assets	2.61	5.20
Prepaid Finance Charges	11.84	14.45
Prepaid Discount on Commercial papers	6.90	16.93
Reposessed Vehicles	19.62	11.05
Interest and Other Income Accrued but Not Due		
- on Loans to Borrowers	262.37	238.19
- on Deposits and Investments	101.21	81.73
Financial Assets on derivative transactions	-	9.39
Unbilled Revenue	0.22	0.09
Other Accruals and Receivables	41.77	56.92
	446.54	433.95

25. Sale of Products

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Cycles and Components	1324.12	1195.94
Steel Strips and Tubes	1630.41	1531.24
Metal Formed Products	1202.34	1111.58
Gears and Gear Products	164.74	166.92
Sale of Products - Gross	4321.61	4005.68
Excise Duty on Sales	(283.41)	(273.64)
Sale of Products - Net	4038.20	3732.04

26. Income from Financing Operations - CIFCL

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Automobile Financing	2578.00	2307.06
Loans against Immovable Property	851.75	722.20
Loans against Securities	6.26	12.02
Loans against Gold	4.34	1.71
Consumer Loans	0.19	0.59
Other Loans	18.41	16.08
Bills Discounting	0.86	0.13
Interest spread on assignment/securitisation	143.46	121.48
Stock broking, Depository Operations and Allied Services	13.27	7.38
Retail Distribution Operations - Commission	10.58	9.28
Gain on prepayment of Commercial Paper and Debentures	0.26	1.88
	3627.38	3199.81

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

27. Other Operating Revenue

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Scrap sales (Net of Excise Duty)	164.59	157.44
Conversion Income	0.61	1.01
Cash Discount	0.26	0.27
Export Benefits	7.04	5.69
Discount on Prepayment of Sales Tax deferral	1.86	-
Liabilities no longer payable written back	0.45	4.61
Interest on bank deposits	61.12	49.18
Profit on sale of current investments	21.75	25.65
Others	279.81	220.65
	537.49	464.50

28. Other Income

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Interest and Dividend Income	12.88	12.60
Royalty Income	0.21	0.24
Profit on Tangible Assets sold/Discarded (Net)	3.93	2.37
Profit on Sale of Investments (Net)	24.79	6.57
Miscellaneous Income	5.65	6.64
Share in Jointly Controlled Entities	0.76	0.41
	48.22	28.83

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

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Opening Stock		
Work-in-Progress	147.60	131.44
Finished Goods	112.94	107.36
Stock-in-Trade	28.47	32.79
	289.01	271.59
Closing Stock		
Work-in-Progress	148.34	147.60
Finished Goods	149.96	112.94
Stock-in-Trade	51.27	28.47
	349.57	289.01
	(60.56)	(17.42)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

30. Employee Benefits Expense

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Salaries, Wages and Bonus	638.89	572.78
Contribution to Provident and Other Funds	62.54	52.74
Welfare Expenses	59.63	47.61
Share in Jointly Controlled Entities	5.31	4.02
	766.37	677.15

31. Finance Costs

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Interest Expense	132.13	115.51
Exchange difference on Foreign Currency Loans (Net)	9.81	8.06
Other Borrowing Costs	0.10	0.71
Share in Jointly Controlled Entities	0.42	0.26
	142.46	124.54

32. Other Expenses

₹ in Crores

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Consumption of Stores and Spares	183.62	160.03
Freight and Carriage Inwards	62.29	47.36
Conversion Charges	85.61	67.99
Power and Fuel	168.08	171.91
Rent (Net)	59.08	55.69
Repairs to Buildings	3.34	2.79
Repairs to Machinery	64.56	59.45
Repairs to Others	6.24	3.51
Insurance	5.22	5.77
Rates and Taxes	52.60	52.41
Travelling and Conveyance	50.45	47.68
Printing, Stationery and Communication	31.37	25.48
Freight, Delivery and Shipping Charges	133.02	120.71
Discounts/Incentives on Sales	25.70	27.74
Advertisement and Publicity	86.26	32.85
Bad Debts Written Off	3.33	0.87
Release of Bad Debts Provision	-	(0.92)
Provision for Doubtful Debts	2.98	-
Auditors' Remuneration (Refer Note below)	2.82	2.44
Commission to Non Whole Time Directors - Company	1.18	1.24
Directors' Sitting Fees - Company	0.20	0.08
Loss on Exchange Fluctuation (Net)	0.45	3.44

