



# ***SETTING THE COURSE***

***Tube Investments of India Limited  
Annual Report 2015-16***

# Contents

## CORPORATE OVERVIEW

Business Overview	II
Chairman's Message	X
Managing Director's Message	XII
10 Year Financial Highlights	XIV

## MANAGEMENT REPORTS

Board's Report & Management Discussion and Analysis	03
Report on Corporate Governance	37
General Shareholder Information	46

## FINANCIAL STATEMENTS

Standalone Financial Statements	52
Consolidated Financial Statements	99

### 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.



# *SETTING THE COURSE*

- ⊗ **Scaling up productivity across business segments**
- ⊗ **Challenging the present to improve competencies, capabilities and capacities**
- ⊗ **Expanding product range, geographical presence and newer markets**
- ⊗ **At TI, we are setting the course for a stronger future...**



The new Rajpura Bicycle manufacturing plant



Bicycles on display inside the Ciclo Café, Chennai

SETTING THE COURSE...

# TURNING WHEELS OF GROWTH



## Bicycles

2015-16 turned out to be a noteworthy year for the Bicycle business. Riding on market leadership and its distinctive brands, the business sold over 45 lakh bicycles—the highest in any year. Institutional volumes added significantly to the sales effort during the year with about 11.5 lakh bicycles supplied to various state governments. The business witnessed good growth for its high end offerings too. In fact, TI is the only bicycle manufacturer with four brands that reach out to all segments of customers—BSA for the comfort end of the market, Hercules for the rough and tough end of the market, Montra for the top end and Mach City, the latest offering aimed at the urban youth market.

Encouraged by the market response and true to its mission of bringing to the customer new products and designs including reputed international brands, the business introduced for the experience of discerning Indian customers the Ridley range of bicycles from Belgium.

Revitalizing the distribution channels, foraying into digital market space, looking at the export markets with renewed vigour, strengthening the existing Track & Trail bicycle store format, accessing rural markets partnering with micro-finance institutions, promoting new retail concepts like café-cum-bicycle store (Ciclo Café) were only a few of the major initiatives the business took during the year in order to move into newer markets, to enlarge the customer base and to consolidate its market leadership.

A new Centre for Design Excellence has been established at Ambattur to foster an environment for creativity, customer focus and employee engagement.

As part of its strategies for growth, the business has established a green-field bicycle manufacturing facility at Rajpura, Punjab. With locational proximity to the country's bicycle hub, Ludhiana, the new facility is all set to manufacture at its peak 2.50 lakh bicycles per month and will further augment the ability of the Bicycle business to bring in innovative new products to the customer. The facility will help the business in growing market share in the northern and eastern Indian markets.



TPI Stall at the Dusseldorf (Germany) Auto Show, 2016



A view of the Large Diameter Tube making plant at Tiruttani

SETTING THE COURSE...

# EXPANDING PRODUCT OFFERING



For the Engineering business, the year 2015-16 was one of consolidation and growth. The business remained firmly on the growth track for its precision steel tube and cold rolled steel strip offerings based on automotive industry's growth taking advantage of its capabilities, regional network of plants and distribution network.

To de-risk its dependence on the automotive industry, the business is gradually enhancing its focus on developing tubular products for the non-automotive sector offered through its new large diameter tube making plant at Tiruttani near Chennai. The new plant will cater to sectors like power, infrastructure and off-highways as its end customers, to name just a few. Set up at a capital expenditure of ₹250 Cr., the plant is stabilizing fast and the business intends to ramp up volumes and improve the market share in this segment.

With unrelenting focus on consistency in quality and delivery, TI looks to address niche markets in the country and the export markets in the near future.



TIDC team receiving award for quality from a Japanese auto OEM



A view of the car door frame production line at TI Metal Forming, Nemilichery



SETTING THE COURSE...

# CAPITALISING ON CAPABILITIES



## Metal Formed Products

In automotive chains, the business was able to grow its sales to Original Equipment Manufacturers (OEMs) by 7%. In the domestic market for industrial chains, the business could achieve a growth of 6% due to launch of new import substitution products and expanded dealer network to sustain its leadership. New Fine blanked component offerings by the business helped improve volume by 8%.

With continuous strengthening and leveraging of its application engineering expertise developed over the years, the business expects to make the best of the opportunities emerging in automotive chains, industrial chains and fine blanked components. To capitalize on the prospects, the business has set its focus on the manufacture of inverted tooth (silent) chains for higher capacity two wheeler engine timing applications. The business has further set its focus on catering to global customers in the areas of seat recliner, seat belt and transmission systems in the fine blanking segment.

In roll formed products, the focus is on core competencies and process engineering expertise. The business is emphasizing on efficiencies to improve profitability by participating in new business opportunities for divisional channels, value added motors casings for automotive as well as non-automotive applications, railway coach parts and also foray into farm implements to drive business growth.



A daily work management (DWM) session in progress at TIDC India as part of the OPEX programme



Managing Director interacting with an employee on his team's project under TEI (Total Employee Involvement) programme at TIDC India

SETTING THE COURSE...

# HARNESSING PEOPLE STRENGTH



People

TI believes in recognizing the importance and value of its Human Resources as a critical differentiator to continued business growth and success. TI is aligning its initiatives and programmes to meet business requirements of the future. To identify employees with promise and potential, to enhance their capabilities and transform them into future leaders, a transition management programme was launched besides putting all high potential employees through an individual development programme.

At TI, technical training has been given a specific thrust and focus. The mantra was 'train the trainer'. Technical trainers and subject matter experts in critical areas of TI were part of the programme covering daily work management (DWM), value stream mapping (VSM), value engineering (VE), design of experiments (DOE) and failure mode effect analysis (FMEA), all strategically aimed at sharpening their expertise and training delivery skills.

To facilitate the establishment of robust manufacturing processes, a Six Sigma programme was instituted. A project management programme with the objective of ensuring timely launch of new products meeting target costs was also launched. Actions to strengthen the technical and functional capabilities by inducting new talent in industrial engineering, technical training, product development, sales training areas etc., were further initiated during 2015-16.

Focus remained on enhanced automation and improved quality through initiatives like Operational Excellence (OPEX). OPEX zone champions went through capability development programmes. Total Employee Involvement (TEI) was close to 85% and is growing.



# CHAIRMAN'S MESSAGE



*“We at TI, put our existing capabilities and capacities to optimal and efficient use and as required for the future, selectively created new capacities.”*

## Dear Shareholders,

TI faced challenging business conditions in 2015-16 as the business environment was quite volatile. Monsoon played truant in several parts of India, disturbing in the process consumer demand and consumption behaviour. Across the globe, most major economies had their own difficulties to grapple with and overcome.

On the national scene, as expectations kept mounting all the time, in a first of several positives, inflation was under check supported largely by international prices of oil remaining low. Industrial production gained momentum gradually. Services sector had a robust growth. Infrastructure development received enhanced focus with many regulatory reform measures piloted by the Government. The year has ended in an impressive five-year high economic growth of 7.6%.

Against this backdrop, TI's operational performance improved by 4% during 2015-16, with the turnover growing to ₹3790 Cr. from ₹3646 Cr. This was achieved despite a reduction in end customer prices consequent to a drop in raw material prices. We at TI, put our existing capabilities and capacities to optimal and efficient use and as required for the future, selectively created new capacities.

It gives me great pleasure in this context to share with you that TI Cycles of India (TICI), TI's Bicycle Division commenced production at its new plant in Rajpura, Punjab in early June, 2016. Built at a cost of ₹105 Cr., the Rajpura plant has the capacity to produce 30 lakh bicycles per annum. The new plant will cater to demand in specific bicycle segments in the northern and eastern markets of the country. Further, towards renewal of its focus on exports, TICI has scaled up its existing Ambattur unit to manufacture an additional 30000 high end bicycles per month.

The foray of Tube Products of India (TPI), the Tubes Division of TI into large diameter tubes for the non-auto sector through establishment of a green field plant at Tiruttani is progressing well. The plant is stabilising fast and production volumes are improving consistently. TPI has put to good advantage its capabilities in growing the precision steel tubes and cold rolled steel strips businesses.

TI Tsubamex Private Limited (TTPL), TI's joint venture with Tsubamex Co Ltd, Japan for die design and manufacture, is all set for commercial production at its Oragadam facility near Chennai. TTPL has generated tremendous response from major automakers in India, which is reflected in its very healthy order book. Operating in a niche, import-substitution area, TTPL holds out a lot of promise for a bright future.

The financial services businesses in which TI has invested substantially, performed very well in 2015-16. Both Cholamandalam MS General Insurance (Chola MS) and Cholamandalam Investment & Finance (Chola Investment) recorded good growth in all round performance over the previous year.

With IRDA (Insurance Regulatory and Development Authority) approval, TI facilitated Mitsui Sumitomo

Insurance, Japan (MS), TI's joint venture partner in Chola MS to increase its shareholding in Chola MS from 26% to 40%. This was made possible through divestment of a part of TI's shareholding in Chola MS. The valuation per share for the divestment was one of the best ever secured for similar divestment in the Indian insurance industry. This reflects the strong fundamentals of the insurance subsidiary of TI, built on and nurtured through appropriate and timely infusion of share capital by TI and MS from time to time. Its fine performance year-after-year since it was incorporated about a decade and a half back indicates the subsidiary's future potential which is, I wish to share with you, in no small measure due to the untiring efforts of its dedicated band of management team and employees. We appreciate their contribution and are thankful to them for their efforts.

Chola Investment posted another year of strong performance with a 32% growth in profit before taxation and 17% growth in assets under management (AUM).

Equipped with a healthy order book, Shanthi Gears, TI's gear making subsidiary is intensifying its efforts in enhancing its market presence and winning new customers. It is actively gaining an entry into the defence segment and other high-end applications of gears and gearing systems.

For Sedis SAS, TI's subsidiary in France, it was another year of flat growth in line with adverse economic situation in Europe. With a strong footprint in the French domestic market, Sedis is hopeful of improving its performance in the future.

## Directors

The members of the Board are a great source of strength through their active support and encouragement to the Company's management team and to me personally. I deeply value their wisdom and counsel and thank them for their involvement, commitment and participation.

## Human Resources

We have always valued our human resources as one of our greatest sources of strength. Our employees have stood by us shoulder to shoulder unwaveringly all through the years, participating whole-heartedly and enthusiastically in the pursuit of TI's business goals. Mr. L Ramkumar, Managing Director and the Management Committee have steered this resourceful and dedicated team of employees very competently. I thank the entire team for all their good work. I wish them greater success in the years to come.

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

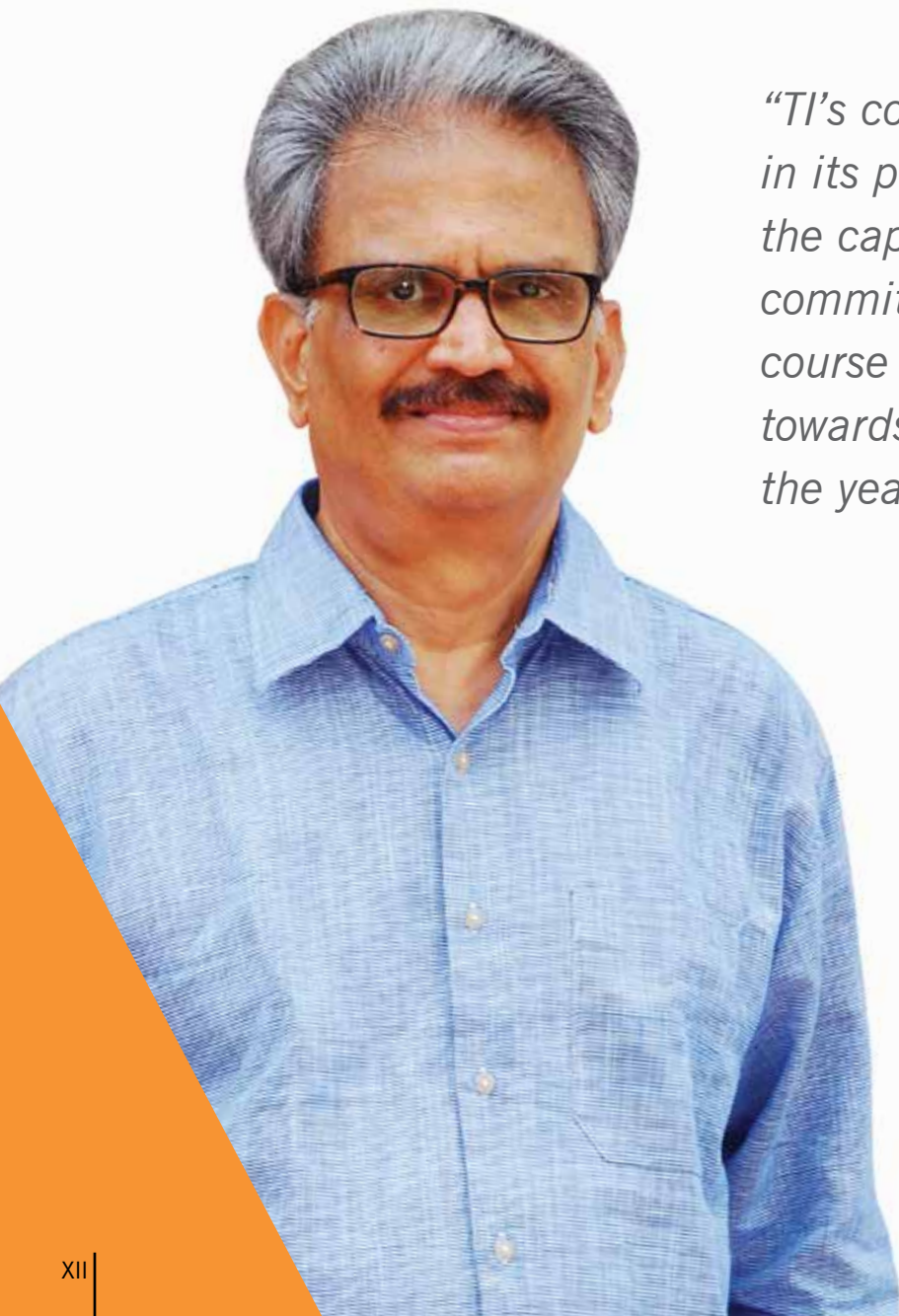
Yours sincerely,



**M M Murugappan**



# MANAGING DIRECTOR'S MESSAGE



*“TI’s core strength lies in its people who have the capability and commitment in setting the course of the Company towards higher growth in the years to come...”*

**Dear Shareholders,**

The Company's performance during 2015-16 was marked by achievement of the highest ever sales of bicycles, overcoming the challenges faced in stabilizing the new large diameter tube plant and emergence of new business opportunities in fine blanking. Despite lower industry growth and competitive environment, the Company was able to maintain its leadership position across all business segments.

**BICYCLES**

The Bicycles and accessories business had a good year of performance helped by higher institutional orders from various state governments. The business delivered its highest ever sales of over 45 lakh bicycles growing 13% in volumes compared to the previous year. A new plant has been established in Rajpura, Punjab at a cost of about ₹105 Cr. The plant was inaugurated in June 2016 and has a capacity to turnout 2.5 lakh bicycles per month. It will cater to the markets of northern and eastern India. Further, capacity of the existing plant at Ambattur for high end bicycles was increased to produce an additional 30,000 bicycles per month to provide a further fillip to export efforts, in serving existing customers for high end bikes and in accessing newer overseas markets. Revitalizing distribution channels received top priority for further improving the reach out to customers. Foraying into digital market space, strengthening the existing Track & Trail bicycle store format as a one stop shop for all cycling needs, launching the Ridley range of bicycles in India were some of the major initiatives the business took during the year.

**ENGINEERING**

In the Engineering business, the new large diameter tube making facility at Tiruttani took time to stabilize. It is proposed to ramp up the facility significantly in the current year. Precision steel tubes and cold rolled steel strips business volumes grew 8% and 7% respectively which resulted in increasing the relevant market share. The business has laid a good foundation for enhanced exports in the near future as it has received approvals from reputed OEMs (Original Equipment Manufacturers) in South East Asia. The efforts on enlarging the product range have started to yield results.

**METAL FORMED PRODUCTS**

The Metal Formed Products business maintained its leadership position in automotive chains segment. Dedicated resources have been assigned with the task of developing new chains for addressing the changing customer preferences towards higher capacity motorcycles.

The fine blanked products are receiving the accreditation of reputed global players, presenting opportunities for multifold growth. Steps are being taken to increase the capacity for these products and further work is on with regard to capability enhancement to effectively cater to the requirement of the global players.

The doorframe business continued to receive orders for door sashes and channels from major auto OEMs for the successful car models. The business is also receiving accreditation for newer models proposed to be launched in the coming years.

**SUBSIDIARIES/ASSOCIATE**

Cholamandalam MS General Insurance, the general insurance subsidiary of the Company registered a 30% growth in Gross Written Premium during the year.

Cholamandalam Investment and Finance posted an excellent performance with 28% increase in disbursements and 32% growth in profit before taxation during the year.

Shanthi Gears., the gear manufacturing subsidiary of the Company, registered a revenue growth of 6.3%. It holds a strong order book and is planning foray into areas like defence and infrastructure related gearing systems.

For Sedis SAS, France, with adverse business conditions continuing to prevail in Europe, it was a year of flat performance. Sedis has a strong brand presence in Europe for its industrial chains and is expected to perform better in the years to come.

The new die design and manufacture JV company, TI Tsubamex Private Ltd., has commenced operation. The company has received encouraging response from major auto OEMs. Operating in a niche, import substitution area, the company has bright business prospects.

**CORPORATE TECHNOLOGY CENTRE**

Several technology based initiatives have been anchored by the in-house Corporate Technology Centre (CTC), which works closely with customers to proactively identify their needs and cater to their changing requirements by developing/incubating in house capabilities for design and development.

**CORPORATE STRATEGY GROUP**

During the year, the Company has set up a Corporate Strategy Group consisting of experienced managers drawn from various businesses to look at emerging business opportunities and provide strategic directional focus to businesses for growing more aggressively.

**OPERATIONAL EXCELLENCE (OPEX)**

The Company's OPEX program focuses on the customer, continuous improvement, employee involvement, employee empowerment and building a learning organization. To excel in manufacturing, TI has developed its own approach through a model called the "TI Operational Excellence (House of Excellence)" in line with the models developed by international companies of repute. The OPEX program has yielded good results by improving the cost competitiveness of the Company during the year.

**PEOPLE**

It is pertinent to place on record the Company's grateful appreciation of all the employees for their unwavering commitment towards customer focus and dedication towards OPEX.

TI's core strength lies in its people who have the capability and commitment in setting the course of the Company towards higher growth in the years to come.

Yours sincerely,



**L Ramkumar**



## 10 YEAR FINANCIAL HIGHLIGHTS

₹ in Crores

	15-16	14-15	13-14	12-13	11-12	10-11	09-10	08-09	07-08	06-07
<b>OPERATING RESULTS</b>										
Sales (Including Excise Duty)	4057.57	3916.16	3609.42	3642.25	3664.77	3126.40	2453.65	2212.22	1908.23	1761.84
Profit before Depreciation, Interest & Tax (PBDIT)	384.51	356.46	348.67	334.95	397.74	376.32	225.07	170.33	157.88	256.99
Profit before Interest & Tax (PBIT)	273.91	259.45	264.43	255.18	321.66	307.22	158.26	111.21	104.73	206.60
Profit before Tax (PBT)	923.78	155.15	141.22	147.21	245.10	241.30	129.50	83.02	83.44	195.31
Profit after Tax (PAT)	729.89	120.86	94.07	103.96	180.09	169.66	81.21	72.18	56.50	155.78
Earnings Per Share (₹)	38.98	6.46	5.04	5.58	9.69	9.16	4.39	3.91	3.06	8.43
Dividend Per Share (₹)	5.00	2.00	2.00	2.00	3.00	3.00	1.50	1.00	1.00	1.50
Book Value Per Share (₹)	103.51	70.57	66.29	63.28	59.84	53.40	44.21	39.88	38.86	35.49
<b>SOURCES AND APPLICATION OF FUNDS</b>										
<b>SOURCES OF FUNDS</b>										
Share Capital	37.47	37.43	37.38	37.33	37.26	37.13	36.95	36.95	36.95	36.95
Reserves and Surplus	1901.81	1283.10	1201.46	1144.01	1077.70	954.27	779.95	700.00	681.02	618.90
Net Worth	1939.28	1320.53	1238.84	1181.34	1114.96	991.40	816.90	736.95	717.97	655.85
Share Application Money Pending Allotment	-	-	-	-	0.03	-	-	-	-	-
Debt	1373.82	1420.74	1363.14	1301.88	832.41	723.80	705.82	399.76	327.50	206.45
Deferred Tax Liability (Net)	41.96	56.70	52.04	52.29	48.08	51.76	41.31	45.77	42.64	41.83
Total	3355.06	2797.97	2654.02	2535.51	1995.48	1766.96	1564.03	1182.48	1088.11	904.13
<b>APPLICATION OF FUNDS</b>										
Gross Fixed Assets	1795.36	1732.20	1433.19	1299.75	1218.32	1105.75	1028.09	964.02	861.91	734.06
Accumulated Depreciation including Impairment Provision	963.76	827.95	738.91	668.14	611.81	544.91	500.46	449.87	400.43	369.82
Net Fixed Assets	831.60	904.25	694.28	631.61	606.51	560.84	527.63	514.15	461.48	364.24
Capital Work-In-Progress	56.06	36.39	197.06	159.73	38.42	27.39	42.93	29.68	57.31	105.54
Investments	1461.29	1523.18	1505.71	1444.03	930.15	910.55	749.44	454.35	316.95	190.55
Net Working Capital	1006.11	334.15	256.97	300.14	420.40	268.18	244.03	184.30	252.37	243.80
Total	3355.06	2797.97	2654.02	2535.51	1995.48	1766.96	1564.03	1182.48	1088.11	904.13
<b>RATIOS</b>										
PBDIT To Sales (%)	9.48	9.10	9.66	9.20	10.85	12.04	9.17	7.70	8.27	14.59
PBIT To Sales (%)	6.75	6.63	7.33	7.01	8.78	9.83	6.45	5.03	5.49	11.73
PBT To Sales (%)	22.77	3.96	3.91	4.04	6.69	7.72	5.28	3.75	4.37	11.09
PAT To Sales (%)	17.99	3.09	2.61	2.85	4.91	5.43	3.31	3.26	2.96	8.84
Interest Cover (times)	2.85	2.58	2.83	3.22	5.20	5.71	7.83	6.04	7.42	22.76
ROCE (%) #	8.16	9.27	9.96	10.06	16.12	17.39	10.12	9.40	9.62	22.85
Return on Networth (%)	37.64	9.15	7.59	8.80	16.15	17.11	9.94	9.79	7.87	23.75
Total Debt Equity Ratio	0.71	1.08	1.10	1.10	0.75	0.73	0.86	0.54	0.46	0.31
Long Term Debt Equity Ratio	0.57	0.82	0.86	0.85	0.48	0.47	0.61	0.32	0.24	0.13
Sales / Fixed Assets (times)	4.88	4.33	5.20	5.77	6.04	5.57	4.65	4.30	4.14	4.84
Net Working Capital Turnover (times)*	14.94	12.70	15.92	13.65	10.96	12.28	10.05	12.00	7.56	7.23

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

\* Net Working Capital Turnover (times) is Turnover divided by Net Working Capital less Cash and Cash Equivalent as at end of the year.



## CORPORATE INFORMATION

<b>BOARD OF DIRECTORS</b>	<p>M M Murugappan, <i>Chairman</i></p> <p>L Ramkumar, <i>Managing Director</i></p> <p>Hemant M Nerurkar</p> <p>Madhu Dubhashi</p> <p>Pradeep V Bhide</p> <p>S Sandilya</p> <p>C K Sharma</p> <p>N Srinivasan</p>
<b>COMPANY SECRETARY</b>	S Suresh
<b>REGISTERED OFFICE</b>	<p>'Dare House'</p> <p>234 N S C Bose Road, Chennai 600 001</p>
<b>PLANTS</b>	<p><b>Bicycles:</b></p> <p>TI Cycles of India, Ambattur, Chennai</p> <p>TI Cycles of India, Rajpura</p> <p>TI Cycles of India, Nashik</p> <p>TI Cycles of India, NOIDA</p> <p><b>Engineering:</b></p> <p>Tube Products of India, Avadi, Chennai</p> <p>Tube Products of India, Tiruttani</p> <p>Tube Products of India, Shirwal, Satara</p> <p>Tube Products of India, Mohali</p> <p><b>Metal Formed Products:</b></p> <p>TIDC India, Ambattur, Chennai</p> <p>TIDC India, Kazipally, Medak</p> <p>TIDC India, Uttarakhand</p> <p>TI Metal Forming, Nemilicherry, Chennai</p> <p>TI Metal Forming, Kakkalur, Chennai</p> <p>TI Metal Forming, Bawal</p> <p>TI Metal Forming, Halol</p> <p>TI Metal Forming, Pune</p> <p>TI Metal Forming, Uttarakhand</p> <p>TI Metal Forming, Sanand</p>
<b>AUDITORS</b>	<p><b>S R Batliboi &amp; Associates LLP</b></p> <p>Chartered Accountants</p>
<b>BANKERS</b>	<p>Bank of America</p> <p>HDFC Bank Limited</p> <p>Standard Chartered Bank</p> <p>State Bank of India</p> <p>The Hongkong &amp; Shanghai Banking Corporation Limited</p>



## DIRECTORS' PROFILE

### Mr. M M Murugappan, Chairman

Mr. M M Murugappan (60 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 (60 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 36 years of rich and varied experience in management including 24 years in the Company itself in various capacities.

### Mr. Hemant M Nerurkar, Independent Director

Mr. Hemant M Nerurkar (67 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 the Chairman of TRL Krosaki Refractories Ltd. He is also on the Board of various companies including NCC Ltd, and Igarashi Motors India Ltd.

### Ms. Madhu Dubhashi, Independent Director

Ms. Madhu Dubhashi (65 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.) (66 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 (68 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. C K Sharma, Independent Director

Mr. C K Sharma (68 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. N Srinivasan, Non-Executive Director

Mr. N Srinivasan (58 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 also 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 67th Annual Report together with the audited Financial Statements of the Company for the year ended 31st March 2016.

#### 1. Business Environment

The business environment during 2015-16 continued to be a cause for concern due to adverse monsoon conditions in several parts of India which impacted crop yields, resulting in reduced rural disposable income and a lower spending tendency in the nation's bigger cities affecting thereby overall consumer demand and consumption.

Globally, the year was marked by the Euro zone crisis, economic reforms and changing economic policies of the People's Republic of China mainly depreciation of its currency, RMB (Renminbi) against the USD (American Dollar), a rise in terrorism and meltdown of commodity prices. Growth fell much short of expectations in 2015, decelerating to 2.4% from 2.6% in the previous year.

Going forward, global growth is projected to edge up in the coming years, as per the World Bank's Report

on Global Economic Prospects albeit at a slower pace than originally envisioned, reaching 2.9% in 2016 and 3.1% in 2017. This pickup is predicated on continued gains in the major high-income countries, a gradual tightening of financing conditions, a stabilisation of commodity prices and a gradual rebalancing in the People's Republic of China.

India's economic growth for 2015-16 is estimated at 7.5%. It is expected to further accelerate to 7.8% in 2016-17 and 7.9% in 2017-18 as per the World Bank's update on Indian economy.

The Indian automobile sector grew 3% during 2015-16. In the four wheeler segment, passenger vehicles and commercial vehicles sale volumes were up 6% and 12% respectively. In the two wheeler segment, while scooters grew by 12%, motor cycles showed a decline by 2%.

#### 2. Standalone Financial Highlights

₹ in Cr.

Particulars	2015-16	2014-15
<b>Sale of Products - Gross</b>	<b>4057.57</b>	<b>3916.16</b>
Excise Duty on Sales	(267.52)	(270.38)
<b>Sale of Products – Net</b>	<b>3790.05</b>	<b>3645.78</b>
<b>Profit Before Exceptional Items and Tax</b>	<b>138.80</b>	<b>121.15</b>
Profit on sale of Non-Current Investments	820.78	-
Provision for Impairment of Tangible Fixed Assets	(37.05)	-
Compensation under Voluntary Retirement Scheme	-	(27.43)
Profit on sale of Non-Operating Asset	1.25	61.43
<b>Profit Before Tax</b>	<b>923.78</b>	<b>155.15</b>
Tax Expense	(193.89)	(34.29)
<b>Profit After Tax</b>	<b>729.89</b>	<b>120.86</b>
Surplus at the beginning of the year	181.53	176.98
Earlier year's provision for dividend tax no longer required	1.45	1.22
Depreciation on Tangible Fixed Assets on transition to Schedule II of the Companies Act, 2013	-	(4.63)
<b>Profit Available for Appropriation</b>	<b>912.87</b>	<b>294.43</b>
Transfer to General Reserve	-	(30.00)
Transfer to Debenture Redemption Reserve (Net)	(24.27)	(42.18)
Interim Dividend @ ₹1.50 (Previous year ₹1.50) per Equity Share of ₹2 each	(28.09)	(28.06)
Special Dividend proposed @ ₹3.50 (Previous year-Final ₹0.50) per Equity Share of ₹2 each	(65.57)	(9.36)
Dividend Distribution Tax - Current year	(18.49)	(3.30)
<b>Balance carried to Balance Sheet</b>	<b>776.45</b>	<b>181.53</b>



### 3. Performance Overview

During 2015-16, the Company achieved a net turnover of ₹3790 Cr., growing 4% over 2014-15. The Profit before Depreciation, Interest, Exceptional Items and Tax for the year was at ₹385 Cr. as against ₹356 Cr. in the previous year, a growth of 8%. The Profit before Exceptional items and Tax was at ₹139 Cr. as against ₹121 Cr. in the previous year, a growth of 15% mainly due to higher sales.

During the year, the Company disinvested part of its shareholding in its subsidiary, M/s. Cholamandalam MS General Insurance Co Ltd., to the joint venture partner, M/s. Mitsui Sumitomo Insurance Co Ltd., Japan, which yielded a profit of ₹821 Cr.

On account of various market factors, changes in future project potential and expected usage, the Company has, during the year under review, recognised an impairment loss of ₹37 Cr. in Engineering and Metal Formed Products segments based on recoverable amounts determined by considering estimated net selling price for various asset classes.

The Cycles and Accessories segment recorded a revenue of ₹1485 Cr. as compared to ₹1314 Cr. during 2014-15, growing 13%, which was on the back of higher institutional and Specials' sales. The operating profit before interest and tax stood at ₹79 Cr. as compared to ₹58 Cr. during the previous year, a growth of 37%.

The Engineering segment registered revenue of ₹1629 Cr. as compared to ₹1725 Cr. during the previous year. The operating profit before interest and tax stood at ₹95 Cr. as compared to ₹103 Cr. during 2014-15. The drop in profits was due to additional costs associated with the new Large Diameter Tube manufacturing facility.

The Metal Formed Products segment recorded a revenue of ₹954 Cr. as compared to ₹929 Cr. during the previous year, a growth of 3%. The operating profit before interest and tax stood at ₹86 Cr. as compared to ₹81 Cr. during the previous year, a growth of 6%.

### 4. Business Review – Standalone

#### 4.1. Cycles and Accessories

##### TI's Presence

The Cycles and Accessories 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 has come to be looked at as a product for fun, fitness and leisure activities in addition to being viewed as just a transportation medium. As per the industry estimates, buoyed by orders from the State Governments, bicycle industry volumes grew approximately 10% in 2015-16. However, aside of the institutional sales, trade volumes have actually witnessed a decline of around 8% during the year. 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.

Nearly 80% of the country's requirements are met by four major players. The smaller regional players and imports constitute the balance. The Company enjoys a share of over one-third of the total organised market with a much higher share in the premium segment.

The domestic Fitness Industry remained attractive achieving significant growth during the year under review. 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

The segment sold over 45 lakh bicycles during the year, registering a growth of 13% over 2014-15 mainly due to higher institutional volumes. The segment continues to focus on creating an enhanced retail experience especially with regard to the Specials and premium segment. Exclusive stores numbering 642 spread all over the country provide the customers with a superior purchasing experience of the segment's offerings. These retail outlets facilitate a better understanding of the market requirements through a direct interaction with the customers. In order to address the market's requirements, the segment invests continuously in strengthening the supply chain capabilities.

The segment also has 16 premium stores under the “Track and Trail” banner in select identified locations. New retail concepts like the ‘Ciclo Café’, a cafe-cum-store, which was launched in Chennai in 2014-15 to promote the sale of high-end bicycles and to strengthen the presence amongst cycling communities, continue to receive encouraging response from cycling aficionados and experts alike. Extension of the café-cum-store concept to all major metro cities of the country is part of the segment’s plans to reach out to even more customers, providing them with the opportunity for experiential purchase. Similar new concepts are also being planned in the Fitness business. Upgrading of the retail network under “Track and Trail” brand is also being done on a continuous basis.

The segment expects to further improve its product portfolio by launching new products and designs. As part of its constant efforts to bring to the Indian customer the best bicycles available internationally, the Company launched the entire range of the world renowned ‘Ridley’ brand of bicycles in India, including an India-specific product portfolio, during the year. The latest premium bicycles from the Ridley stable have met with encouraging response from the Indian customers.

The segment will pursue initiatives including foray into e-commerce to widen its distribution reach, targeted advertising to drive demand and enhancing plant capacities. Construction of the green-field bicycle plant at Rajpura, Punjab with a production capacity of 250,000 bicycles per month is nearing completion and commercial production is expected to commence in the second quarter of FY 2016-17. The Rajpura facility will enable the segment to take advantage of an established vendor base available nearby in Ludhiana and to cater to the high demand in select segments and geographies. The plant for producing bicycles for export at the existing Ambattur facility is expected to reach its rated capacity (30,000 bicycles per month) during the current year. To optimise capacities and costs across various plants, the segment is currently rolling out several initiatives. Efforts will also continue on cost reduction initiatives in order to improve competitiveness and profitability.

The Fitness business is being revamped with an improved product portfolio and restructured operations.

During the year under review, the segment recorded revenue of ₹1485 Cr. as compared to ₹1314 Cr. during 2014-15, a growth of 13%. The operating profit before interest and tax stood at ₹79 Cr. as compared to ₹58 Cr. during the previous year, a growth of 37%.

## 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 needs of the automotive, boiler, bicycle, general engineering and process industries. The Company is further engaged in the manufacture of large diameter welded tubes mainly for non-auto application which are largely imported.

### Industry Scenario

The overall automotive industry grew by 3% during 2015-16. The passenger vehicle and two-wheeler segments registered growth of 6% and 2% respectively over the last fiscal. Within the two wheeler segment, while the sale volumes in scooters grew by 12%, motorcycles declined by 2%. The domestic commercial vehicle industry started recovering during the year from a prolonged slump lasting over two years.

In Cold Rolled Steel Strips, the Company continued to be a ‘niche player’ in a market dominated by integrated steel manufacturers by focussing on special grades catering to varied applications in different sizes and grades.

### Review of Performance

The Engineering segment continued to grow during the year under review thanks to the growth of the auto industry by taking good advantage of the capabilities, regional plants and distribution network of the segment.

During the year, volumes of the precision steel tubes business grew 8%, while the cold rolled steel strips business declined 7%. Production of the large diameter tube manufacturing plant, which caters to the requirements of the power, infrastructure, off-highway and general engineering segments, is getting stabilised. Plans have been drawn up for optimum utilisation of this facility and improvement in the market share.



During the year under review, the segment registered revenue of ₹1629 Cr. as compared to ₹1725 Cr. during the previous year. The operating profit before interest and tax stood at ₹95 Cr. as compared to ₹103 Cr. during 2014-15.

Product value addition, management of cost, modernisation of facility and further enhancement in efficiencies were the key business emphasis areas aiding improved profitability during the year under review.

### 4.3. Metal Formed Products

#### TI's presence

Automotive & 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 segment.

#### Industry scenario

The two wheeler segment registered a 2% growth in 2015-16. The scooter segment grew 12% and the passenger car segment 6%. The segment is one of the three major players manufacturing roller chains and fine blanked parts for the automotive industry in India. With the increasing 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. International car majors 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. Within the railway segment, while the freight sub-segment is yet to show signs of a major revival, a pick-up was witnessed with regard to the passenger coach sub-segment with the segment supplying 112 coaches to the Integral Coach Factory, Chennai.

#### Review of Performance

The sale of automotive chains to OEMs (Original Equipment Manufacturers) registered a growth of 7% compared to 2014-15. The Company continues to expand its presence in the aftermarket segment benefiting from the growing population of two-wheelers. The sale of industrial chains in the

domestic market recorded a growth of 6% during the year due to new products developed substituting imports as well as through appointment of dealers in the growing industrial belts. Fine blanked components volume grew by 8% primarily through new parts developed for four wheeler segment. Exports showed a decline of 1% over 2014-15 and continued to be a challenge in the light of difficult demand conditions in Europe, with a weak Euro affecting realisations.

Doorframe sale volumes were lower at 5% during 2015-16 due to a decline in the sale of select models of major car manufacturers. The focus is on generating more business from the Auto OEMs, leveraging the Tier-1 position with specific emphasis on roll form channels used in passenger cars. In addition, growing the casings vertical with efforts spread across sectors and geographical regions, strengthening the current position in respect of coach parts and foraying into agri-rotovators, blades and other farm implements are some of the opportunities that will be looked into closely to sustain the journey towards growth.

To sustain profitable growth, the chains business segment will be pursuing its core business processes to successfully handle fluctuations as well as change in the product mix to meet customers demand. The auto aftermarket continues to provide opportunities for growth, albeit with good competition and the business expects to strengthen on the sales structure, deepen its coverage and launch new products for new categories.

During the year under review, the segment recorded revenue of ₹954 Cr. as compared to ₹929 Cr. during the previous year, a growth of 3%. The operating profit before interest and tax stood at ₹86 Cr. as compared to ₹81 Cr. during the previous year, a growth of 6%.

## 5. Dividend

The Board of Directors has recommended a Special Dividend of ₹3.50 per share, on equity share of face value of ₹2 each for the financial year ended 31st March, 2016 considering the profit on sale of 14% stake in Cholamandalam MS General Insurance Company Limited. Together with the interim dividend of ₹1.50 per share, paid on 5th February, 2016, the total dividend for the year works out to ₹5 per share on equity share of face value of ₹2 each. The Special Dividend, if approved by shareholders, will be paid on or after 8th August, 2016.

## 6. Share Capital

The paid up equity share capital as on 31st March 2016 was ₹37.47 Cr. During the year under review, the Company has issued 2,14,873 equity shares to eligible employees under the Employee Stock Option Scheme.

## 7. Finance

Cash and Cash Equivalents as at 31st March 2016 were ₹735 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.

## 8. Consolidated Financial Highlights

₹ in Cr.

Particulars	2015-16	2014-15
Revenue from Operation	7991.21	9722.11
<b>Profit Before Tax</b>	<b>1374.18</b>	<b>1003.28</b>
Tax Expense	(367.07)	(319.64)
<b>Profit for the year before Minority Interest and share of profit from Associate</b>	<b>1007.11</b>	<b>683.64</b>
Minority Interest	(142.04)	(259.28)
Share of profit from Associate	173.84	-
<b>Net Profit for the Year</b>	<b>1038.91</b>	<b>424.36</b>

The Company's consolidated Net Profit for the year was at ₹1039 Cr. as compared to ₹424 Cr. during the previous year, a growth of 145%.