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Marketing Expenses	142.32	130.73
Bank Charges	2.70	2.20
EDP Expenses	41.30	27.65
Donations to Charitable and other institutions	1.92	0.89
Administration Expenses	59.91	70.97
Insurance Commission (Net)	33.23	21.86
Recovery Charges	143.05	82.77
Other Expenses	151.16	169.19
Share in Jointly Controlled Entities	11.44	7.04
	1615.43	1401.82

Note: Auditors' Remuneration (Including for other Auditors)

Particulars	₹ in Crores	
	2014-15	2013-14
Statutory Audit	2.27	1.91
Tax Audit & Other Services	0.53	0.50
Reimbursement of Expenses	0.02	0.03
Sub-Total	2.82	2.44
Share in Jointly Controlled Entities	0.02	0.02
Total	2.84	2.46

33. Provisions, Loan Losses and Other Charges

Particulars	₹ in Crores	
	Year Ended 31.03.2015	Year Ended 31.03.2014
Loss Assets Written Off	112.87	86.43
Loss on Repossessed Assets(Net)	179.03	153.30
Provision for Non Performing Assets	200.32	153.60
Provision Released for Non Performing Assets on Recovery/Write off	(184.57)	(116.59)
Provision for Standard Assets (Net)	17.06	6.60
Provision for Contingencies	0.12	-
Provision for other Doubtful Debts and Advances	0.02	0.03
Loss on Sale of Shares held as Stock-in-Trade (Net)	0.05	0.02
	324.90	283.39

34. Financing Charges

Particulars	₹ in Crores	
	Year Ended 31.03.2015	Year Ended 31.03.2014
Interest Expense	1732.35	1615.88
Discount on Commercial Papers	186.65	116.58
Other Borrowing Costs	38.81	36.91
	1957.81	1769.37

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

35. Contingent Liabilities and Commitments

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
I. Contingent Liabilities		
a) Disputed Income-Tax demands from A.Y. 1993-94 to 2011-12 under appeal/remand pending before various appellate/assessing authorities against which ₹30.44 Cr. (Previous Year ₹26.15 Cr.) has been deposited. The Balance of ₹6.12 Cr. (Previous Year ₹0.48 Cr.) is not deposited for which rectification petitions/appeals have been filed.(Refer Note a)	36.56	26.63
b) Disputed Service Tax, Excise and Customs duty demand amounting to ₹1.67 Cr. (Previous Year ₹1.69 Cr.) and penalty of ₹1.30 Cr. (Previous Year ₹1.22 Cr.) pertaining to financial years 1999-00 to 2012-13 under appeal pending before the Appellate Tribunal against which ₹0.10 Cr.(Previous Year ₹0.10 Cr.) has been deposited. (Refer Note a)	2.97	2.91
c) Bills Drawn on Customers and Discounted with Banks	1.83	1.55
d) Counter Guarantees Provided by two of the Subsidiaries	31.86	35.22
e) Disputed claims against one of the Subsidiary lodged by various parties pending litigation (to the extent quantifiable)	34.57	17.12
f) Disputed Excise/Sales/Service Tax Demands in respect of the Subsidiaries and Jointly Controlled Entities	87.94	57.09
g) Disputed Income Tax Demands in respect of the Subsidiaries and Jointly Controlled Entities	85.74	82.31
h) Other Claims against Company and one of the subsidiary not acknowledged as debts	1.36	7.87
II. Commitments		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
- Capital Expenditure	31.96	62.67
- Investments	2.68	-
b) 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.	44.82	63.53
c) Committed revenue contracts outstanding under Letter of Credit	50.92	45.13

Notes:

- The Group is of the opinion that the above demands are not sustainable and expects to succeed in its appeal/defence.
- 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.
- The uncertainties and possible reimbursement in respect of the above mentioned contingent liabilities are dependent on the outcome of various legal proceedings and therefore, cannot be predicted accurately.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

36. 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 2014 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 2015) - 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 2015 to 31 March 2015 will be accounted on receipt of the relevant statements of account from GIC.

b. 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 member insurance 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 – 75%) 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) CMSGICL has met its obligations and therefore has not provided for any loss apart from IBNR on the retained premium.

c. Change in Accounting Policy - CMSGICL

During the year, the CMSGICL has adopted a policy for evaluation of impairment of investments. Accordingly, the provision for diminution in value of investments of ₹1.10 Cr. is no longer required and has been reversed. Consequently, the Profit before Tax for the year is higher by ₹1.10 Cr.