## 9. Business Review – Associate, Subsidiaries and Joint Ventures

### 9.1. Cholamandalam Investment and Finance Co Ltd (CIFCL)

CIFCL, an associate of the Company, had another year of fine performance on the back of sustained performance by its vehicle finance and home equity verticals, CIFCL's profit before tax grew 32%, at ₹870 Cr. (previous year: ₹657 Cr.) and profit after tax increased to ₹569 Cr. (previous year: ₹435 Cr.). Disbursements of CIFCL increased to ₹16,380 Cr. in 2015-16 (previous year: ₹12,808 Cr.).

CIFCL allotted 1,22,85,012 equity shares of ₹10/- each to M/s. Dynasty Acquisition (FDI) Ltd., on conversion of the Compulsorily Convertible Preference Shares

### 7.1. Non-Convertible Debentures

During the year, Non-Convertible Debentures aggregating ₹375 Cr. were issued and ₹350 Cr. were redeemed. As on 31st March 2016, Non-Convertible Debentures aggregating ₹1075 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 was outstanding as on 31st March 2016.

### 7.3. Particulars of Loans, Guarantees or Investments

During the year, the Company has not invested or given any loans or guarantees under the provisions of Section 186 of the Companies Act, 2013.

issued by them, resulting in reduction of Company's shareholding in CIFCL from 50.24% to 46.28%, even though the number of shares held by our Company in CIFCL remains at 7,22,33,019 equity shares as in the previous year. Consequently, CIFCL ceased to be a subsidiary of the Company with effect from 2nd September, 2015.

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

MSGICL, a joint venture with M/s. Mitsui Sumitomo Insurance Company Ltd., Japan (MS), achieved a Gross Written Premium (including reinsurance acceptance) of ₹2466 Cr. during 2015-16 (previous year: ₹1,896 Cr.), registering a growth of 30%. The profit before tax was ₹213 Cr. for the year (previous year: ₹199 Cr.), registering a growth of 6%.



During the year, the Company sold 4,18,32,798 equity shares of face value ₹10/- each representing 14% shareholding in CMSGICL to MS for an aggregate consideration of ₹882.67 Cr. Consequent to this, the Company's shareholding in CMSGICL reduced from about 74% to 60% and MS' shareholding has gone up from 26% to 40%. The Company continues to hold 17,92,82,861 equity shares, aggregating about 60% in CMSGICL's equity capital.

### 9.3. Shanthi Gears Ltd (SGL)

SGL, the Company's subsidiary, recorded a turnover of ₹162 Cr. in 2015-16 against ₹152 Cr. in the previous year. Profit before tax was ₹23 Cr. (previous year: ₹13 Cr.). During the year, SGL renewed its focus on re-establishing itself in the market and gaining new customers.

SGL grew its order book by 34% due to the efforts taken in the previous years to enhance presence in the market especially in key user locations, enhancing its reach by strengthening its sales and service teams, building references in high potential segments, entry into the defence segment and building its capability in certain high-end applications.

SGL continues to pursue opportunities to grow the customer base, enhance product offerings, reduce cost and improve execution capabilities to meet customer expectations.

### 9.4. Financière C10 SAS (FC10)

FC10, the Company's wholly-owned subsidiary in France, recorded a consolidated turnover of Euro 33 Mn in 2015 (previous year: Euro 33 Mn). The loss before tax for the year was Euro 0.34 Mn (previous year: loss before tax Euro 0.38 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 is a joint venture of the Company with Tsubamex Company Limited, Japan to engage in the business of design and engineering of sheet metal dies and fixtures and providing related services. The Company holds 1,95,00,000 equity shares, aggregating 75% of TTPL's equity capital.

TTPL's die manufacturing facility at Oragadam near Chennai is currently in trial production mode after successful installation and commissioning of imported capital equipment. With a good order book for die

design and manufacture secured from the major Japanese automakers in India, TTPL is set to commence commercial production in the current year.

TTPL's loss before tax for the year was ₹3.52 Cr. (previous year: ₹1.94 Cr.).

### 9.6. TI Financial Holdings Ltd (TIFHL)

TIFHL 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 M/s. 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 ₹32.42 Cr. during 2015-16 (previous year: ₹35.33 Cr.). The profit before tax for the year was ₹2.83 Cr. (previous year: ₹2.04 Cr.).

The Statement containing the information in respect of the Company's subsidiaries, joint ventures and associate companies is attached. The Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with the Accounting Standard (AS) 21, form part of the Annual Report.

## 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 was impacted by costs incurred on the Large Diameter Tube 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 is expected to stabilise its production in the current 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 is setting up 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 reduced to 9% 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 lower due to the lower quantum of borrowings and lower interest rates.

### 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 (ERP) 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 businesses and the related mitigation plans are discussed hereunder. The risks given below are not exhaustive and the evaluation of risk is based on management's perception.

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 four occasions during the year as per details given in the Annexure to the Corporate Governance Report. At its meetings, the Committee comprehensively reviewed the risks and related mitigation plans across the various SBUs (Strategic Business Units) of the Company.



### 11.1. Bicycles and Accessories

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

### 11.2. Engineering

Risk	Why considered as Risk	Mitigation Plan/Counter Measure
User Industry Concentration Risk	<ul style="list-style-type: none"> <li>• Significant exposure to auto sector</li> <li>• Lag in pass through of input cost changes</li> <li>• Demand declining in global markets</li> </ul>	<ul style="list-style-type: none"> <li>• New products/applications to existing new customers</li> <li>• Introduction of new products catering to non-auto users</li> <li>• Leverage application engineering skills for tubular solutions</li> <li>• Drive operational efficiencies vigorously</li> <li>• Cost reduction through operational excellence initiatives</li> </ul>
Technology Obsolescence Risk	<ul style="list-style-type: none"> <li>• Cheaper alternatives for auto applications affecting revenue streams</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic alliance with educational/research institutions</li> <li>• Technology tie-up with global major</li> <li>• Imbibing new and relevant technologies</li> </ul>
Raw Material Risk	<ul style="list-style-type: none"> <li>• Volatility in steel price</li> <li>• Inconsistency in quality</li> <li>• High inventory holding</li> </ul>	<ul style="list-style-type: none"> <li>• Alliance with steel producers</li> <li>• Global sourcing</li> <li>• Strategic sourcing</li> <li>• Rationalisation and standardisation of grades</li> <li>• Move to products with higher value addition</li> </ul>
Competition Risk	<ul style="list-style-type: none"> <li>• Competition from integrated steel mills</li> <li>• New entrants with financial strength</li> <li>• Imports</li> </ul>	<ul style="list-style-type: none"> <li>• Consistent quality and timely delivery</li> <li>• Project range of offering leveraging all businesses of the Company</li> <li>• Innovate on products, process and applications</li> <li>• Leveraging metallurgy skills</li> <li>• Enhancing competitiveness</li> <li>• Lock-in with customers</li> </ul>

### 11.3. Metal Formed Products

Risk	Why considered as Risk	Mitigation Plan/Counter Measure
Product Risk	<ul style="list-style-type: none"> <li>Revenues are model specific</li> </ul>	<ul style="list-style-type: none"> <li>Increase in customer base and models</li> <li>Indigenisation of equipment</li> <li>Pursue options for other business using the same facilities</li> <li>Model specific investments to be done by OEMs</li> </ul>
User Industry Concentration Risk	<ul style="list-style-type: none"> <li>Dependence on auto sector</li> <li>Impact of slow down</li> </ul>	<ul style="list-style-type: none"> <li>Diversification into non-auto business</li> <li>Focus on industrial applications</li> <li>Develop range of power transmission products</li> </ul>
Customer Retention Risk	<ul style="list-style-type: none"> <li>Availability of alternative source</li> <li>Disruption in supplies</li> </ul>	<ul style="list-style-type: none"> <li>Cost competitiveness through Operational Excellence initiatives</li> <li>Leverage design strength</li> <li>Leverage proximity to customer</li> <li>Build technology superiority</li> <li>Product - plant rationalisation</li> </ul>
Entry of competition	<ul style="list-style-type: none"> <li>Low technology barrier</li> <li>Impact on profit</li> </ul>	<ul style="list-style-type: none"> <li>Leverage position with customer as technology leader</li> <li>Continuous upgrading of technical specifications</li> <li>Cost reduction</li> <li>Concentration in focus markets</li> </ul>
Entry of internationally established players in domestic market	<ul style="list-style-type: none"> <li>Better product range</li> <li>Tie-up with local player/end user</li> <li>'High quality' image</li> </ul>	<ul style="list-style-type: none"> <li>Enhance product portfolio leveraging acquisition</li> <li>Leverage leadership and competitive position in industry</li> <li>Strengthen collaboration with R&amp;D team of customers</li> <li>Pursue opportunities in systems/components</li> <li>Pursue options for collaborating with other multi-national player(s) of repute</li> </ul>
Sourcing Risk	<ul style="list-style-type: none"> <li>Dependence on few vendors for certain components</li> </ul>	<ul style="list-style-type: none"> <li>Vendor relationship building</li> <li>Enhancing vendor base, both locally as well as overseas</li> <li>Leveraging strength of combined entity</li> </ul>

### 11.4 General

Risk	Why considered as Risk	Mitigation Plan/Counter Measure
HR Risk	<ul style="list-style-type: none"> <li>Ability to attract talent, especially people with domain knowledge for new projects</li> <li>Retention of talent</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Brand Building</li> <li>Robust recruitment process</li> <li>Structured induction and on the job training</li> <li>Coaching and team building</li> <li>Individual career and development plan</li> <li>Effective communication exercises</li> <li>Continuous engagement with identified talent pool</li> <li>Deskill operations</li> </ul>



Risk	Why considered as Risk	Mitigation Plan/Counter Measure
Internal Control Risk	<ul style="list-style-type: none"> <li>Multiple locations</li> </ul>	<ul style="list-style-type: none"> <li>Review of controls in a structured manner, at defined frequency</li> <li>Risk based audit of controls</li> </ul>
Currency Risk	<ul style="list-style-type: none"> <li>Foreign currency exposure on exports, imports and borrowings</li> </ul>	<ul style="list-style-type: none"> <li>Early identification and monitoring of exposures</li> <li>Hedging of exposures based on risk profile</li> </ul>
IT Related Risk	<ul style="list-style-type: none"> <li>Confidentiality, integrity and availability</li> </ul>	<ul style="list-style-type: none"> <li>Access controls</li> <li>Secure Network Architecture</li> <li>Infrastructure redundancies &amp; disaster recovery mechanism</li> <li>Audit of controls</li> </ul>
Project Management Risk	<ul style="list-style-type: none"> <li>Delay in implementation</li> <li>Increase in cost</li> <li>Potential delay in stabilisation of production</li> </ul>	<ul style="list-style-type: none"> <li>Effective project management</li> <li>Pre-implementation planning</li> <li>Deployment of adequate resources</li> <li>Effective monitoring</li> </ul>

## 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 ₹2.11 Cr. The Company has spent ₹2.73 Cr. towards CSR projects/activities during 2015-16. The projects/activities were identified with a view to make an impact in the areas of the Company's operations by working closely with the local communities. Details are furnished in the Annual Report of CSR activities for 2015-16 annexed to and forming part of this Report as Annexure-B as well as in the Company's website at the following link, <http://www.tiindia.com/article/values/547>.

## 13. Corporate Governance

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

During the year under review, the Securities & Exchange Board of India (SEBI) notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") with

the objective of bringing the framework governing listed entities in line with the Companies Act, 2013 and to consolidate all the SEBI Regulations and Circulars hitherto governing the equity and the debt segments of the capital market under a single document. As required under the new SEBI Listing Regulations, the Company executed the Uniform Listing Agreement with the National Stock Exchange of India and the BSE Ltd.

The Company was wholly in compliance with the requirements of the Listing Agreement with the Stock Exchanges (up to 30th November, 2015) as well as the new SEBI Listing Regulations (from 1st December, 2015).

A report on corporate governance together with a certificate from the Auditors is annexed in accordance with the terms of the SEBI Listing Regulations and forms part of the Board's Report. The Managing Director has submitted a certificate to the Board regarding the financial statements and other matters in terms of Part B of Schedule II [Corporate Governance] of the SEBI Listing Regulations.

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

## 14. Human Resources

The Company firmly believes that human resources play a vital role in its continued growth and success. The Company continued to invest in the development

of people capabilities during the year under review with the objective of building an internal talent pipeline. Identified promising employees were put through a program aimed at building their capabilities to handle future leadership roles. The central recruitment team sources and recruits the best talent for the various businesses of the Company. Further, in continuation of the initiative taken during last year, the Individual Development Plans (IDPs) of high-potential employees were given sharp focus to address specific organisational needs. Development Centre to identify the strengths, areas for improvement and learning styles of such employees followed by a business simulation program was conducted to enable them appreciate holistic business perspective. A reverse mentoring programme has been introduced in the Bicycles business where the senior leadership team members are being mentored by their young professional colleagues. This initiative is well received and appreciated by all concerned.

The Operational Excellence (OPEX) initiative to bring about process excellence gained greater momentum and comprehensive implementation during the year under review across the Company by involving each employee. The OPEX team continues to actively support the Company's businesses in the thrust areas viz., OPEX structure and systems and culture.

Industrial relations remained cordial at all our units and long-term settlements were successfully concluded at TI Cycles of India, Ambattur and Nashik and TIDC India, Hyderabad.

Number of permanent employees on the rolls of the Company as on 31st March 2016 was 3409.

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 regard 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 framed a policy on prevention of sexual harassment at workplace in line with the requirement of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & 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 sensitised 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 Company's Employee Stock Option Scheme as required under the relevant SEBI Regulations are displayed in the Company's website at the following link, <http://www.tiindia.com/article/values/554>.

## 17. Directors' Responsibility Statement

The Board of Directors confirm that the Company has in place a framework of internal financial controls and compliance system, which is monitored and reviewed by the Audit Committee and the Board besides the statutory, internal and secretarial auditors. Further, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures therefrom;
- (ii) they have, in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations consistently and made judgments and estimates 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, 2016 and of the profit of the Company for the year ended on that date;
- (iii) they have taken proper and sufficient care 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;



- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the year ended 31st March, 2016; and
- (vi) proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended 31st March, 2016.

## 18. Auditors

At the previous Annual General Meeting, M/s. S.R. Batliboi & Associates LLP, Chartered Accountants were appointed as the Statutory Auditors of the Company for a period of 5 years from the conclusion of the said 66th Annual General Meeting till the conclusion of the 71st Annual General Meeting. In terms of the Companies Act, 2013, the appointment of the said Statutory Auditors is subject to ratification each year. Further, in terms of the Shareholders' approval, the remuneration payable to the said Statutory Auditors in respect of their appointment is to be fixed each year. Accordingly, the Board of Directors recommend the ratification of the appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants as the Statutory Auditors of the Company for the period from the conclusion of the 67th Annual General Meeting to the 68th Annual General Meeting on the terms of remuneration as set out in the resolution contained the Notice of the Annual General Meeting.

Consequent to the applicability of cost audit under the Companies (Cost Records and Audit) Amendment Rules, 2014, Mr. V Kalyanaraman, Cost Accountant was appointed as the Cost Auditor for auditing the cost accounting records maintained by the Company in respect of the applicable products for the financial year ended 31st March, 2016. The Cost Audit Report will be filed within the stipulated period of 180 days from the close of financial year.

In respect of the previous year, 2014-15, 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 18th September, 2015 viz., well within the limit of within 180 days from the end of the financial year stipulated by Ministry of Corporate Affairs.

## 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

Mr. N Srinivasan 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.

Mr. L Ramkumar was re-appointed by the Board of Directors, at the meeting held on 30th March, 2016, as Managing Director of the Company, for a fresh term, from 9th April, 2016 till the conclusion of the Annual General Meeting of the Company in 2018 (both days inclusive). Necessary resolution for the re-appointment of Mr. L Ramkumar, payment of remuneration and other terms of his re-appointment thereof form part of the Notice of the ensuing Annual General Meeting for Shareholders' approval.

The Board takes pleasure in recommending the appointment of Mr. N Srinivasan as Director and the re-appointment of Mr. L Ramkumar as Managing Director of the Company at the forthcoming Annual General Meeting.

All the Independent Directors of the Company have furnished necessary declaration in terms of Section 149(6) of the Act affirming that they meet the criteria of independence as stipulated thereunder.

## 21. Declarations/Affirmations

During the year under review:

- there was no change in the Company's nature of business;
- there were no material changes and commitments which occurred during the period under review affecting the Company's financial position; &
- there were no significant material orders passed by the regulators or courts or tribunals impacting the Company's going concern status and its operations in future.

## 22. 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 Messrs R. Sridharan & Associates, a firm of 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-D. No qualifications or observation or other remarks have been made by the Secretarial Auditor in his said Report.

## 23. Annual Return

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

## 24. Key Managerial Personnel

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

Mr. L Ramkumar, Managing Director was also appointed by the Board of Directors of TI Tsubamex Private Limited, the Company's die manufacturing joint venture with Tsubamex Co. Limited, Japan, as its Managing Director in accordance with the requirements of the Companies Act, 2013. His term of appointment is from 1st January, 2016 to 31st March, 2018 (both days inclusive) without any remuneration.

Mr Arjun Ananth, Chief Financial Officer of the Company resigned from the services of the Company for personal reasons and was relieved on 29th February, 2016.

## 25. 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-F.

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  
3rd May, 2016



**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		
Sl. No.	Particulars	1	2	3	4	5	6	7	8
2	Name of the Subsidiary	Cholamandalam MS General Insurance Company Limited	TI Financial Holdings Limited	Shanthy Gears Limited	TI Tsubamex Private Limited	Financiere C10 SAS	SEDIS SAS	S2CI	SEDIS Co. Limited
3	Reporting period of the subsidiary	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Dec-15	31-Dec-15	31-Dec-15	31-Dec-15
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	EUR 1 EUR = ₹71.82	EUR 1 EUR = ₹71.82	EUR 1 EUR = ₹71.82	GBP 1 GBP = ₹95.20
5	Share Capital	298.81	0.11	8.17	26.00	24.12	46.68	1.65	1.91
6	Reserves & Surplus	554.05	(0.06)	275.89	(7.04)	46.31	11.84	3.83	2.11
7	Total Assets (Non-Current and Current Assets)	4407.57	0.05	317.96	25.77	85.50	148.89	15.67	7.03
8	Total Liabilities (Non-Current and Current Liabilities)	3554.71	-	33.90	6.81	15.07	90.37	10.19	3.01
9	Investments (Non Current + Current Investments)	3347.86	-	55.00	7.30	76.66	4.10	-	-
10	Turnover	2017.27	-	164.98	0.21	5.07	221.65	20.54	12.16
11	Profit/(Loss) Before Tax	213.10	-	23.46	(3.52)	(1.47)	(1.48)	0.04	0.23
12	Provision for Tax	65.15	-	5.22	(0.13)	-	(1.28)	0.02	0.05
13	Profit/(Loss) After Tax	147.95	-	18.24	(3.39)	(1.47)	(0.20)	0.02	0.18
14	Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
15	% of Shareholding	60%	100%	70.12%	75%	100%	100%	100%	100%

**Notes:**

1 Names of subsidiaries which are yet to commence operations - TI Financial Holdings 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)**

<b>Particulars</b>		
Name of the Associate/Joint Venture company	Cholamandalam Investment and Finance Company Limited (Associate Company)	Cholamandalam MS Risk Services Limited (Joint Venture Company)
1 Latest Audited Balance Sheet Date	31-Mar-16	31-Mar-16
2 Share of Associate/Joint Venture held by the company on the year end		
No of Shares	7,22,33,019	9,89,979
Amount of Investment	₹645.83 Cr.	₹0.99 Cr.
Extent of Holding (%)	46.3%	49.5%
3 Description of how there is significant influence	Through shareholding	Through shareholding
4 Reason why the Associate/Joint Venture is not consolidated	It is getting consolidated in the Company's Consolidated Financials	It is getting consolidated in the Company's Consolidated Financials
5 Net worth attributable to shareholding as per latest audited Balance Sheet	₹1697.59 Cr.	₹6.91 Cr.
6 Profit for the year		
i. Considered in Consolidation	₹273.76 Cr.	₹0.99 Cr.
ii. Not Considered in Consolidation	Nil	Nil

**Notes:**

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

**On behalf of the Board****M M Murugappan**  
Chairman**L Ramkumar**  
Managing DirectorChennai  
3rd May, 2016**S Suresh**  
Company Secretary



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

The CSR Policy of the Company *inter alia* provides for identification of CSR projects & programmes, modalities of execution and monitoring process. The Policy can be accessed on the Company's website at the following link, <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;
- Working 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;
- Promoting sports through training of sportspersons;
- Undertaking rural development projects;
- Promoting women empowerment and reduction of gender bias;
- Supporting traditional arts and culture;
- Any other programme that falls under TI's CSR Policy and is aimed at the empowerment of underprivileged sections of the society.

A significant portion of the spending has been in the areas of education, health and nutrition, environment and women empowerment.

The projects and programmes which had been identified and implemented by the Company during the financial year, 2015-16 can be accessed in the Company's website at the following link, <http://www.tiindia.com/article/values/547>.

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 ₹105.26 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 ₹2.11 Cr.

5. Details of CSR spend during the financial year, 2015-16:

- Total amount spent for the financial year: ₹2.73 Cr.
- Amount unspent: Nil
- 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 upto the reporting period	Amount Spent-Direct (D) or through Implementing Agency (IA)*
1	<ol style="list-style-type: none"> <li>Educational infrastructure support for Govt Schools (IA) &amp; (D)</li> <li>Supporting Infrastructure facilities for IFMR (D)</li> <li>Supporting for women empowerment &amp; Education (IA)</li> <li>Basic Training Center (D)</li> <li>Providing educational aids for the needy children in the orphanage (D)</li> </ol>	Education	<b>Tamilnadu:</b> Ambattur, Avadi in Chennai, Tiruttani, Ponpadi, Sri City, Senneerkuppam <b>Punjab:</b> Mohali <b>Maharashtra:</b> Shirwal <b>Uttarakhand:</b> Laksar	1.84	1.76	1.76	1.18 (D) 0.58 (IA)
2	<ol style="list-style-type: none"> <li>Sponsor Mobile Medical Unit to provide medical support to the underprivileged in urban and rural slum areas (IA)</li> <li>Sponsor Health &amp; Medical camps &amp; specific medical programs for the underprivileged (IA)</li> <li>Sanitation infra to the Govt Schools (D)</li> <li>Providing safe drinking water through Borewells (D)</li> <li>Feeding nutritional/ special diets to malnourished children of the region (IA)</li> </ol>	Health	<b>Tamilnadu:</b> Ambattur, Avadi, Chinnamapettai, Kadambathur, Nemilicherry, and Pichivakkam in Chennai, Tiruttani, Ponpadi <b>Uttarakhand:</b> Haridwar	0.38	0.27	0.27	0.22 (IA) 0.05 (D)



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 upto the reporting period	Amount Spent-Direct (D) or through Implementing Agency (IA)*
3	Supporting Protection and environment/ providing livelihood to farmers-research activities (IA)	Environment	Rural India	0.64	0.50	0.50	0.50 (IA)
4	Enhancing the education for the rural girls (IA)	Women Empowerment	Madhya Pradesh: Mirzapur	0.11	0.11	0.11	0.11 (IA)
5	CSR Administration and general	General		0.13	0.09	0.09	0.09
				<b>3.10</b>	<b>2.73</b>	<b>2.73</b>	<b>2.73</b>

\* Details of Implementing Agencies:

**Education:** AMM Foundation [Ref. Sl. No.1(a)], Padakshep [Ref. Sl. No.1(e)]

**Health:** Help Age India [Ref. Sl. No.2(a)], MIOT hospitals [Ref. Sl.No. 2(b)], Regional Admn. Department and Health Department, Uttarakhand [Ref. Sl.No. 2(e)]

**Environment:** Shri AMM Murugappa Chettiar Research Centre [Ref. Sl.No.3]

**Women Empowerment:** IIMPACT [Ref. Sl. No.4]

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

Not applicable as the Company has spent in excess of the mandatory minimum.

**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**

**L Ramkumar**  
Managing Director

**S Sandilya**  
Chairman of the meeting of  
CSR Committee

Place: Chennai

Date: 3rd May, 2016

## 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, 2015-16 as per Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are as follows:

<b>(i)</b>	<b>Ratio of remuneration* of each Director to the median remuneration of the employees of the Company for the financial year, 2015-16</b>																																		
	<table border="1"> <thead> <tr> <th>Name</th> <th>Designation</th> <th>Ratio<sup>#</sup></th> </tr> </thead> <tbody> <tr> <td>Mr. M M Murugappan</td> <td>Chairman</td> <td>20.98</td> </tr> <tr> <td>Mr. Pradeep V Bhide</td> <td>Director</td> <td>7.64</td> </tr> <tr> <td>Mr. S. Sandilya</td> <td>Director</td> <td>2.96</td> </tr> <tr> <td>Mr. N. Srinivasan</td> <td>Director</td> <td>2.96</td> </tr> <tr> <td>Mr. C K Sharma</td> <td>Director</td> <td>2.83</td> </tr> <tr> <td>Mr. Hemant M Nerurkar</td> <td>Director</td> <td>2.59</td> </tr> <tr> <td>Ms. Madhu Dubhashi</td> <td>Director</td> <td>2.29</td> </tr> <tr> <td>Mr. L Ramkumar</td> <td>Managing Director</td> <td>90.27</td> </tr> </tbody> </table>	Name	Designation	Ratio <sup>#</sup>	Mr. M M Murugappan	Chairman	20.98	Mr. Pradeep V Bhide	Director	7.64	Mr. S. Sandilya	Director	2.96	Mr. N. Srinivasan	Director	2.96	Mr. C K Sharma	Director	2.83	Mr. Hemant M Nerurkar	Director	2.59	Ms. Madhu Dubhashi	Director	2.29	Mr. L Ramkumar	Managing Director	90.27							
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	Note: *Remuneration includes Sitting Fees																																		
	# Number of times the median remuneration																																		
<b>(ii)</b>	<b>Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer &amp; Company Secretary in the financial year, 2015-16</b>																																		
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Mr. L Ramkumar	Managing Director	11%																																	
Mr. Suresh S	Company Secretary	12%																																	
Mr. Arjun Ananth*	Chief Financial Officer	8%																																	
	<sup>#</sup> part of the year, 2014-15																																		
	*up to 29th February, 2016																																		
<b>(iii)</b>	<b>Percentage increase in median remuneration of employees in the financial year, 2015-16</b>	6%																																	
<b>(iv)</b>	<b>Number of permanent employees on the rolls of the Company as on 31.03.2016</b>	3,409																																	
<b>(v)</b>	<b>Explanation on the relationship between average increase in remuneration and Company performance</b>	<p>The average % increase in remuneration of employees in 2015-16 was 6.5% as compared to 2014-15.</p> <p>The Company's performance may be seen with respect to the following parameters:</p> <p>Increase in the financial year, 2015-16 as compared to the previous financial year in respect of (a) market capitalization:6%; (b) profit before exceptional item &amp; tax:15%; &amp; (c) gross revenue:3%.</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, business conditions and size of the Company.</p>																																	



<b>(vi) Comparison of remuneration of Key Managerial Personnel against the performance of the Company</b>	Aggregate remuneration of Key Managerial Personnel (KMP) for the financial year 2015-16 Aggregate KMP remuneration as a %age of the Profit Before Taxation & Exceptional Items	₹4.89 Cr. 3.52%																											
<b>(vii) Variations in the market capitalisation &amp; other parameters of the Company</b>																													
<table border="1"> <thead> <tr> <th>Parameters</th> <th>As on 31.3.2015</th> <th>As on 31.3.2016</th> <th>Variation - absolute</th> <th>Variation - %</th> </tr> </thead> <tbody> <tr> <td>Market capitalisation (₹ in Cr.)</td> <td>6,835.92</td> <td>7,251.25</td> <td>415.33</td> <td>6</td> </tr> <tr> <td>Price to Earnings ratio (no. of times)<sup>#</sup></td> <td>56.55</td> <td>9.93</td> <td>(46.62)</td> <td>-82</td> </tr> <tr> <td>Market quotation* (₹ per share)</td> <td>365.30</td> <td>387.05</td> <td>21.75</td> <td>6</td> </tr> <tr> <td>Public Offer price (₹ per share) &amp; % increase/decrease in comparison with the market quotation</td> <td colspan="4">There was no Public Offer since 1979</td> </tr> </tbody> </table>	Parameters	As on 31.3.2015	As on 31.3.2016	Variation - absolute	Variation - %	Market capitalisation (₹ in Cr.)	6,835.92	7,251.25	415.33	6	Price to Earnings ratio (no. of times) <sup>#</sup>	56.55	9.93	(46.62)	-82	Market quotation* (₹ per share)	365.30	387.05	21.75	6	Public Offer price (₹ per share) & % increase/decrease in comparison with the market quotation	There was no Public Offer since 1979							
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Note: <sup>#</sup> after considering exceptional items of ₹785 Cr. (2014-15: ₹34 Cr.) <sup>*</sup> closing price on the National Stock Exchange of India																													
<b>(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</b>																													
<table border="1"> <thead> <tr> <th>Parameters</th> <th></th> </tr> </thead> <tbody> <tr> <td>Average % increase in the salaries of employees other than managerial personnel viz., Managing Director, in the financial year, 2015-16</td> <td>6.5%</td> </tr> <tr> <td>Average % increase in the managerial remuneration in the financial year, 2015-16 viz., Managing Director's remuneration</td> <td>11%</td> </tr> <tr> <td>Remarks</td> <td>The Managing Director's remuneration comprises of fixed and variable component. The annual increment in salary for the financial year, 2015-16 is determined by the Nomination &amp; Remuneration Committee on the basis of Company financials, level of responsibility, experience and scales prevailing in the industry.</td> </tr> </tbody> </table>	Parameters		Average % increase in the salaries of employees other than managerial personnel viz., Managing Director, in the financial year, 2015-16	6.5%	Average % increase in the managerial remuneration in the financial year, 2015-16 viz., Managing Director's remuneration	11%	Remarks	The Managing Director's remuneration comprises of fixed and variable component. The annual increment in salary for the financial year, 2015-16 is determined by the Nomination & Remuneration Committee on the basis of Company financials, level of responsibility, experience and scales prevailing in the industry.																					
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<sup>@</sup> Upto 29th February, 2016																													

**(x) 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.

**(xi) 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, 2015-16.

**(xii) Affirmation**

It is affirmed that the remuneration paid to the employees during the financial year, 2015-16 is as per the Remuneration Policy of the Company.

**On behalf of the Board**

**M M Murugappan**  
Chairman

Place: Chennai  
Date: 3rd May, 2016



## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.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 Identification Number:L35921TN1949PLC002905] (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances 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, 2016 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, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 (to the extent applicable);
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Company has not dealt with the matters relating to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings under FEMA and hence, the requirement of complying with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder does not arise;
- (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 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Employee Stock Option Scheme, 2007 approved under the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - 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, Service Tax based on the information & explanations provided by the management and officers of the Company and certificates placed before the Board of Directors, 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/regulations of the following:

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India applicable with effect from 1st July, 2015.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India Limited and the Uniform Listing Agreement entered with the said stock exchanges pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable with effect from 1st December, 2015).

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. Meetings which are convened at shorter notice and agenda/notes on agenda which are circulated less than the specified period, the necessary compliances under the Companies Act, 2013 and Secretarial Standards on Board Meeting are complied with. There are certain businesses that can be transacted through Video Conferencing/Audio Visual means as provided for under the Companies Act, 2013 and the relevant Rules made there under. The Company has properly convened & recorded in compliance with Rule 3 of Companies (Meetings of Board and its Powers) Rules, 2014 businesses that have been transacted through Video Conferencing/Audio Visual means.

Based on the verification of the records and minutes, the decisions at the Board/Committee Meetings were taken with the consent of the Board of Directors/Committee Members and no Director/Member had dissented on any of the decisions taken at such Board/Committee Meetings. Further, in the minutes of the General Meeting, the members who voted against the resolution(s) have been recorded.

**We further report that** based on review of compliance mechanism established by the Company we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws including labour laws, rules, regulations and guidelines.

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

- a) Obtained approval of the Board of Directors at their meeting held on 25th December, 2015 to divest part of the investment held in Cholamandalam MS General Insurance Company Limited to the extent of 14% of paid up capital of Cholamandalam MS General Insurance Company Limited.
- b) Issued Secured Redeemable Non-Convertible Debentures for ₹375 Crores.
- c) Redeemed Secured Redeemable Non-Convertible Debentures for ₹350 Crores.

For R.SRIDHARAN & ASSOCIATES  
COMPANY SECRETARIES

Place : Chennai  
Date : 3rd May, 2016

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

## ANNEXURE-E

## Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2016

[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 Registered Office and contact details	:	"Dare House", 234 N S C Bose Road, Chennai – 600 001 Tel: 044 42286715, Fax: 044 42110404 E-mail: <a href="mailto:investorservices@tii.murugappa.com">investorservices@tii.murugappa.com</a>
6	Whether listed company	:	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32 Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, E-mail: <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a> Tel : (040) - 67162222, Fax : (040) - 23001153

### 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:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
1	Cycles and Accessories	3092	39
2	Steel Strips and Tubes	2431	37
3	Metal Formed Products	2511	24

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. 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	Associate*	46.26	2(6)
2	Cholamandalam MS General Insurance Company Ltd.	"Dare House", No.2, N S C Bose Road Chennai - 600 001	U66030TN2001PLC047977	Subsidiary	60.00	2(87)(ii)
3	Shanthi Gears Ltd.	304A, Trichy Road, Singanallur Coimbatore - 641 005	L29130TZ1972PLC000649	Subsidiary	70.12	2(87)(ii)
4	TI Financial Holdings Ltd.	"Dare House", No.234, N S C Bose Road Chennai - 600 001	U65999TN2008PLC069496	Subsidiary	100.00	2(87)(ii)
5	TI Tsubamex Private Ltd.	"Dare House", No.234, N S C Bose Road Chennai - 600 001	U28910TN2014PTC094447	Subsidiary	75.00	2(87)(ii)
6	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)
7	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)



Sl. No.	Name and Address of the Company	Address	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
8	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 (7) above]	100.00	2(87)(ii)
9	S2CI	35 Rue Des Bas Trevois 10003 TROY France, RCS Troyes 440,134,054 (No.2007B Management 34)	Foreign Company	Fellow Subsidiary [Subsidiary of (7) above]	100.00	2(87)(ii)
10	SEDIS Co. Ltd.	248 Mackadown Lane, Kitts Green, Birmingham, D33 OLE England	Foreign Company	Fellow Subsidiary [Subsidiary of(7) above]	100.00	2(87)(ii)

\*upto 1st september 2015 - Subsidiary

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

##### (i) Category-wise Shareholding

Sl. No.	Category of Shareholder	No. of Shares held at the beginning of the year (1st April, 2016)				No. of Shares held at the end of the year (31st March, 2015)				% Change during the Year
		Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
(A)	<b>PROMOTER</b>									
(1)	<b>INDIAN</b>									
(a)	Individual/HUF	1,10,99,460	-	1,10,99,460	5.93	1,10,89,720	-	1,10,89,720	5.92	-0.01
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	7,07,50,575	-	7,07,50,575	37.81	7,07,50,575	-	7,07,50,575	37.76	-0.04
(d)	Financial Institutions/Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
(AA)	<b>PROMOTER GROUP</b>									
(a)	Individual/HUF	60,45,240	-	60,45,240	3.23	59,95,980	-	59,95,980	3.20	-0.03
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	21,38,535	-	21,38,535	1.14	21,98,535	-	21,98,535	1.17	0.03
(d)	Others	13,98,630	-	13,98,630	0.75	13,98,630	-	13,98,630	0.75	0.00
	<b>Sub-Total A(1):</b>	<b>9,14,32,440</b>	<b>-</b>	<b>9,14,32,440</b>	<b>48.86</b>	<b>9,14,33,440</b>	<b>-</b>	<b>9,14,33,440</b>	<b>48.80</b>	<b>-0.06</b>
(2)	<b>FOREIGN</b>									
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total A(2):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group A=A(1)+A(2)</b>	<b>9,14,32,440</b>	<b>0</b>	<b>9,14,32,440</b>	<b>48.86</b>	<b>9,14,33,440</b>	<b>-</b>	<b>9,14,33,440</b>	<b>48.80</b>	<b>-0.06</b>
(B)	<b>PUBLIC SHAREHOLDING</b>									

Sl. No.	Category of Shareholder	No. of Shares held at the beginning of the year (1st April, 2016)				No. of Shares held at the end of the year (31st March, 2015)				% Change during the Year
		Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
(1)	<b>INSTITUTIONS</b>									
(a)	Mutual Funds/UTI	17420636	-	17420636	9.31	16829192	-	16829192	8.98	-0.33
(b)	Financial Institutions/Banks	910081	7350	917431	0.49	901721	7350	909071	0.49	-
(c)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	4573894	-	4573894	2.44	3089205	-	3089205	1.65	0.79
(f)	Foreign Institutional Investors	24537407	236660	24774067	13.24	27387660	236660	27624320	14.75	1.51
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	22390	-	22390	0.01	-
	<b>Sub-Total B(1):</b>	<b>47442018</b>	<b>244010</b>	<b>47686028</b>	<b>25.48</b>	<b>48230168</b>	<b>244010</b>	<b>48474178</b>	<b>25.88</b>	<b>0.40</b>
(2)	<b>NON-INSTITUTIONS</b>									
(a)	Bodies Corporate	13719114	6290	13725404	7.33	15041245	4130	15045375	8.03	0.70
(b)	Individuals									
	(i) Individual Shareholders holding nominal share capital upto Rs.2 lakh	15616394	1608566	17224960	9.20	17738148	1559471	19297619	10.30	1.10
	(ii) Individual Shareholders holding nominal share capital in excess of Rs.2 lakh	11305968	84740	11390708	6.09	6848120	-	6848120	3.66	-2.43
(c)	Others									
	CLEARING MEMBERS	39346	-	39346	0.02	49161	-	49161	0.03	0.01
	NON RESIDENT INDIANS	643997	57030	701027	0.37	692612	57030	749642	0.40	0.03
	TRUSTS	108291	-	108291	0.06	99191	-	99191	0.05	0.00
	Others	-	-	-	-	719181	-	719181	0.38	0.38
					0.00				0.00	
	<b>Sub-Total B(2):</b>	<b>41433110</b>	<b>1756626</b>	<b>43189736</b>	<b>23.08</b>	<b>41187658</b>	<b>1620631</b>	<b>42808289</b>	<b>22.85</b>	<b>-0.23</b>
	<b>Total Public Shareholding B=B(1)+B(2):</b>	<b>88875128</b>	<b>2000636</b>	<b>90875764</b>	<b>48.56</b>	<b>89417826</b>	<b>1864641</b>	<b>91282467</b>	<b>48.72</b>	<b>0.16</b>
	<b>Total (A+B):</b>	<b>180307568</b>	<b>2000636</b>	<b>182308204</b>	<b>97.42</b>	<b>180851266</b>	<b>1864641</b>	<b>182715907</b>	<b>97.53</b>	<b>0.11</b>
(C)	Shares held by custodians for GDRs & ADRs									
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	4823460	-	4823460	2.58	4630630	-	4630630	2.47	-0.11
	<b>Sub-Total C:</b>	<b>4823460</b>	<b>-</b>	<b>4823460</b>	<b>2.58</b>	<b>4630630</b>	<b>-</b>	<b>4630630</b>	<b>2.47</b>	<b>-0.11</b>
	<b>GRAND TOTAL (A+B+C):</b>	<b>185131028</b>	<b>2000636</b>	<b>187131664</b>	<b>100.00</b>	<b>185481896</b>	<b>1864641</b>	<b>187346537</b>	<b>100.00</b>	

Note: The decrease in change of 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 and changes in the holdings of two of the Promoters.