d. Encumbrances

The assets of CMSGICL are free from encumbrances except in the case of:

- a) Deposits under lien to banks amounting to ₹1.27 Cr. (Previous Year ₹1.26 Cr.).
- b) Garnishee orders by Motor Accidents Claims Tribunal (MACT) on bank balances amounting to ₹1.22 Cr. (Previous Year ₹1.71 Cr.) in respect of Motor Third Party Claims. These amounts duly provided for are included in the Outstanding Claims.
- c) Security deposit of ₹Nil. (Previous Year ₹1.83 Cr.) provided by CMSGICL to the Lessor under the operating lease agreement.

e. Provision for Free Look Period

Pursuant to the Circular CIR/41/IRDA/Health/SN/09-10/32, CMSGICL has made a provision for Free Look period.

f. Claims where the claim payment period exceeds four years:

As per circular F&A/CIR/017/May-04, the claims made in respect of contracts where claims payment period exceeds four years, are required to be recognized on actuarial basis. CMSGICL does not have liability contracts where the claims payment period exceeds four years.

37. Subsidiary - CIFCL**Assets De-recognised**

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Assets De-recognised		
- On Bilateral Assignment of Receivables	56.95	174.37
- On Securitisation of Receivables	3491.27	3912.98
Deposits provided as Collateral for Credit Enhancements	670.06	662.76

38. Segment Information

(A) PRIMARY SEGMENT

₹ in Crores

PARTICULARS	CYCLES AND COMPONENTS		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	1307.41	1179.42	1463.45	1373.60	1115.81	1028.06	151.53	150.96	1477.74	1426.38	3627.38	3199.81	16.75	11.76			9160.07	8369.99
Inter-Segment Sales			142.43	136.08	0.35	0.58	0.29	0.58	5.24	5.80					(148.31)	(143.04)	0.00	0.00
Other Operating Income	6.84	5.57	118.79	112.69	49.70	48.66	3.19	4.17	271.31	213.6	87.43	79.50					537.26	464.23
Unallocated Corporate Income																	0.23	0.27
Total Revenue	1314.25	1184.99	1724.67	1622.37	1165.86	1077.30	155.01	155.71	1754.29	1645.82	3714.81	3279.31	16.75	11.76	(148.31)	(143.04)	9697.56	8834.49
Unallocated Corporate Expenses																	(12.10)	(13.41)
RESULT																		
Operating Profit	57.74	38.03	102.76	136.04	79.30	67.64	9.58	21.99	175.52	95.64	666.19	554.38	0.25	0.87			1079.24	901.18
Profit/(Loss) on Sale of Assets	0.01	(0.02)	0.13	(0.15)	2.67	2.10	0.67	0.31	0.08	0.08		0.05					3.56	2.37
Net Operating Profit	57.75	38.01	102.89	135.89	81.97	69.74	10.25	22.30	175.60	95.72	666.19	554.43	0.25	0.87			1082.80	903.55
Dividend Income																	4.15	3.79
Interest Expense																	(142.46)	(124.54)
Income Taxes																	(319.64)	(271.84)
Profit on Sale of Investments																	24.79	6.57
- Compensation under Voluntary Retirement Scheme	(5.13)		(15.43)		(6.87)												(27.43)	
- Profit on Sale of None Operating Assets																		
Minority Interest in Net Income																	(259.28)	(206.22)
Net Profit	52.62	38.01	87.46	135.89	75.10	69.74	10.25	22.30	175.60	95.72	666.19	554.43	0.25	0.87			424.36	311.31
Other Information																		
Segment Assets	423.19	275.86	936.01	918.17	739.88	729.87	306.28	298.88	3579.30	3125.12	23683.41	21414.55	33.07	15.21	(45.61)	(44.92)	29655.53	26732.74
Unallocated Corporate Assets																	145.79	144.09
Total Assets	423.19	275.86	936.01	918.17	739.88	729.87	306.28	298.88	3579.30	3125.12	23683.41	21414.55	33.07	15.21	(45.61)	(44.92)	29801.32	26876.83
Segment Liabilities	253.25	214.00	316.45	309.01	224.97	213.58	34.70	29.97	2881.38	2543.87	20676.13	19240.62	2.33	2.69	(45.61)	(44.92)	24343.60	22508.82
Unallocated Corporate Liabilities																	82.00	89.19
Total Liabilities	253.25	214.00	316.45	309.01	224.97	213.58	34.70	29.97	2881.38	2543.87	20676.13	19240.62	2.33	2.69	(45.61)	(44.92)	24425.60	22598.01
Capital Expenditure	20.41	7.51	86.99	124.61	41.44	43.57	3.62	4.78	19.45	21.47	31.07	26.88	0.38	0.09			203.36	228.91
Unallocated Corporate Capital Expenditure																	2.08	4.11
Depreciation	7.02	7.05	47.91	39.15	49.53	44.61	16.75	25.61	15.58	12.97	30.10	24.64	0.31	0.22			167.20	154.25
Unallocated Corporate Depreciation																	3.58	4.45
Depreciation Adjusted to Retained Earnings (Refer Note 45)	2.31		2.64		1.64		0.11						0.01				6.71	
Corporate Depreciation Adjusted to Retained Earnings (Refer Note 45)																	0.43	