## (ii) Shareholding of Promoters

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 the Shares of the Company	% of the Shares pledged/encumbered to total Shares	No. of Shares	% of the Shares of the Company	% of the Shares pledged/encumbered to total Shares	
	<b>Messrs.</b>							
1	Mr. M V Murugappan	12,34,200	0.66	0.17	12,34,200	0.66	0.13	0.00
2	Mr. M V Subbiah	7,44,150	0.40	0.03	7,44,150	0.40	0.03	0.00
3	Mr. S Vellayan	4,30,250	0.23	0.03	4,30,250	0.23	0.03	0.00
4	Mr. A Vellayan	6,31,900	0.34	0.02	6,31,900	0.34	0.02	0.00
5	Mr. V Narayanan	2,81,140	0.15	0.00	2,81,140	0.15	0.00	0.00
6	Mr. V Arunachalam	3,38,990	0.18	0.00	3,38,990	0.18	0.00	0.00
7	Mr. A Venkatachalam	7,64,610	0.41	0.09	7,64,610	0.41	0.09	0.00
8	Mr. Arun Venkatachalam	1,98,130	0.11	0.00	1,98,130	0.11	0.00	0.00
9	Mr. M M Murugappan	13,07,275	0.70	0.00	13,32,405	0.71	0.00	-0.01
10	Mr. M M Veerappan	3,88,130	0.21	0.00	3,88,130	0.21	0.00	0.00
11	Mr. M M Muthiah	3,98,130	0.21	0.00	3,98,130	0.21	0.00	0.00
12	Mr. M M Venkatachalam	6,92,990	0.37	0.09	7,18,120	0.38	0.09	-0.01
13	Mr. M V Muthiah	4,49,590	0.24	0.00	4,49,590	0.24	0.00	0.00
14	Mr. M V Subramanian	23,425	0.01	0.00	23,425	0.01	0.00	0.00
15	Mr. M A Alagappan	8,40,660	0.45	0.00	8,40,660	0.45	0.00	0.00
16	Mr. Arun Alagappan	8,33,090	0.44	0.04	8,33,090	0.44	0.03	0.00
17	Mr. M A M Arunachalam	6,78,820	0.36	0.00	6,18,820	0.33	0.11	0.03
18	E.I.D. Parrry (India) Ltd.	-	-	-	-	-	-	-
19	Coromandel International Ltd. (Formerly known as Coromandel Fertilizers Ltd.)	-	-	-	-	-	-	-
20	New Ambadi Estate Private Ltd.	-	-	-	-	-	-	-
21	Murugappa Holdings Ltd.	6,40,54,680	34.21	0.00	6,40,54,680	34.19	0.00	0.02
22	Ambadi Enterprises Ltd.	10,58,200	0.57	0.00	10,58,200	0.56	0.00	0.00
23	Ambadi Investments Private Ltd.	56,36,695	3.01	0.00	56,36,695	3.01	0.00	0.00
24	Carborundum Universal Ltd.	1,000	0.00	0.00	1,000	0.00	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	0.00	8,63,980	0.46	0.00	0.00
		<b>8,18,50,035</b>	<b>43.72</b>	<b>0.47</b>	<b>8,18,40,295</b>	<b>43.68</b>	<b>0.53</b>	<b>0.03</b>

Note:

The above table does not include the holdings of the Promoter group aggregating 95,93,145 shares (5.12%) as at 31st March, 2016.

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

Sl. No.	Particulars	Shareholding					Cumulative Shareholding during the year (1.4.2015 to 31.03.2016)	
		No. of Shares at the beginning of the year (1.4.2015)/at end of the year (31.3.2016)	% of total shares of the Company	Date	Increase/Decrease in shareholding	Reason	No. of Shares	% of total shares of the Company
1.	Promoters shareholding	8,18,50,035	43.71%					
				17-Dec-15	25,130	Transfer	8,18,75,165	43.75%
				17-Dec-15	25,130	Transfer	8,19,00,295	43.76%
				26-Feb-16	-60,000	Transfer	8,18,40,295	43.73%
		8,18,40,295	43.68%	31-Mar-16				43.73%*

\* Change in shareholding percentage is on account of change in paid up equity share capital arising due to allotment of shares to employees under the Company's ESOP Scheme of 2007 besides due to the increase/decrease arising from transfer as indicated above.

**(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 (1.4.2015 to 31.03.2016)	
		No. of Shares at the beginning of the year (1.4.2015)/ at end of the year (31.3.2016)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of Shares	% of total shares of the Company
1	ELM Park Fund Limited	51,82,523	2.77					
		51,82,523	2.77	31-Mar-16			51,82,523	2.77
2	Life Insurance Corporation of India	45,01,203	2.40					
				10-Apr-15	-1,78,359	Transfer	43,22,844	2.31
				17-Apr-15	-1,91,885	Transfer	41,30,959	2.20
				24-Apr-15	-1,14,191	Transfer	40,16,768	2.14
				15-May-15	-4,671	Transfer	40,12,097	2.14
				4-Sep-15	-16,877	Transfer	39,95,220	2.13
				9-Oct-15	-12,943	Transfer	39,82,277	2.13
				16-Oct-15	-2,14,979	Transfer	37,67,298	2.01
				23-Oct-15	-78,921	Transfer	36,88,377	1.97
				30-Oct-15	-70,564	Transfer	36,17,813	1.93
				6-Nov-15	-574	Transfer	36,17,239	1.93
				11-Dec-15	-10,411	Transfer	36,06,828	1.93
				31-Dec-15	-44,033	Transfer	35,62,795	1.90
				1-Jan-16	-12,960	Transfer	35,49,835	1.89
				8-Jan-16	-4,60,710	Transfer	30,89,125	1.65
		31-Mar-16	0		30,89,125	1.65		
3	Gagandeep Credit Capital Pvt Ltd	44,09,610	2.35					
		44,09,610	2.35	31-Mar-16			44,09,610	2.35
4	HDFC Trustee Company Ltd - A/C HDFC Mid - Cap Opportunies Fund	42,00,000	2.24					
		43,00,000	2.30	31-Mar-16	1,00,000	Transfer	43,00,000	2.30
5	Sudarshan Securities Private Limited	34,48,880	1.84					
				10-Jul-16	-34,48,880	Transfer	0	0.00
		0	0	31-Mar-16				
6	Daiwa Capital Markets Singapore Limited A/C Toyota Tsusho Corporation	27,00,000	1.44					
		27,00,000	1.44	31-Mar-16			27,00,000	1.44
7	National Westminster Bank Plc As Depository of First State Indian Sub-Continent Fund, a sub-fund of First state Investments ICVC	24,45,894	1.31					
				5-Jun-15	1,97,608	Transfer	26,43,502	1.41
				11-Dec-15	-58,046	Transfer	25,85,456	1.38
				18-Dec-15	-1,58,011	Transfer	24,27,445	1.30
				25-Dec-15	-44,911	Transfer	23,82,534	1.27
				31-Dec-15	-1,54,578	Transfer	22,27,956	1.19
				12-Feb-16	-2,08,983	Transfer	20,18,973	1.08
				19-Feb-16	-2,578	Transfer	20,16,395	1.08
				26-Feb-16	-1,04,300	Transfer	19,12,095	1.02
				4-Mar-16	-8,900	Transfer	19,03,195	1.02
		31-Mar-16	0		19,03,195	1.02		
8	Mr. Mayank Jashwantlal Shah	19,50,000	1.04					
				14-Aug-15	-15,00,000	Transfer	4,50,000	0.24
				31-Dec-15	-30,000	Transfer	4,20,000	0.22
		4,20,000	0.22	31-Mar-16	0		4,20,000	0.22
9	Tube Investments of India Limited - Unclaimed Suspense Account	19,34,621	1.03					
				29-May-15	-13,235	Transfer	19,21,386	1.03
				5-Jun-15	-440	Transfer	19,20,946	1.03
				26-Jun-15	-2,570	Transfer	19,18,376	1.02
				14-Aug-15	-3,610	Transfer	19,14,766	1.02
				28-Aug-15	-3,210	Transfer	19,11,556	1.02
				11-Sep-15	-9,140	Transfer	19,02,416	1.02
				9-Oct-15	-7,850	Transfer	18,94,566	1.01
				13-Nov-15	-14,560	Transfer	18,80,006	1.00
				11-Dec-15	-570	Transfer	18,79,436	1.00
				18-Dec-15	-530	Transfer	18,78,906	1.00
				31-Dec-15	-7,440	Transfer	18,71,466	1.00
				12-Feb-16	-7,600	Transfer	18,63,866	0.99
				26-Feb-16	-1,800	Transfer	18,62,066	0.99
				31-Mar-16	0		18,62,066	0.99
10	Reliance Capital Trustee Co Ltd-A/C Reliance Mid & Small Cap Fund	17,98,846	0.96					
				18-Mar-16	-65,000	Transfer	17,33,846	0.93
		16,83,846	0.90	25-Mar-16	-50,000	Transfer	16,83,846	0.90
		31-Mar-16						



(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
	<b>Directors</b>				
1	<b>Mr. M M Murugappan, Chairman (Non-Executive Director)</b>				
	At the beginning of the year	13,07,275	0.70		
	Date-wise increase in shareholding during the year (17.12.2015)	25,130	0.01		
	At the end of the year	13,32,405	0.71	13,32,405	0.71
2	<b>Mr. L Ramkumar, Managing Director</b>				
	At the beginning of the year	1,50,650	0.08		
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	1,50,650	0.08		
3	<b>Mr. Hemant M Nerurkar, Independent Director</b>				
	At the beginning of the year	-	-		
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	-	-		
4	<b>Ms. Madhu Dubhashi, Independent Director</b>				
	At the beginning of the year	-	-		
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	-	-		
5	<b>Mr. Pradeep V Bhide, Independent Director</b>				
	At the beginning of the year	-	-		
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	-	-		
6	<b>Mr. S Sandilya, Independent Director</b>				
	At the beginning of the year	-	-		
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	-	-		
7	<b>Mr. C K Sharma, Independent Director</b>				
	At the beginning of the year	700	0.0003		
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	700	0.0003		
8	<b>Mr. N Srinivasan, Non-executive Director</b>				
	At the beginning of the year	69,467	0.04		
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	69,467	0.04		
	<b>Key Managerial Personnel</b>				
1	<b>Mr. Arjun Ananth, Chief Financial Officer*</b>				
	At the beginning of the year	-	-		
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	-	-		
2	<b>Mr. S Suresh, Company Secretary</b>				
	At the beginning of the year	-	-		
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	-	-		

\* upto 29th February, 2016



## V. INDEBTEDNESS

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

₹ in Cr.

Particulars	Secured	Short Term - Unsecured	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,320.74	100.00	-	1,420.74
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	48.07	-	-	48.07
<b>Total (i + ii + iii)</b>	<b>1,368.81</b>	<b>100.00</b>	-	<b>1,468.81</b>
<b>Change in Indebtedness during the financial year</b>				
i) Addition	696.10	839.18	-	1,535.28
ii) Reduction	859.27	722.93	-	1,582.20
<b>Net Change</b>	<b>(163.17)</b>	<b>116.25</b>	-	<b>(46.92)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,157.57	216.25	-	1,373.82
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	52.57	-	-	52.57
<b>Total (i + ii + iii)</b>	<b>1,210.14</b>	<b>216.25</b>	-	<b>1,426.39</b>

## 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	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	3.25	3.25
	(b) Value of perquisites under Section 17(2) of Income-tax Act, 1961	0.10	0.10
	(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	-	-
	<b>Total (A)</b>	<b>3.35</b>	<b>3.35</b>
	<b>Overall Ceiling as per the Act</b>	<b>7.21</b>	<b>7.21</b>



## B. Remuneration to other Directors:

₹ in Cr.

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	
<b>1. Independent Directors</b>						
Fees for attending Board/Committee Meetings	0.035	0.034	0.030	0.021	0.010	0.130
Commission	0.075	0.250	0.075	0.075	0.075	0.550
Others, please specify	-	-	-	-	-	-
<b>Total (1)</b>	<b>0.110</b>	<b>0.284</b>	<b>0.105</b>	<b>0.096</b>	<b>0.085</b>	<b>0.680</b>
<b>2. Other Non-Executive Directors</b>						
		<b>Mr. M M Murugappan</b>		<b>Mr. N Srinivasan</b>		<b>Total Amount</b>
Fees for attending Board/Committee Meetings		0.028		0.035		0.063
Commission		0.750		0.075		0.825
Others, please specify		-		-		-
<b>Total (2)</b>		<b>0.778</b>		<b>0.110</b>		<b>0.888</b>
<b>Total (B) = (1)+(2)</b>						<b>1.568</b>
<b>Total Managerial Remuneration (A)+(B)</b>						<b>4.918</b>
<b>Overall Ceiling as per the Act</b>						<b>15.86</b>

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

₹ in Cr.

	Particulars of remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	Chief Financial Officer (upto 29th February, 2016)	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	0.467	0.663	1.130
	(b) Value of perquisites under Section 17(2) of Income-tax Act, 1961	0.056	0.065	0.121
	(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	-	-	-
	<b>Total</b>	<b>0.523</b>	<b>0.728</b>	<b>1.251</b>

## VII. Penalties/Punishment/Compounding of Offences:

There were no penalties, punishment or compounding of offences during the financial year ended 31st March, 2016.

## ANNEXURE-F

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

### Power & Fuel Consumption

Particulars		2015-16	2014-15
1	Electricity		
	(a) Purchased		
	Units (kWh)	11,78,37,568	9,65,93,217
	Total Cost (₹ Cr.)	92.73	75.13
	Rate per Unit (₹)	7.87	7.78
	(b) Own Generation through Diesel Generator		
	Unit (kWh)	27,84,968	46,63,595
	Total Cost (₹ Cr.)	4.49	9.52
	Rate per Unit (₹)	16.14	20.42
	(c) Own Generation through Furnace Oil Generator		
	Units (kWh)	-	1,12,77,173
	Total Cost (₹ Cr.)	-	11.18
	Rate per Unit (₹)	-	9.91
	(d) Own generation through Windmills - (Units - kWh)	-	3,22,580
2	Furnace Oil		
	Quantity (kilo litres)	-	28,59,381
	Total Cost (₹ Cr.)	-	11.18
	Rate per Unit (₹)	-	39.09
3	Consumption per unit of production		
	A. Cycles (kWh per Cycle)	2.93	2.66
	B. Strips and Tubes (kWh per Ton)	228	221
	C. Metal Form (kWh per Ton)	484	320
	D. Chains (kWh per Ton)	1,276	1,310

### Conservation of Energy

The Company is committed to the conservation of energy and various measures are pursued in this regard. Some of the measures taken during 2015-16 are highlighted hereunder.

Various initiatives were undertaken across the Company covering thermal energy, pumps, compressors, lighting and renewable energy. In addition, studies were conducted on harmonics, variable speed drives, etc.

In the Bicycles business, initiatives included installation of energy efficient ovens for phosphating, use of specially designed stainless steel baskets for phosphating resulting in cycle time reduction and use of alternate source of energy through roof top solar power system in the Rajpura plant.

In Metal Formed Products business, measures undertaken include installation of Variable Frequency Drive (VFD) at rolling mill, Auto motor cut off in Presses, Bay lights with 100W lights (original 250W) by reducing the height in the inspection area. The other measures includes steps taken for alternate source of energy like rural feeder conversion, solar lamps and solar inverter.

Studies were conducted in TIDC India on compressed air line network and line modifications were carried out for reducing pressure loss, thereby aiding compressor demand controller efficiency. Measures undertaken include replacement of 300 nos. of 265W MV lamps with 120W induction lamps, servo control voltage stabilizer for canteen and other common lighting circuit, de-rating of motors in cooling tower, pin cropping machines, reduction of heater capacity from 60KW



to 40KW in TRE furnace. The other measures include heat loss reduction in TRE & MBF furnaces by re-insulation, elimination of forming machine power pack by design modification, interlocking of drives & component collection conveyor for eliminating idle running etc.

In the Engineering business, energy efficient pumps were installed at seven places in place of old mono bloc pumps. The business also replaced metal halide illumination in one of the bays with LED lighting and has plans to introduce LED lighting at all places in the factory. Auto cut of system for utilities like welding, man coolers and compressors was introduced which will help in elimination of idle hour energy consumption.

### Technology Absorption

#### Efforts made by the Company towards technology absorption and its benefits

- Technology for producing tubes for roll over protection systems (ROPS) of off-road vehicles has been developed, which includes die/tool design capability for high strength cold drawn, bent profiled sections, bringing this safety related product category within the Company's product range.
- Automated machinery and improved tooling has been introduced for in-house manufacture of bicycle frames

for the quality-sensitive, lightweight, premium bicycle market segment of the Company.

- Manufacture of fine blanked seat recliner parts with automated inspection and grading equipment to meet discerning automotive customer standards has been developed by the Company, intended for ultimate use in car seating safety systems.
- In-house design, development and manufacture of machinery for tube processing like tube straightening machines has led to reductions in capital spend in the Company over the last year.
- Capability enhancement of machinery by improved design, manufacture and replacement of machine elements in tube mills and draw benches has helped to meet emerging customer demands on quality parameters using existing equipment, while reducing the capital spend.

#### Future plans on technology

- Setting up of manufacture and Assembly line for inverted tooth (silent) chains for two wheeler engine timing applications (camshaft drives) for the formed metal parts division.
- Examination of technologies like laser cutting of tubes for cycle frames to sustain the developmental momentum in the high end bicycle segment of the Company.

### Expenditure on R & D

₹ in Cr.

Particulars	2015-16	2014-15
Capital expenditure	1.15	0.17
Recurring	15.63	13.08
Total	16.78	13.25
Total R&D expenditure as a % of total turnover	0.44	0.36

### Foreign Exchange Earnings and Outgo

₹ in Cr.

Particulars	2015-16	2014-15
Foreign exchange earnings (CIF Value)	224.81	222.04
Foreign exchange outgo	283.07	336.77

On behalf of the Board

**M M Murugappan**  
Chairman

Chennai  
3rd May, 2016

## 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 eight 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). Mr. Hemant M Nerurkar, Ms. Madhu Dubhashi, Mr. Pradeep V Bhide, Mr. S Sandilya and Mr. C K Sharma are the Independent Directors in terms of the SEBI Listing Regulations. None of the Directors are related to each other.

The Company had issued letters 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](http://www.tiindia.com) [link: <http://www.tiindia.com/investors/466>].

On their appointment, Independent Directors are familiarised about the Company's operations and businesses. As part of the familiarisation programme, a handbook is provided to all Directors including Independent Directors at the time of 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 familiarise the Director with the Company's operations and businesses, plant visits are organised 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 to the Director. Direct meetings with the Chairman and the Managing Director are further facilitated for the new appointee to familiarise 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 at the following link <http://www.tiindia.com/investors/466>.

None of the Directors of the Company was a member of more than ten Board-level committees or a chairman of more than five 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 five Board meetings are held each year. Evolving strategy, annual business plans, review of actual performance and course correction, as deemed fit, constitute the primary business of the Board. The role of the Board also includes de-risking, investment, divestment and business reorganisation. Matters such as capital expenditure, recruitment of senior level personnel, safety & environment, HR related developments, compliance with statutes and foreign exchange exposures are also reviewed by the Board from time to time.

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

There were six meetings of the Board during the financial year, 2015-16. The dates of the Board meetings, attendance and the number of Directorships/Committee memberships held by the Directors as on 31st March, 2016 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, three 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 SEBI Listing Regulations.

The Committee met five times during the financial year ended 31st March, 2016. 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 SEBI Listing Regulations. Under the 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.

The Remuneration Policy of the Company provides 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 category of employees are eligible for long-term incentive plan in the form of stock options (ESOPs) under the Company's Employee Stock Option Scheme 2007 ("Scheme"). During 2015-16, there were no material

changes in the Scheme. The Scheme is in compliance with the applicable SEBI Regulations in this regard.

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.

Mr. C K Sharma is the Chairman of the Committee. The Committee met four times during the financial year ended 31st March, 2016. 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, 2016, 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 is constituted in accordance with the requirements of the Companies Act, 2013 and the Rules thereunder. The Committee consists of three members, two 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 once during the financial year ended 31st March, 2016. The composition of the Corporate Social Responsibility Committee and the attendance of each member at the meeting of the Committee are given in **Table 7** 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.

The Risk Management Committee, constituted in 2011, regularly monitors and evaluates the key risks of the Company and apprises 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 four members, three 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 four times during the financial year ended 31st March, 2016. The composition of the Committee and attendance of its members at the meeting are given in **Table 8** 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 the SEBI Listing Regulations. 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 CSR 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 30th March, 2016, 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 SEBI Listing Regulations. Mr. Pradeep V Bhide, 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 at the following 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 the SEBI Listing Regulations were in the ordinary course of business and on arms 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 at the following 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 'Business Standard' 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 SEBI Listing Regulations, the terms of reference of the Committee provide for the resolution of 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, 2016. The composition of the Committee and attendance of its members at the meetings are given in **Table 6** of the annexure to this Report.

One investor complaint was received and the same was resolved during the year ended 31st March, 2016. No complaints were pending as at 31st March, 2016.

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, [investorservices@tii.murugappa.com](mailto:investorservices@tii.murugappa.com). Mr. S Suresh, Company Secretary is the Compliance Officer.

Members are further welcome to utilize 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 has 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 the SEBI Listing Regulations, for the year ended 31st March, 2016.

## Whistle-Blower Policy/Vigil Mechanism

Pursuant to the requirements of Section 177 of the Companies Act, 2013 and the SEBI Listing Regulations, 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 person 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, financial results for the half-year ended 30th September, 2015 were not separately sent by post to the shareholders.

In line with its stated policy of being committed to the principles and practices of good corporate governance, the Company is in compliance with most of the requirements forming part of the discretionary requirements under Schedule II, Part E of the Listing Regulations. As regards the



remaining discretionary requirements, the Company after careful evaluation would strive to implement the same progressively, as appropriate.

The Board of Directors has laid down a Code of Conduct for all the Board members and the senior management of the Company, 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, 2015-16. The Code of Conduct has been posted on the website of the Company at the following 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.

During the year under review, Policies for preservation & archival of documents and for determination of materiality for disclosure of information/events to the Stock Exchanges were framed responding to the requirement under the SEBI Listing Regulations, which replaced the Listing Agreement with the Stock Exchanges. Further, a new Code of Conduct for Insiders was framed to take care of the requirements of the new SEBI (Prohibition of Insider Trading) Regulations, 2015. The aforesaid Policies and the Code are also posted on the website of the Company at the following links, <http://www.tiindia.com/article/values/527>; <http://www.tiindia.com/article/values/538> and <http://www.tiindia.com/article/values/493>.

## 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**

Chennai  
3rd May, 2016

**M M Murugappan**  
Chairman

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## 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, 2016, as envisaged in Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Chennai  
3rd May, 2016

**L Ramkumar**  
Managing Director

## ANNEXURE TO THE CORPORATE GOVERNANCE REPORT

### (A) Board Meeting Dates and Attendance

The Board of Directors met six times during the financial year 2015-16. The dates of the Board meetings were 5th May, 2015, 10th August, 2015, 3rd November, 2015, 25th December, 2015, 2nd February, 2016 and 30th March, 2016.

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, 2016 are as follows:

**TABLE 1**

Sl. No.	Name of Director	Board meetings attended (no. of meetings held)	Number of Directorships <sup>(a)</sup> - including TII (out of which as Chairman)	Number of committee memberships <sup>(b)</sup> – including TII (out of which as Chairman)	Attendance at last AGM	No. of shares held as on 31st March, 2016
1.	Mr. M M Murugappan	6(6)	10(5)	9(4)	Present	13,32,405
2.	Mr. L Ramkumar	6(6)	5(1)	2(1)	Present	1,50,650
3.	Mr. Hemant M Nerurkar	6(6)	8(2)	-	Present	-
4.	Ms. Madhu Dubhashi	4(6)	8	5(3)	Present	-
5.	Mr. Pradeep V Bhide	6(6)	8(1)	8(1)	Present	-
6.	Mr. S Sandilya	6(6)	5(2)	6(4)	Present	-
7.	Mr. C K Sharma	5(6)	1	1	Present	700
8.	Mr. N Srinivasan	6(6)	4	5(1)	Present	69,467

<sup>(a)</sup> Excludes foreign companies, private limited companies (which are not subsidiary or holding company of a public company), alternate Directorship and companies registered under Section 8 of the Companies Act, 2013.

<sup>(b)</sup> Includes only membership in Audit and Stakeholders Relationship Committees.

### (B) Composition of Audit Committee and Attendance

The Committee met five times during the financial year ended 31st March, 2016. The dates of the Committee's meetings were 5th May, 2015, 10th August, 2015, 3rd November, 2015, 2nd February, 2016 and 30th March, 2016. 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. C K Sharma	4(5)
Mr. N Srinivasan	5(5)

### (C) Composition of Nomination & Remuneration Committee and Attendance

The Committee met four times during the financial year ended 31st March, 2016. The dates of the Committee's meetings were 5th May, 2015, 10th August, 2015, 2nd February, 2016 and 30th March, 2016. 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	3(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 <sup>(a)</sup>	Allowance	Perquisites & Contributions <sup>(b)</sup>	Total
Mr. L Ramkumar	99,37,605	81,69,700	1,15,09,595	38,74,179	3,34,91,079

<sup>(a)</sup> 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.

<sup>(b)</sup> 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, 2016 are as follows:

**TABLE 5** (Amount in ₹.)

Name of the Director	Commission <sup>(a)</sup>	Sitting fees	Total
Mr. M M Murugappan	75,00,000	2,85,000	77,85,000
Mr. Hemant M Nerurkar	7,50,000	2,10,000	9,60,000
Ms. Madhu Dubhashi	7,50,000	1,00,000	8,50,000
Mr. Pradeep V Bhide	25,00,000	3,35,000	28,35,000
Mr. S Sandilya	7,50,000	3,50,000	11,00,000
Mr. C K Sharma	7,50,000	3,00,000	10,50,000
Mr. N Srinivasan	7,50,000	3,50,000	11,00,000

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

## (F) Composition of Stakeholders Relationship Committee and Attendance

The Committee met twice during the financial year ended 31st March, 2016. The dates of the Committee's meetings were 16th October, 2015 and 30th March, 2016. The composition of the Stakeholders Relationship Committee and the attendance of each member at the above meetings are as follows:

**TABLE 6**

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

## (G) Composition of Corporate Social Responsibility Committee and Attendance

The Committee met once during the financial year ended 31st March, 2016 on 5th May, 2015. The composition of the Corporate Social Responsibility Committee and the attendance of each member at the above meeting are as follows:

TABLE 7

Name of the Member	Number of meetings attended (Number of meetings held)
Mr. S Sandilya	1(1)
Mr. C K Sharma	0(1)
Mr. L Ramkumar	1(1)

### (H) Composition of Risk Management Committee and Attendance

The Committee met four times during the year ended 31st March, 2016. The dates of the Committee's meetings were 4th May, 2015, 13th October, 2015, 4th November, 2015 and 2nd March, 2016. The composition of the Risk Management Committee and the attendance of each member at these meetings are as follows:

TABLE 8

Name of the Member	Number of meetings attended (Number of meetings held)
Mr. Pradeep V Bhide	4(4)
Mr. Hemant M Nerurkar	4(4)
Mr. L Ramkumar	4(4)
Mr. C K Sharma	2(4)*

\* Nominated to the Committee by the Board on 3rd November, 2015.

Chennai  
3rd May, 2016

On behalf of the Board  
**M M Murugappan**  
Chairman

### INDEPENDENT AUDITORS' COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of corporate governance by Tube Investments of India Limited, for the year ended on March 31, 2016, as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the Listing Agreement of the said Company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the Listing Agreement of the said Company with stock exchange(s).

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 **S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
ICAI Firm registration number: 101049W/E300004

Chennai  
May 3, 2016

per **Subramanian Suresh**  
Partner  
Membership No.:083673



## 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 : Thursday  
Date : 04th August, 2016  
Time : 3.30 P.M.  
Venue : T T K Auditorium, The Music Academy,  
168 (Old No.306), T T K Road,  
Chennai 600 014

### Tentative Calendar for 2016-17

The financial year of the Company is the period ending on 31st day of March every year. The tentative calendar for Board meetings for approving the quarterly financial results is given below:

Results for the first quarter ending  
30th June, 2016 - 04th August, 2016  
Results for the second quarter/half-year ending  
30th September, 2016 - 3rd November, 2016  
Results for the third quarter ending  
31st December, 2016 - January/February, 2017  
Results for the fourth quarter ending  
31st March 2017/Annual Results  
for the financial year 2016-17 - April/May, 2017

### Book Closure for Dividend

Friday, July 22, 2016 to Thursday, August 04, 2016 (both days inclusive).

### Dividend

The Board of Directors has recommended the payment of a special dividend of ₹3.50 per Equity Share. The dividend on Equity Shares will be paid to those Members, whose names appear in the Register of Members as on Thursday, 4th August, 2016 and the same will be paid on or after 8th August, 2016. During the financial year, in February, 2016, 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
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 - Final	04.02.2015 10.08.2015	14.03.2022 17.09.2022
2015-16 - Interim	04.02.2016	13.03.2023

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 2007-08 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](http://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 22nd July, 2016 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.

#### Name and address of Stock Exchanges

Name of Stock Exchanges	Address
National Stock Exchange of India Ltd.	Exchange Plaza, 5th Floor, Plot no. C/1, G Block, Bandra-Kurla Complex Bandra(E), Mumbai - 400 051.
BSE Ltd.	New Trading Ring, 1st Floor, P. J Towers, Rotunda Building, Dalal Street, Mumbai- 400001.

Listing fee for the year ended 31st March, 2016 has been paid to the above Stock Exchanges in time.

#### Listing on Stock Exchanges

##### Equity Shares

Name of Stock Exchanges	Stock Code
National Stock Exchange of India Ltd.	TUBEINVEST
BSE Ltd.	504973

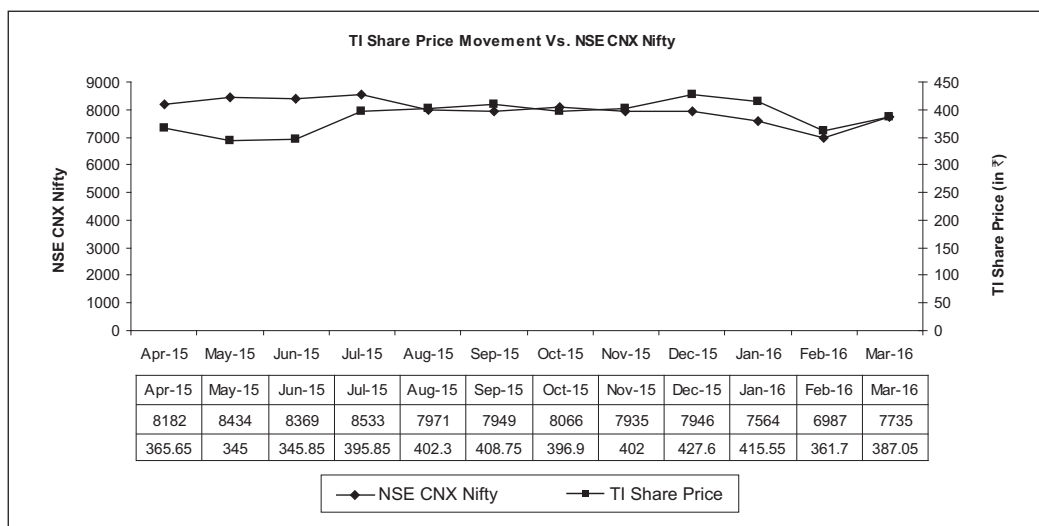
#### Non-Convertible Debentures

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

#### Market Price Data and Comparison

Monthly high and low price of the Equity Shares of the Company during 2015-16 are as follows:

Month	National Stock Exchange of India Ltd.		BSE Ltd.	
	High	Low	High	Low
	₹	₹	₹	₹
Apr-15	394.00	351.25	393.00	356.05
May-15	410.00	339.15	408.80	340.00
Jun-15	360.00	321.90	360.00	321.50
Jul-15	402.00	345.80	402.20	349.50
Aug-15	439.00	371.00	438.90	369.65
Sep-15	419.95	375.00	420.90	375.10
Oct-15	439.65	391.00	439.90	392.00
Nov-15	409.00	370.05	409.00	371.35
Dec-15	467.80	384.00	467.00	387.00
Jan-16	449.40	392.00	449.00	398.00
Feb-16	425.00	351.10	425.00	352.00
Mar-16	420.00	355.20	420.00	360.90



Note: Closing NSE CNX Nifty and TI share price on NSE are as on the last trading day of each month during 2015-16.

### 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](mailto: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](mailto: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, 2016

	Category	No. of shares held	% of shareholding
A	Promoter & Promoter Group	9,14,33,440	48.80
B	Non-Promoter Holding		
	1 Institutional Investors		
	a) Mutual Funds and UTI	1,68,29,192	8.98
	b) Banks, Financial Institutions, Insurance Companies	39,98,276	2.14
	c) Foreign Institutional Investors	2,76,24,320	14.75
	2 Others		
	a) Private Corporate Bodies	1,50,60,876	8.03
	b) Indian Public	2,69,97,771	14.42
	c) NRI	7,49,642	0.40
	d) Bank of New York Mellon (Depository for GDR holders)	46,30,630	2.47
	e) Foreign Nationals	22,390	0.01
	<b>Grand Total</b>	<b>18,73,46,537</b>	<b>100.00</b>



## Distribution of Shareholding as on 31st March, 2016

Category	No. of holders	% to Total	No. of shares	% to Total
1 - 5000	18,048	90.97	67,12,581	3.59
5001 - 10000	891	4.49	31,71,336	1.69
10001 - 20000	330	1.66	23,81,678	1.27
20001 - 30000	133	0.67	16,73,480	0.89
30001 - 40000	66	0.33	11,66,034	0.62
40001 - 50000	53	0.27	11,75,632	0.63
50001 - 100000	107	0.54	38,51,339	2.06
100001 & Above	212	1.07	16,72,14,457	89.25
<b>Total</b>	<b>19,840</b>	<b>100.00</b>	<b>18,73,46,537</b>	<b>100.00</b>

## Nomination Facility

The Shareholders holding shares in physical form may avail of the nomination facility under Section 72 of the Companies Act, 2013. The nomination form (Form SH.13), along with instructions, will be provided to the Members on request. In case the Members wish to avail of this facility, they are requested to write to the Company's RTA viz., M/s. Karvy Computershare Private Ltd.

## Dematerialisation of Shares

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

## GDR Details

As at 31st March, 2016, 46,30,630 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.

## Commodity Price Risk/Foreign Exchange Risk and Hedging Activities

The Company is guided by its foreign exchange ('forex') policy to manage its forex exposure and its attendant risks, which arise through trade transactions, namely, exports and imports, import of capital items besides short-term and long-term foreign currency borrowings. Foreign currency trade exposures are monitored Strategic Business Unit (SBU)-wise and currency-wise. The risks are managed after netting the exports and imports on monthly buckets for each currency. For capex imports, forward contracts are taken on the date of opening of the letter of credit. In respect of foreign currency borrowings, while the long-term borrowings are hedged for interest as well as for the exchange at the time of drawdown, the short-term borrowings are hedged for principal portion at the time of drawdown. Commodity Price Risk and hedging thereof is not applicable to the Company.

## Means of Communication

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



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

Date of AGM	Whether any Special Resolution was passed	Particulars
02.08.2013	No	Not applicable
06.08.2014	Yes	(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. (b) Issue of Non-Convertible Debentures on private placement basis for a maximum sum of ₹475 Cr. (c) Mortgaging/charging of the moveable and immoveable properties of the Company for the proposed long-term borrowings in future.
10.08.2015	Yes	(a) Issue of Secured Redeemable Non-Convertible Debentures on private placement basis for a maximum sum of ₹650 Cr.

The Shareholders approved the said Special Resolutions with requisite majority.

### Resolution Passed by Postal Ballot

During the year under review, no Special resolution has been passed through the exercise of postal ballot.

### A detail of Special resolution is proposed to be conducted through Postal Ballot

No Special resolution is proposed to be conducted through postal ballot at the AGM to be held on 4th August, 2016.

### General Body Meeting

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

Year	Date	Time	Venue
2012-13	02.08.2013	4.00 P.M.	T T K Auditorium, The Music Academy 163 (Old No. 306) T T K Road, Chennai 600 014
2013-14	06.08.2014	4.00 P.M.	Same as above
2014-15	10.08.2015	4.00 P.M.	Same as above

### Unclaimed Shares

In accordance with Regulation 34(3) and Schedule V Part F of SEBI Listing Regulations, 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 01.04.2015	2,121	19,34,791
2	Number of Shareholders who approached the Company for transfer of their shares from the Unclaimed Suspense Account during the year 01.04.2015 to 31.03.2016	70	72,725
3	Number of Shareholders to whom shares were transferred from the Unclaimed Suspense Account during 01.04.2015 to 31.03.2016	70	72,725
4	Aggregate number of Shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 31.03.2016	2,051	18,62,066

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. The voting rights on the shares outstanding in the suspense account as on 31st March, 2016 shall remain frozen till the rightful owner of such share claims the shares. 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, MTH Road,  
Ambattur, Chennai 600 053  
Tel : (044) – 42093434  
Fax: (044) – 42093345

### TI Cycles of India

Sandharsi Tehsil  
Rajpura, Patiala  
Punjab  
Tel : (01762) - 269000, 269200

### TI Cycles of India

Plot No. E – 8, MIDC  
Malegaon, Sinnar  
Nashik Dist 422 103  
Tel : (02551) – 227500  
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

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 Taluka  
Satara District, Maharashtra - 412 801  
Tel : (02169) - 244080-85  
Fax: (02169) - 244086

### Tube Products of India

Avadi, Chennai 600 054  
Tel: (044) – 42291999  
Fax : (044) – 42291990

### Tube Products of India

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

### 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  
Tiruvallur 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

### 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

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 : (044) - 42235555  
Fax : (044) - 42235406

### TIDC India

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

### TIDC India

Ganganouli,  
Laksar 247 663  
Uttarakhand  
Tel: (01332) – 271295

## CONTACT ADDRESS

### COMPLIANCE OFFICER

Mr. S Suresh  
Company Secretary  
Tube Investments of India Limited  
'Dare House', 234 N S C Bose Road  
Chennai 600 001  
e-mail: [sureshs@tii.murugappa.com](mailto:sureshs@tii.murugappa.com)  
Tel : (044) – 42286711  
Fax : (044) - 42110404

### For all matters relating to investor services:

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



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF TUBE INVESTMENTS OF INDIA LIMITED

### Report on the Financial Statements

We have audited the accompanying standalone financial statements of Tube Investments of India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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 of 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 the design, implementation and maintenance of adequate internal financial control 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 standalone 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, issued by the Institute of Chartered Accountants of India, as 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 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. An audit also includes evaluating the appropriateness of 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 standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone 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 March 31, 2016, 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act, we give in the Annexure 1 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone 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 written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the

directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) 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 standalone financial statements – Refer Note 30 to the financial statements;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Subramanian Suresh**

Partner

Membership Number: 083673

Place of Signature: Chennai

Date: May 3, 2016

### **Annexure 1 referred to in our report of even date Re: Tube Investments of India Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All fixed assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given by the Management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The Management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013 relating to certain products of the Company to which such rules apply, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



- (vii) (b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

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	CIT (Appeals)/ITAT/HC	1994-95 to 2012-13	5.91
Central Excise Act,1944	Excise Duty/ Penalty	CESTAT	1993-94 to 2014-15	0.21
Value Added Tax, 2005	VAT	Joint Commissioner, Shirwal, Maharashtra	2010-2011	0.14
Service Tax (Chapter V of the Finance Act, 1994)	Service Tax	Commissioner of Central Excise (Appeals)/CESTAT	2000-01 to -2003-04 and 2010-11 to 2014-15	0.36

(viii) In our opinion and according to the information and explanations given by the Management, Company has not defaulted in repayment of dues to banks or debenture holders. The Company did not have any dues to in respect of loans and borrowings payable financial institutions or government.