(B) SECONDARY SEGMENT

₹ in Crores

Particulars		2014-15	2013-14
1.	Revenue by Geographic Market		
	India	9234.59	8398.49
	Rest of The World	462.97	436.00
	Total	9697.56	8834.49
2.	Segment Assets by Geographic Market		
	India	29291.03	26427.95
	Rest of The World	209.38	211.63
	Income Tax Assets	300.91	237.25
	Total	29801.32	26876.83
3.	Capital Expenditure by Geographic Market		
	India	190.32	222.12
	Rest of The World	15.12	10.90
	Total	205.44	233.02

39. 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. Entity having Significant Influence

Murugappa Holdings Limited

III. Jointly Controlled Entity Companies

Cholamandalam MS Risk Services Limited

IV. Key Management Personnel (KMP)

In Company

Mr. L Ramkumar – Managing Director

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

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	2014-15	2013-14
Rentals Received/Recovered	Mitsui Sumitomo Insurance Company Limited	0.84	0.81
Management Expenses	Mitsui Sumitomo Insurance Company Limited		
(a) Paid/Payable		0.95	1.04
(b) Recovery		0.21	0.25
Reinsurance Ceded	Mitsui Sumitomo Insurance Company Limited	48.20	46.71
Reinsurance Commission Received	Mitsui Sumitomo Insurance Company Limited	7.26	6.45
Reinsurance Recovery on claims	Mitsui Sumitomo Insurance Company Limited	35.67	80.91
Subscription to Equity Shares of TI Tsubamex Private Limited	Tsubamex Company Limited	4.50	2.00
Dividend Paid	Murugappa Holdings Limited	12.81	12.81
	KMP of the Company	0.03	0.05
Amount received from KMP on Exercise of Employees Stock Option	KMP of the Company	-	0.28
Remuneration	KMP of the Company	3.01	2.58
Balance at Year End			
Receivable (Net) – Due from other Entities Carrying on Insurance Business	Mitsui Sumitomo Insurance Company Limited	4.13	23.64
Receivable (Net) – Management expenses and rent	Mitsui Sumitomo Insurance Company Limited	0.15	0.31
Payable	KMP of the Company	0.73	0.61
	Tsubamex Company Limited	-	0.07
Final Dividend - Proposed	KMP of the Company	0.01	0.01
	Murugappa Holdings Limited	3.20	3.20

40. Employee Benefits

a) Gratuity

₹ in Crores

Details of Actuarial Valuation	2014-15	2013-14
Change in Benefit Obligation		
Projected Benefit Obligation as at Year Beginning	51.67	43.97
Service Cost	4.69	5.05
Interest Cost	3.92	3.39
Actuarial Loss	3.52	2.98
Benefits Paid	(6.56)	(3.72)
Projected Benefit Obligation as at Year End	57.24	51.67
Change in Plan Assets		
Fair Value of Plan Assets as at Year Beginning	51.86	44.71
Expected Return on Plan Assets	4.33	3.91
Employer's Contribution	5.25	6.78
Actuarial Gain	0.10	0.18
Benefits Paid	(6.56)	(3.72)
Fair Value of Plan Assets as at Year End	54.98	51.86

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amounts Recognised in the Balance Sheet		
Projected Benefit Obligation at the Year End	57.24	51.67
Fair Value of the Plan Assets at the Year End	54.98	51.86
(Liability)/Asset Recognised in the Balance Sheet	(2.26)	0.19
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	4.69	5.05
Past Service Cost	-	(0.03)
Interest on Obligation	3.92	3.39
Expected Return on Plan Assets	(4.33)	(3.91)
Net Actuarial Loss Recognised in the Year	3.42	2.80
Net Cost Recognised in the Statement of Profit and Loss	7.70	7.30