(ix) According to the information and explanations given by the Management, the Company has not raised any money by way of initial public offer/further public offer/ debt instruments and term loans, hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the Management, we report that no fraud by the Company or no fraud/material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the Management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the Management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore the reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by the Management, the Company has not entered into any non-cash transactions involving Directors as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Subramanian Suresh**  
Partner

Membership Number: 083673

Place of Signature: Chennai

Date: May 3, 2016

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF TUBE INVESTMENTS OF INDIA LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Tube Investments of India Limited

We have audited the internal financial controls over financial reporting of Tube Investments of India Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Subramanian Suresh**

Partner

Membership Number: 083673

Place of Signature: Chennai

Date: May 3, 2016



## BALANCE SHEET

₹ in Crores

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	4	37.47	37.43
(b) Reserves and Surplus	5	1901.81	1283.10
		<b>1939.28</b>	<b>1320.53</b>
<b>Non-Current Liabilities</b>			
(a) Long Term Borrowings	6	375.00	781.13
(b) Deferred Tax Liabilities (Net)	7	41.96	56.70
		<b>416.96</b>	<b>837.83</b>
<b>Current Liabilities</b>			
(a) Short Term Borrowings	8	265.82	339.61
(b) Trade Payables {Includes amounts due to Micro, Small and Medium Enterprises - ₹0.42 Cr. (Previous year - ₹0.56 Cr.)}	9	612.44	625.00
(c) Other Current Liabilities	10	826.23	395.90
(d) Short Term Provisions	11	117.62	44.46
		<b>1822.11</b>	<b>1404.97</b>
<b>TOTAL</b>		<b>4178.35</b>	<b>3563.33</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12	831.60	904.25
(ii) Capital Work-in-Progress		56.06	36.39
(b) Non-Current Investments	13	1461.29	1523.18
(c) Long Term Loans and Advances	14	51.92	61.45
		<b>2400.87</b>	<b>2525.27</b>
<b>Current Assets</b>			
(a) Current Investments	15	-	0.01
(b) Inventories	16	458.31	468.23
(c) Trade Receivables	17	490.85	477.94
(d) Cash and Bank balances	18	734.55	25.73
(e) Short Term Loans and Advances	19	93.63	66.15
(f) Other current assets	20	0.14	-
		<b>1777.48</b>	<b>1038.06</b>
<b>TOTAL</b>		<b>4178.35</b>	<b>3563.33</b>
Summary of Significant Accounting Policies	3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date  
For **S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
ICAI Firm Regn. No : 101049W / E300004

per **Subramanian Suresh**  
Partner  
Membership No:083673  
Chennai  
3 May 2016

**S Suresh**  
Company Secretary

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 31.03.2016	Year Ended 31.03.2015
<b>Revenue from Operations</b>			
Sale of Products - Gross	21	4057.57	3916.16
Excise Duty		(267.52)	(270.38)
Sale of Products - Net		<b>3790.05</b>	<b>3645.78</b>
Other Operating Revenues	22	150.92	181.99
		<b>3940.97</b>	<b>3827.77</b>
Other Income	23	34.41	37.14
<b>Total Revenue</b>		<b>3975.38</b>	<b>3864.91</b>
<b>Expenses</b>			
Cost of Raw materials and Components Consumed	24	2364.56	2385.15
Purchase of Stock-in-Trade - Cycles/Accessories and Metal Formed Products		79.31	88.50
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	(12.40)	(49.21)
Employee Benefits Expense	26	357.91	322.01
Finance Costs	27	135.11	138.30
Depreciation and Amortisation Expense	12	110.60	97.01
Other Expenses	28	801.49	762.00
		<b>3836.58</b>	<b>3743.76</b>
<b>Profit Before Exceptional Items and Tax</b>		<b>138.80</b>	<b>121.15</b>
Exceptional Items	29	784.98	34.00
<b>Profit Before Tax</b>		<b>923.78</b>	<b>155.15</b>
Tax Expense			
Income Tax			
- Current Year		210.33	26.80
- Prior Years		(1.70)	5.24
- MAT Credit Entitlement		-	(4.80)
Deferred Tax (Net)		(14.74)	7.05
		<b>193.89</b>	<b>34.29</b>
<b>Profit for the Year</b>		<b>729.89</b>	<b>120.86</b>
Earnings per Equity Share of ₹2 each	41		
Basic		38.98	6.46
Diluted		38.94	6.45
Summary of Significant Accounting Policies	3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Regn. No : 101049W / E300004

per **Subramanian Suresh**

Partner

Membership No:083673

Chennai

3 May 2016

**S Suresh**

Company Secretary

**On behalf of the Board**

**M M Murugappan**

Chairman

**L Ramkumar**

Managing Director



## CASH FLOW STATEMENT

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>A. Cash Flow from Operating Activities:</b>		
<b>Net Profit Before Tax</b>	<b>923.78</b>	<b>155.15</b>
Adjustments for :		
Depreciation and Amortisation Expense	110.60	97.01
Provision for Impairment	37.05	-
Finance Costs	135.11	138.30
Profit on Tangible Assets Sold / Discarded (Net)	(0.78)	(63.83)
Profit on Sale of Current Investments	(0.79)	(0.04)
Profit on Sale of Non Current Investments	(820.78)	-
Provision for Doubtful Trade Receivables (Net)	1.90	2.22
Trade Receivables Written off	-	0.02
Unrealised Exchange Differences on Foreign Currency Borrowings (Net)	(2.18)	2.25
Liabilities no longer payable written back	(0.30)	(0.45)
Discount on prepayment of sales tax deferral	-	(1.86)
Interest Income	(1.90)	(2.65)
Dividend Income	(29.89)	(29.61)
<b>Operating Profit before Working Capital Changes</b>	<b>351.82</b>	<b>296.51</b>
Adjustments for :		
(Decrease) / Increase in Trade Payables	(11.09)	44.21
Increase in Other Current Liabilities	3.27	0.40
Increase in Short Term Provisions	5.57	1.98
Decrease / (Increase) in Long Term Loans and Advances	0.88	(6.42)
Decrease / (Increase) in Inventories	9.92	(98.02)
Increase in Trade Receivables	(14.81)	(34.24)
Increase in Short Term Loans and Advances	(9.74)	(3.62)
<b>Cash Generated From Operations</b>	<b>335.82</b>	<b>200.80</b>
Direct Taxes Paid (Net)	(200.71)	(33.51)
<b>Net Cash Flow from Operating Activities</b>	<b>135.11</b>	<b>167.29</b>
<b>B. Cash Flow from Investing Activities:</b>		
Capital Expenditure (Including Capital Work In Progress and Capital Advances)	(123.95)	(135.80)
Sale of Tangible Assets	2.36	66.68
Proceeds from sale of shares of Non Current Investment	882.67	-
Investment in TI Tsubamex Private Limited	-	(17.50)
Proceeds from Current Investments (Net) - Refer Note 15	0.80	0.06
Interest Received	1.76	2.65
Dividend Received	29.89	29.61
<b>Net Cash Used in Investing Activities</b>	<b>793.53</b>	<b>(54.30)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds from exercise of Employees Stock Option	2.44	2.51
Proceeds from Long Term Borrowings	375.00	350.00
Repayment of Long Term Borrowings	(350.00)	(317.98)
Repayment of Sales Tax Deferral	-	(10.52)
(Repayment of) / Proceeds from Short Term Borrowings (Net) - Refer Note 8	(73.79)	36.68
Finance Costs Paid (Including Exchange Differences on Foreign Currency Loans)	(130.61)	(138.18)
Dividends Paid (Including Net Dividend Distribution Tax)	(43.01)	(39.20)
<b>Net Cash Used in Financing Activities</b>	<b>(219.97)</b>	<b>(116.69)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents [A+B+C]</b>	<b>708.67</b>	<b>(3.70)</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>23.87</b>	<b>27.57</b>
<b>Cash and Cash Equivalents as at End of the Year (Refer Note 18)</b>	<b>732.54</b>	<b>23.87</b>
Note - Capital Expenditure includes and Finance Costs excludes ₹ Nil (Previous Year ₹0.47 Cr.) of Finance Costs Capitalised.		

As per our report of even date  
For **S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
ICAI Firm Regn. No : 101049W / E300004  
per **Subramanian Suresh**  
Partner  
Membership No:083673  
Chennai  
3 May 2016

**S Suresh**  
Company Secretary

On behalf of the Board

**M M Murugappan**  
Chairman

**L Ramkumar**  
Managing Director

## NOTES TO FINANCIAL STATEMENTS

### 1. Corporate Information

Tube Investments of India Limited is a Public Limited Company domiciled in India and listed on BSE and National Stock Exchange. The Company has manufacturing locations across the Country and has three product segments namely, Cycles and Accessories, Engineering and Metal Formed Products.

### 2. Basis of Preparation

The financial statements of the Company are prepared under the historical cost convention, on an accrual basis, in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply in all material respects 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.

### 3. Summary of Significant Accounting Policies

#### 3.1. 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.

#### 3.2. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, 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 and at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### 3.3. Cash and Cash Equivalents

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.

#### 3.4. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals



## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (Contd.)

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.

#### 3.5. 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, installation of the fixed assets and borrowing cost if capitalisation criteria are met but excludes duties and taxes that are recoverable from tax authorities. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful life.

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.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

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.

#### 3.6. Impairment of Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An

asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year.

Impairment including impairment on inventories, are recognized in the statement of profit and loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such

## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (Contd.)

reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### 3.7. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made or on the Balance Sheet date, are classified as Current investments. All other investments are classified as Non Current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non Current investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

#### 3.8. Inventories

Raw materials, stores & spare parts and stock-in-trade are valued at lower of weighted average cost and estimated net realisable value.

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

Due allowance is made for slow/non-moving items. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which

they will be used are expected to be sold at or above cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### 3.9. Revenue and Other Income

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods are recognised on transfer of significant risk and rewards of ownership to the buyer which generally coincides with shipment and comprise amounts invoiced for the goods, including excise duty, but excluding Sales Tax/Value Added Tax, Quantity Discounts and Sale Returns.

Service revenues are recognised on completion of services.

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

Interest Income is recognised on time proportion basis, taking into account the amount outstanding and applicable interest rate.

#### 3.10. 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.

Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.



## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (Contd.)

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.

#### 3.11. Employee Benefits

##### I. Defined Contribution Plan

###### a. Superannuation

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

###### 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 Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation

## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (Contd.)

using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

#### 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. The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### 3.12. 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.

#### 3.13. 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 the average 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.

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.

#### 3.14. 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 firm commitment or highly probable forecast transactions. The Company designates these in a hedging relationship by applying the hedge accounting principles set out in Accounting Standard 30 – “Financial Instruments – Recognition and Measurement”.

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



## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (Contd.)

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.

The amounts recognised in the Hedge reserve are transferred to the statement of Profit and loss when the hedged transactions crystalizes.

If the forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in hedge reserve is transferred to statement of Profit and loss.

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.

#### 3.15. 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 Air Conditioner, 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 technical 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 Assets is likely to be affected by the variation in demand and/or its condition/usability.



## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (Contd.)

#### 3.16. 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 3.15 above.

#### 3.17. 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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. The carrying amount of MAT is reviewed at each reporting date and the asset is written down to the extent the Company does not have convincing evidence that it will pay normal income tax during the specified period.

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.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate.

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, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence, that there will be sufficient future taxable income available to realise such assets. The carrying amount of deferred tax assets are reviewed at each reporting date.

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.

#### 3.18. Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Provisions for warranty-related costs are recognized when the product is sold or service provided. Provision is estimated based on historical experience and technical estimates. The estimate of such warranty-related costs is reviewed annually.

#### 3.19. Segment Reporting

- a. The Company's operating businesses are organized and managed separately according



## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (Contd.)

to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on location of customers of the Company.

- b. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.
- c. 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.
- d. 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.
- e. 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.

#### 3.20. 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. Discount on Commercial papers is amortised over the tenor of the underlying instrument. 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. All other borrowing costs are expensed in the period they occur.

#### 3.21. Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit or loss 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 or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

#### 3.22. Employees Stock Option

Stock options granted to the employees under the stock option scheme are evaluated as per the accounting treatment prescribed by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments. 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

### 4. Share Capital

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Authorised Capital</b>		
21,50,00,000 Equity Shares of ₹2 each	43.00	43.00
<b>Issued, Subscribed and Paid-up Capital</b>		
18,73,46,537 Equity Shares of ₹2 each fully paid up (Previous Year 18,71,31,664 Equity Shares of ₹2 each fully paid up)	37.47	37.43
	<b>37.47</b>	<b>37.43</b>

- a) The Reconciliation of Share Capital is given below:

Particulars	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
At the beginning of the year	18,71,31,664	37.43	18,68,92,766	37.38
Shares allotted on exercise of Employee Stock Options (Refer Note e below)	2,14,873	0.04	2,38,898	0.05
<b>At the end of the year</b>	<b>18,73,46,537</b>	<b>37.47</b>	<b>18,71,31,664</b>	<b>37.43</b>

- 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. 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 2016:

Name of the Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	% against total number of Shares	No. of Shares	% against total number of Shares
Murugappa Holdings Limited	6,40,54,680	34.19%	6,40,54,680	34.23%

- d) Status on Global Depository Receipts (GDRs):

The aggregate number of GDRs outstanding as at 31 March 2016 is 46,30,630 (As at 31 March 2015 48,30,630) each representing one Equity Share of ₹2 face value. GDR % against total number of shares is 2.47% (As at 31 March 2015 2.58%). The GDRs carry the same terms / rights attached to Equity Shares of the Company.

- e) Stock Options (Also Refer Note 41)

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	Vested Date	Weighted Average Remaining Contractual Life (In Years)
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	14,77,491	96,721	-	31.10.09 – 25%	1.09
								31.10.10 – 37.5%	
								31.10.11 – 37.5%	
Grant 4	31-Jul-08	44.45	3,86,900	92,595	2,63,011	31,294	-	31.07.09 – 20%	1.46
								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	2,07,340	52,344	-	29.01.12 – 20%	3.96
								29.01.13 – 20%	
								29.01.14 – 30%	
								29.01.15 – 30%	
Grant 8	29-Jan-11	140.05	1,92,400	96,372	78,916	17,112	-	29.01.12 – 40%	3.33
								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	35,320	13,776	5,904	-	02.05.12 – 20%	4.21
								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	27,136	27,492	72,172	-	02.11.12 – 20%	4.72
								02.11.13 – 20%	
								02.11.14 – 30%	
								02.11.15 – 30%	
<b>Total</b>			<b>46,76,940</b>	<b>18,34,856</b>	<b>25,66,537</b>	<b>2,75,547</b>	<b>-</b>		

## NOTES TO FINANCIAL STATEMENTS

During the past 5 years, the Company has allotted 16,79,606 (Previous Year 23,50,664) 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 2016 is 2,75,547 (Previous Year 5,04,432) 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 as at 1 Apr 2015	During the Year 2015-16			Options Outstanding as at 31 Mar 2016	Options vested but not exercised as at 1 Apr 2015	Options vested but not exercised as at 31 Mar 2016
			Options Granted	Options Cancelled/lapsed	Options Exercised & allotted			
Grant 1	31-Oct-07	-	-	-	-	-	-	-
Grant 2	31-Jan-08	-	-	-	-	-	-	-
Grant 3	24-Mar-08	1,41,278	-	-	44,557	96,721	1,41,278	96,721
Grant 4	31-Jul-08	52,386	-	-	21,092	31,294	52,386	31,294
Grant 5	31-Oct-08	-	-	-	-	-	-	-
Grant 6	30-Jan-09	-	-	-	-	-	-	-
Grant 7	29-Jan-11	1,54,796	-	-	1,02,452	52,344	1,54,796	52,344
Grant 8	29-Jan-11	35,064	-	-	17,952	17,112	35,064	17,112
Grant 9	29-Jan-11	-	-	-	-	-	-	-
Grant 10	02-May-11	21,156	-	1,476	13,776	5,904	13,776	5,904
Grant 11	01-Aug-11	-	-	-	-	-	-	-
Grant 12	02-Nov-11	99,752	-	12,536	15,044	72,172	61,712	72,172
<b>Total</b>		<b>5,04,432</b>	<b>-</b>	<b>14,012</b>	<b>2,14,873</b>	<b>2,75,547</b>	<b>4,59,012</b>	<b>2,75,547</b>

Particulars	Date of Grant	Options Outstanding as at 1 Apr 2014	During the Year 2014-15			Options Outstanding as at 31 Mar 2015	Options vested but not exercised as at 1 Apr 2014	Options vested but not exercised as at 31 Mar 2015
			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
<b>Total</b>		<b>8,11,595</b>	<b>-</b>	<b>68,265</b>	<b>2,38,898</b>	<b>5,04,432</b>	<b>6,25,385</b>	<b>4,59,012</b>



## NOTES TO FINANCIAL STATEMENTS

### 5. Reserves and Surplus

₹ in Crores

Particulars	As at 31.03.2016		As at 31.03.2015	
<b>Capital Reserve</b>		<b>1.34</b>		<b>1.34</b>
<b>Capital Redemption Reserve</b> (Refer Note a below)		<b>6.15</b>		<b>6.15</b>
<b>Securities Premium Account</b>				
Balance at the beginning of the year	195.85		193.39	
Additions during the year on exercise of Employee Stock Options	2.40		2.46	
Balance at the end of the year		<b>198.25</b>		<b>195.85</b>
<b>Debenture Redemption Reserve</b>				
Balance at the beginning of the year	196.56		154.38	
Additions during the year	111.77		104.68	
Deletions during the year	(87.50)		(62.50)	
Balance at the end of the year		<b>220.83</b>		<b>196.56</b>
<b>Hedge Reserve Account</b> (Refer Note 43)				
Balance at the beginning of the year	2.01		(0.44)	
Additions / (Deductions) during the year (Net)	(2.88)		2.45	
Balance at the end of the year		<b>(0.87)</b>		<b>2.01</b>
<b>General Reserve</b>				
Balance at the beginning of the year	699.66		669.66	
Additions during the year	-		30.00	
Balance at the end of the year		<b>699.66</b>		<b>699.66</b>
<b>Surplus in the Statement of Profit and Loss</b>				
Surplus at the beginning of the year	181.53		176.98	
Profit for the year	729.89		120.86	
- Depreciation on Tangible Assets on Transition to Schedule II of the Companies Act 2013	-		(4.63)	
- Final Dividend including dividend distribution tax (Refer Note b)	(0.00)		(0.00)	
- Transfer to General Reserve	-		(30.00)	
- Transfer to Debenture Redemption Reserve (Net)	(24.27)		(42.18)	
- Interim Dividend @ ₹1.50 (Previous year ₹1.50) per Equity Share of ₹2/- each	(28.09)		(28.06)	
- Special Dividend Proposed @ ₹3.50 (Previous year ₹0.50 - Final Dividend Proposed) per Equity Share of ₹2/- each	(65.57)		(9.36)	
- Dividend Distribution Tax (Net) - Current year	(18.49)		(3.30)	
- Earlier year's provision for dividend distribution tax no longer required (Refer Note c below)	1.45		1.22	
Surplus at the end of the year		<b>776.45</b>		<b>181.53</b>
		<b>1901.81</b>		<b>1283.10</b>

#### 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 2015 and before the book closure date for declaration of the final dividend for the year 2014-15, 50,665 (Previous Year 50,558) Equity Shares were allotted under the Employee Stock Option Scheme to employees and dividend of ₹0.0025 Cr. (Previous Year ₹0.0025 Cr.) on these Shares were paid. The total amount of ₹0.0030 Cr. (Previous Year ₹0.0030 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

### 6. Long Term Borrowings

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Secured Borrowings</b>		
Secured, Listed and Rated Non-Convertible Debentures (NCDs)		
8.7900% Privately Placed NCD	150.00	-
8.9000% Privately Placed NCD	100.00	-
9.9900% Privately Placed NCD	50.00	50.00
9.8100% Privately Placed NCD	75.00	150.00
9.9000% Privately Placed NCD	-	100.00
8.9072% Privately Placed NCD	-	100.00
8.8000% Privately Placed NCD#	-	150.00
9.0213% Privately Placed NCD	-	150.00
10.1500% Privately Placed NCD*	-	50.00
Foreign Currency Long Term Buyers Credit Loans (LTBC)		
LTBC - USD 0.17 Mio.	-	1.04
LTBC - USD 0.56 Mio.	-	3.50
LTBC - USD 1.29 Mio.	-	8.03
LTBC - USD 1.45 Mio.	-	9.09
LTBC - USD 1.52 Mio.	-	9.47
	<b>375.00</b>	<b>781.13</b>

# Includes Debentures held by Subsidiary -  
Cholamandalam MS General Insurance Company Limited - 10.00

\* The 10.1500% Debentures were secured by a pari passu first charge on certain immovable properties of the Company. The Company has exercised the call option and the Debentures were redeemed at par, on 10 August 2015.