Assumptions	2014-15	2013-14
Discount Rate	8.00%	8.00%
Future Salary Increase (%)	5 to 8%	5 to 8%
Attrition Rate	1 to 5%	1 to 3%
Expected Rate of Return on Plan Assets	8 to 9.4%	8 to 9.4%

Notes:

- 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.
- The expected/actual return on Plan Assets is as furnished by LIC.
- The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.
- The data on experience adjustments is not furnished as the requisite information is not fully 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. As at 31 March 2015, the Company does not have any additional obligation in respect of the same.

c) Long Term Compensated Absences

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

Assumptions	2014-15	2013-14
Discount Rate	8.00%	8.00%
Future Salary Increase (%)	5 to 8%	5 to 8%
Attrition Rate	1 to 5%	1 to 3%
Expected Rate of Return on Plan Assets	8 to 9.4%	8 to 9.4%

d) Contributions to Defined Contribution Plans - Company

During the year, an amount of ₹9.65 Cr. (Previous Year ₹9.10 Cr.) and ₹4.56 Cr. (Previous Year ₹4.34 Cr.) has been recognised as expenses towards Contributions to Provident Fund and Superannuation Fund, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

41. 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 2015, the Company has recognised net Mark-to-Market (MTM) gain of ₹2.01 Cr. (Previous Year Loss ₹0.44 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.

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

₹ in Crores

Particulars	2014-15	2013-14
Balance as at Beginning of the Year	(0.44)	(0.32)
Net Movement for the Year	2.45	(0.12)
Balance as at End of the Year	2.01	(0.44)

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.

Details of Derivative Exposures are as under:

Type of Derivative	Contracts Booked for	Currency	As at 31.03.2015		As at 31.03.2014	
			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	8	2.12	5	1.10
	Future Export	EUR	15	2.85	5	0.96
	Future Import	USD	38	3.28	10	2.18
	Future Import	EUR	-	-	4	0.59
	Future Import	JPY	-	-	2	79.17
	Borrowings	USD	5	33.00	2	20.00
Other Derivatives (including currency swaps)	Borrowings	USD	5	4.99	7	23.10

Details of unhedged Foreign Currency Exposures are as under:

Currency	As at 31.03.2015		As at 31.03.2014	
	Exports	Imports	Exports	Imports
USD	2.61	5.96	4.60	4.65
EUR	0.45	1.29	0.47	1.11
JPY	-	2.21	-	3.25

Rupee Equivalent to of above unhedged exposures is given below:

Currency	As at 31.03.2015		As at 31.03.2014	
	Exports	Imports	Exports	Imports
Equivalent INR	19.34	46.04	31.45	37.23

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

42. 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 ₹14.36 Cr. (Previous Year ₹12.14 Cr.) has been recognised in the Statement of Profit and Loss.

Future minimum lease payments as per the lease terms are given below:

₹ in Crores

Particulars	As at 31.03.2015	As at 31.03.2014
Not later than one year	10.97	7.47
Later than one year and not later than five years	27.35	24.08
Later than five years	42.41	41.13

b) Operating Lease (MSGICL)

The MSGICL has operating lease agreements for:

₹ in Crores

Particulars	2014-15	2013-14
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.	8.11	7.91
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.	2.40	4.12

₹ in Crores

Minimum Lease payments	As at 31.03.2015	As at 31.03.2014
Not later than 1 Year	-	-
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 31.03.2015	As at 31.03.2014
Not later than 1 year	-	1.35
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
Total	-	1.35

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

43. Earnings Per Share

Particulars	2014-15	2013-14
Consolidated Profit after Tax - ₹ in Crores	424.36	311.31
Weighted Average Number of Shares		
- Basic	18,69,89,340	18,67,58,789
- Diluted	18,73,38,384	18,70,55,077
Earnings per Share of ₹2 each		
- Basic	22.69	16.67
- Diluted	22.65	16.64

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

Impact on Consolidated Profit for the year

₹ in Crores

Particulars	2014-15	2013-14
Consolidated Profit for the year (As reported)	424.36	311.31
Stock based employee compensation expense included in net profit	-	-
Stock based employee compensation reversal determined under fair value based method (Pro forma)	1.43	1.60
Consolidated Profit for the year (Pro forma)	425.79	312.91

Impact on Earnings Per Share

₹ in Crores

Particulars	2014-15	2013-14
Basic Earnings per Share of ₹2 each (As reported)	22.69	16.67
Basic Earnings per Share of ₹2 each (Pro forma)	22.77	16.75
Diluted Earnings per Share of ₹2 each (As reported)	22.65	16.64
Diluted Earnings per Share of ₹2 each (Pro forma)	22.73	16.73

44. 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:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Subsidiary (CIFCL)

The Board of CIFCL at its meeting held on June 22, 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 July 30, 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:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars		Date of Grant	Exercise Price (₹)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year	
								Vested	Yet to vest
1	Original*	30-07-07	193.40	30-07-08	765,900	79,820	635,732	50,348	-
	CAA *	25-01-08	178.70	-	54,433	6,932	44,337	3,164	-
2	Original	24-10-07	149.90	24-10-08	70,400	-	70,400	-	-
3	Original	25-01-08	262.20	25-01-09	162,800	12,144	133,638	17,018	-
4	Original	25-04-08	191.80	25-04-09	468,740	128,654	310,955	29,131	-
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	26,814	38,786	-	-
7-									
Tr I	Original	27-01-11	187.60	27-01-12	294,600	131,408	63,438	99,754	-
Tr II	Original	27-01-11	187.60	27-01-12	209,700	144,733	40,569	24,398	-
8	Original	30-04-11	162.55	30-04-12	113,400	19,965	41,687	27,928	23,820
9	Original	28-07-11	175.35	28-07-12	61,800	18,928	27,504	7,448	7,920
10	Original	27-10-11	154.55	27-10-12	195,680	68,670	35,424	39,143	52,443

* CAA - Corporate Action Adjustment

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

45. Change in Depreciation Rate

During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from 1 April 2014, the Company, its Subsidiaries and Jointly Controlled Entities revised its estimated useful lives for some of its fixed assets to align the same with the useful lives specified in Schedule II.

Consequent to the above, the depreciation for the year is lower by ₹7.27 Cr. with the consequential impact in Profit before Tax for the year. Further, an amount of ₹4.71 Cr. (net of deferred tax of ₹2.43 Cr.) has been adjusted to opening retained earnings.

46. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the Entities	Net Assets (Total Asset minus Total Liabilities)		Share in Profit or Loss	
	As % of Consolidated Net Assets	Amount (₹ Cr.)	As % of Consolidated Profit	Amount (₹ Cr.)
I. Parent				
Tube Investments of India Limited	56.73%	1320.53	28.48%	120.86
II. Subsidiaries				
a) Indian				
Cholamandalam Investment and Finance Company Limited (Refer Note a below)	114.86%	2673.68	104.66%	444.14
Cholamandalam MS General Insurance Company Limited	30.89%	719.01	32.31%	137.10
TI Financial Holdings Limited	0.00%	0.06	0.00%	0.00
Shanthi Gears Limited	11.63%	270.73	2.20%	9.32
TI Tsubamex Private Limited (Refer Note b below)	0.96%	22.35	(0.23%)	(0.96)
b) Foreign				
Financiere C10 SAS (Refer Note c below)	3.04%	70.69	(0.05%)	(0.21)
Minority Interest in all Subsidiaries	(68.89%)	(1603.56)	(61.10%)	(259.28)
III) Joint Venture (as per Proportionate Consolidation)				
Indian				
Cholamandalam MS Risk Services Ltd.	0.26%	6.16	0.16%	0.68
Inter-company Eliminations and Consolidation Adjustments	(49.48%)	(1151.89)	(6.43%)	(27.29)
Total	100.00%	2327.76	100.00%	424.36

Notes:

- Represents details as per Consolidated Financial Statements of Cholamandalam Investment and Finance Company Limited (CIFCL). Consolidated Financial Statements of CIFCL includes the Financial Statements of its 2 wholly owned subsidiaries namely Cholamandalam Distribution Services Limited and Cholamandalam Securities Limited.
- TI Tsubamex Private Limited (TTPL) was a Joint Venture Entity upto 25 February 2015 and has become a Subsidiary w.e.f. 26 February 2015.



c. Represents details as per Consolidated Financial Statements of Financiere C 10 SAS (FC10). Consolidated Financial Statements of FC10 includes the Financial Statements of its 3 wholly owned subsidiaries namely Sedis SAS, Societe De Commercialisation De Composants Industriels - SARL and Sedis Co. Limited.

47. 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 2015

S Suresh
Company Secretary

Arjun Ananth
Chief Financial Officer

L Ramkumar
Managing Director



South African cricketing legend, Jonty Rhodes on a Montra bicycle



murugappa

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