#### 6.1. Nature of Security

##### 6.1.1. 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.

##### 6.1.2. 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.

#### 6.2. Repayment Schedule

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

Coupon Rate	Outstanding Amount (₹ in Crores)	Maturity Date and Redemption Particulars
8.7900%	150	26 October 2018 - ₹150 Cr.
8.9000%	100	25 September 2018 - ₹100 Cr.
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.
8.6490%	125	#27 May 2016 - ₹125 Cr.
8.8000%	150	#26 April 2016 - ₹150 Cr.
9.0213%	150	#18 April 2016 - ₹150 Cr.

# Classified as "Other Current Liabilities" (Refer Note 10)



## NOTES TO FINANCIAL STATEMENTS

### 6.2.2. 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

# Classified as "Other Current Liabilities" (Refer Note 10)

## 7. Deferred Tax Liabilities (Net)

The Net Deferred Tax Liability of ₹41.96 Cr. as at 31 March 2016 (Previous Year ₹56.70 Cr.) comprises the following:

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Deferred Tax Liabilities</b>		
On account of depreciation	64.75	78.45
<b>Total (A)</b>	<b>64.75</b>	<b>78.45</b>
<b>Deferred Tax Assets</b>		
On Provision for Doubtful Trade Receivables	(4.07)	(3.35)
On Provision for Employee Benefits	(6.69)	(8.76)
On expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	(12.03)	(9.64)
<b>Total (B)</b>	<b>(22.79)</b>	<b>(21.75)</b>
<b>Net Deferred Tax Liabilities (A+B)</b>	<b>41.96</b>	<b>56.70</b>

## 8. Short Term Borrowings

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Secured Borrowings</b> (secured by <i>pari passu</i> first charge on inventories and trade receivables)		
From Banks		
- Foreign Currency Loans	19.88	206.23
- Cash Credit and other borrowings	29.69	33.38
	<b>49.57</b>	<b>239.61</b>
<b>Unsecured Borrowings</b>		
From Banks		
- Foreign Currency Loans	66.25	-
Commercial papers	150.00	100.00
	<b>216.25</b>	<b>100.00</b>
	<b>265.82</b>	<b>339.61</b>



## NOTES TO FINANCIAL STATEMENTS

### 9. Trade Payables

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Acceptances	72.06	204.72
Other than Acceptances		
- Dues to Micro, Small & Medium Enterprises (See Note below)	0.42	0.56
- Goods and Services*	539.96	419.72
	<b>612.44</b>	<b>625.00</b>

\* Includes Dues to

Managing Director	0.82	0.73
Subsidiaries		
- Sedis SAS	-	0.11
- Shanthi Gears Ltd	0.05	-
- Cholamandalam Investment and Finance Co Ltd (Subsidiary upto 1 September 2015 and Associate w.e.f. 2 September 2015)	0.01	0.01

**Note:**

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

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Principal amount due to suppliers under MSMED Act	0.40	0.51
Interest accrued and due to suppliers under MSMED Act, on the above amount	0.01	0.01
Payment made to suppliers (other than interest) beyond the appointed day, during the year	2.87	1.51
Interest paid to suppliers under MSMED Act (Section 16)	0.04	0.02
Interest due and payable to suppliers under MSMED Act, for payments already made	0.01	0.04
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.02	0.05



## NOTES TO FINANCIAL STATEMENTS

### 10. Other Current Liabilities

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Current Maturities of Long Term Borrowings		
Secured, Listed and Rated Non-Convertible Debentures (NCDs)		
9.0213% Privately Placed NCD#	150.00	-
8.8000% Privately Placed NCD# \$	150.00	-
8.6490% Privately Placed NCD#	125.00	-
8.9072% Privately Placed NCD#	100.00	-
9.8100% Privately Placed NCD#	75.00	-
9.9000% Privately Placed NCD#	100.00	-
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
Foreign Currency Long Term Buyers Credit Loans (LTBC)		
LTBC - USD 1.45 Mio.#	9.63	-
LTBC - USD 1.52 Mio.#	10.04	-
LTBC - USD 1.29 Mio.#	8.51	-
LTBC - USD 0.56 Mio.#	3.71	-
LTBC - USD 0.17 Mio.#	1.11	-
Interest Accrued but Not Due *	52.57	48.07
Unpaid Dividends	2.01	1.86
Advances and Deposits from Customers / Others	7.22	6.56
Dues to Directors	1.38	1.18
Other Liabilities		
- Recoveries from employees	3.14	2.74
- Statutory liabilities	16.93	14.61
- Capital Creditors	9.68	20.27
- Others	0.30	0.61
	<b>826.23</b>	<b>395.90</b>

# Refer Note 6.1 for nature of securities and 6.2 for repayment particulars

\$ Includes Dues to Subsidiary

Cholamandalam MS General Insurance Company Limited

10.00

-

\* 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

-

-

#### Note:

- The 10.0450% Debentures were secured by a *pari passu* first charge on certain immovable properties of the Company. The Debentures were redeemed at par, on 20 April 2015.
- The 10.0400% Debentures were secured by a *pari passu* first charge on certain immovable properties of the Company. The Debentures were redeemed at par, on 28 April 2015.
- The 9.9500% Debentures were secured by a *pari passu* first charge on certain immovable properties of the Company. The Company has exercised the call option and the Debentures were redeemed at par, on 10 August 2015.
- The 9.4570% Debentures were secured by a *pari passu* first charge on certain immovable properties of the Company. The Debentures were redeemed at par, on 25 September 2015.

## NOTES TO FINANCIAL STATEMENTS

### 11. Short Term Provisions

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Provision for Compensated Absences	14.04	16.29
Provision for Warranties (Refer Note a below)	1.64	1.28
Provision for Wealth Tax	-	0.10
Provision for Contingency / Others (Refer Note b below)	23.02	15.56
Proposed Dividend	65.57	9.36
Distribution Tax on Proposed Dividend	13.35	1.87
	<b>117.62</b>	<b>44.46</b>

#### Notes:

#### (a) Provision for Warranties

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
At the beginning of the year	1.28	1.28
Created during the year	2.19	1.96
Utilised during the year	(1.83)	(1.96)
<b>At the end of the year</b>	<b>1.64</b>	<b>1.28</b>

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

#### (b) Provision for Contingencies / Others

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
At the beginning of the year	15.56	14.34
Created during the year (Net)	7.46	1.22
<b>At the end of the year</b>	<b>23.02</b>	<b>15.56</b>

The above represents provision made for various claims / tax litigations against the Company. While the Company contests such claims based on various technical grounds, a provision has been recorded as a matter of prudence as per the requirements of Accounting Standard 29.



₹ in Crores

Particulars	Gross Block at Cost			Depreciation / Amortisation				Impairment		Net Block		
	As at 31.03.2015	Additions on Amalgamation	Deletions	As at 31.03.2016	As at 31.03.2015	For the Year (Refer Note a)	On Deletions	Transitional adjustment	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
Land (Freehold)	121.65 (120.59)	4.92 (1.22)	- (0.16)	126.57 (121.65)	-	-	-	-	-	5.53	121.04 (121.65)	121.65 (120.59)
Land (Leasehold)	1.14 (1.14)	-	-	1.14 (1.14)	0.18 (0.16)	0.02 (0.02)	-	-	0.20 (0.18)	0.33	0.61 (0.96)	0.96 (0.98)
Buildings (Note b)	270.27 (205.96)	5.98 (64.64)	0.88 (0.33)	275.37 (270.27)	69.46 (60.28)	9.09 (7.94)	0.38 (0.22)	(1.46)	78.17 (69.46)	12.37	184.83 (200.81)	200.81 (145.68)
Plant & Machinery	1292.54 (1061.04)	57.94 (243.62)	5.78 (12.12)	1344.70 (1292.54)	724.57 (645.69)	95.79 (83.55)	5.26 (10.07)	(5.40)	815.10 (724.57)	18.77	510.83 (567.97)	567.97 (415.35)
Railway Siding	0.21 (0.21)	-	-	0.21 (0.21)	0.20 (0.20)	-	-	-	0.20 (0.20)	-	0.01 (0.01)	0.01 (0.01)
Office Equipment	23.98 (23.64)	3.31 (3.14)	4.49 (2.80)	22.80 (23.98)	19.70 (19.16)	2.93 (3.27)	4.39 (2.82)	(0.09)	18.24 (19.70)	-	4.56 (4.28)	4.28 (4.48)
Furniture & Fixtures	13.27 (12.76)	0.91 (1.42)	0.42 (0.91)	13.76 (13.27)	9.46 (9.64)	0.66 (0.51)	0.41 (0.76)	(0.07)	9.71 (9.46)	0.05	4.00 (3.81)	3.81 (3.12)
Vehicles	9.14 (7.85)	3.52 (2.81)	1.85 (1.52)	10.81 (9.14)	4.38 (3.78)	2.11 (1.72)	1.40 (1.12)	-	5.09 (4.38)	-	5.72 (4.76)	4.76 (4.07)
<b>TOTAL</b>	<b>1732.20</b> <b>(1433.19)</b>	<b>76.58</b> <b>(316.85)</b>	<b>13.42</b> <b>(17.84)</b>	<b>1795.36</b> <b>(1732.20)</b>	<b>827.95</b> <b>(738.91)</b>	<b>110.60</b> <b>(97.01)</b>	<b>11.84</b> <b>(14.99)</b>	<b>(7.02)</b>	<b>926.71</b> <b>(827.95)</b>	<b>37.05</b>	<b>831.60</b> <b>(904.25)</b>	<b>904.25</b> <b>(694.28)</b>

**Notes:**

- Depreciation / Amortisation for the year includes depreciation amounting to ₹1.39 Cr. (Previous Year ₹0.02 Cr.) charged additionally on certain assets.
  - Net Block of Buildings includes improvement to Buildings ₹10.66 Cr. (Previous Year ₹17.89 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.
  - On account of various market factors, changes in future project potential and expected usage, the Company has, in the current year, recognized an impairment loss based on recoverable amounts determined by considering estimated net selling price for various asset classes disclosed above, the breakup of which is as follows:
    - ₹33.62 cr. in respect of certain plants / product lines representing cash generating units pertaining to the Metal Formed Products segment and ₹0.84 crores pertaining to the Engineering segment.
    - ₹2.59 cr., in respect of certain plant and machinery pertaining to Metal Formed Products and Engineering segment.
- The losses have been recognized in the Statement of Profit and Loss under Exceptional items.

## NOTES TO FINANCIAL STATEMENTS

### 13. Non-Current Investments

(Valued at cost unless stated otherwise)

₹ in Crores

Particulars	Nominal Value (₹) / Unit	Number		Amount	
		As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>Investment in Subsidiary Companies:</b>					
<b>Trade Investments:</b>					
<b>Equity Shares (Fully Paid) - Quoted</b>					
Shanthi Gears Ltd.	1	5,72,96,413	5,72,96,413	464.10	464.10
<b>Equity Shares (Fully Paid) - Unquoted</b>					
Financiere C10 SAS	Euro 15	2,23,920	2,23,920	61.15	61.15
TI Tsubamex Private Ltd.	10	1,95,00,000	1,95,00,000	19.50	19.50
<b>Non-Trade Investments:</b>					
<b>Equity Shares (Fully Paid) - Quoted</b>					
Cholamandalam Investment and Finance Co Ltd.(Note a)	10	-	7,22,33,019	-	645.83
<b>Equity Shares (Fully Paid) - Unquoted</b>					
Cholamandalam MS General Insurance Company Ltd. (Note b)	10	17,92,82,861	22,11,15,659	265.25	327.14
TI Financial Holdings Ltd.	10	1,10,000	1,10,000	0.11	0.11
<b>Investment in Associate:</b>					
Cholamandalam Investment and Finance Co Ltd. (Note a)	10	7,22,33,019		645.83	-
<b>Investment in Joint Venture:</b>					
<b>Equity Shares (Fully Paid) - Unquoted</b>					
Cholamandalam MS Risk Services Ltd. - Non Trade	10	9,89,979	9,89,979	0.99	0.99
<b>Other Investments:</b>					
<b>Trade Investments:</b>					
<b>Equity Shares (Fully Paid) - Quoted</b>					
LG Balakrishnan & Bros. Ltd. (Cost - ₹40,238 only)	10	5,192	5,192	-	-
LGB Forge Ltd.	1	25,960	25,960	-	-
<b>Non Trade Investments:</b>					
<b>Equity Shares (Fully Paid) - Quoted</b>					
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
<b>Equity Shares (Fully Paid) - Unquoted</b>					
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	-	-
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
				<b>1461.29</b>	<b>1523.18</b>



## NOTES TO FINANCIAL STATEMENTS

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Quoted</b>		
Cost	1111.03	1111.03
Market value	5688.26	4882.84
<b>Unquoted</b>		
Cost	350.26	412.15

### Notes:

- Cholamandalam Investment and Finance Company Limited (CIFCL) allotted 1,22,85,012 equity shares on 2nd September, 2015 to Dynasty Acquisition (FDI) Limited upon conversion of Compulsorily Convertible Preference Shares ('CCPS') amounting to ₹500 Cr. held by them. This resulted in a reduction in the shareholding of the Company in CIFCL from 50.2% to 46.3%. Consequent to the above reduction, CIFCL ceased to be a subsidiary of the Company.
- The Company has sold 4,18,32,798 equity shares of face value ₹10/- each representing 14% shareholding in M/s Cholamandalam MS General Insurance Company (MSGICL) to its joint venture partner, M/s Mitsui Sumitomo Insurance Company Limited, Japan (MS) for a consideration of ₹882.67 Cr. on 31st March 2016. The Company has realised a profit of ₹820.78 Cr. from the sale and the same has been disclosed under Exceptional Items in Statement of Profit and Loss.

### 14. Long Term Loans and Advances

(Considered Good, Unsecured unless stated otherwise)

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Capital Advances		
- Secured	8.93	1.05
- Unsecured	10.22	0.99
Loans and advances		
- Electricity and other deposits	14.26	17.05
- Others	4.07	4.16
Deposits with Government, Public bodies and others:		
- Balance with Customs, Excise and Sales Tax Authorities	9.77	7.77
- Advance Income Tax (Net of Provision for taxation)	4.67	30.43
	<b>51.92</b>	<b>61.45</b>

### 15. Current Investments

(valued at lower of cost and fair value)

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Investment in Government Securities -Unquoted	-	0.01
	<b>-</b>	<b>0.01</b>

### Note:

During the year, the Company has invested an aggregate amount of ₹718.88 Cr. (Previous Year ₹720.64 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 ₹719.67 Cr. (Previous Year ₹720.68 Cr.).

## NOTES TO FINANCIAL STATEMENTS

### 16. Inventories

(Lower of Cost and estimated Net Realisable Value)

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Raw Materials	166.19	186.65
Work-in-Progress	75.25	88.44
Finished Goods	156.83	129.68
Stock-in-Trade	33.85	22.37
Stores and Spare Parts	6.52	6.80
Goods-in-Transit		
- Raw Materials	17.13	18.71
- Stock-in-Trade	2.54	15.58
	<b>458.31</b>	<b>468.23</b>

#### Details of Inventories

₹ in Crores

Particulars	Cycles and Accessories		Steel Strips and Tubes		Metal Formed Products		Total	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
Raw Materials	77.92	80.71	54.64	72.05	33.63	33.89	166.19	186.65
Work-in-Progress	6.95	22.12	44.26	40.09	24.04	26.23	75.25	88.44
Finished Goods	82.59	52.11	48.37	57.73	25.87	19.84	156.83	129.68
Stock-in-Trade	32.11	21.74	-	-	1.74	0.63	33.85	22.37
Stores and Spare Parts	-	-	4.06	4.49	2.46	2.31	6.52	6.80
Goods-in-Transit								
- Raw Materials	12.86	17.33	4.25	1.38	0.02	-	17.13	18.71
- Stock-in-Trade	2.54	15.58	-	-	-	-	2.54	15.58
<b>Total Inventories</b>	<b>214.97</b>	<b>209.59</b>	<b>155.58</b>	<b>175.74</b>	<b>87.76</b>	<b>82.90</b>	<b>458.31</b>	<b>468.23</b>



## NOTES TO FINANCIAL STATEMENTS

### 17. Trade Receivables

(Unsecured)

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
- Considered good	2.13	3.20
- Doubtful	10.96	8.65
	<b>13.09</b>	<b>11.85</b>
Provision for Doubtful Receivables	(10.96)	(8.65)
	<b>2.13</b>	<b>3.20</b>
<b>Others receivables</b>		
- Considered good*	488.72	474.74
- Doubtful	0.79	1.20
	<b>489.51</b>	<b>475.94</b>
Provision for Doubtful Receivables	(0.79)	(1.20)
	<b>488.72</b>	<b>474.74</b>
<b>Total Trade Receivables</b>		
- Considered good*	490.85	477.94
- Doubtful	11.75	9.85
	<b>502.60</b>	<b>487.79</b>
Provision for Doubtful Receivables	(11.75)	(9.85)
<b>Trade Receivables (Net of Provision)</b>	<b>490.85</b>	<b>477.94</b>
* Includes Dues from Subsidiaries		
- Societe De Commercialisation De Composants Industriels – SARL	0.79	0.84
- Sedis SAS	4.71	4.79

### 18. Cash and Cash Equivalents

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Cash and Cash Equivalents</b>		
Balance with Banks		
- Current Accounts	13.65	23.79
- Fixed Deposit Accounts	718.82	-
Cash on Hand	0.07	0.08
	<b>732.54</b>	<b>23.87</b>
<b>Other Bank balances</b>		
- Unpaid Dividend Accounts	2.01	1.86
	<b>734.55</b>	<b>25.73</b>



## NOTES TO FINANCIAL STATEMENTS

### 19. Short Term Loans and Advances

(Unsecured and considered good unless otherwise stated)

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Advances and Claims Recoverable		
- Goods and Services	25.71	24.75
- Employee related	2.37	1.84
- Prepaid expenses	5.94	4.25
- Gratuity Fund (Net of Provision) (Refer Note 37)	0.15	0.51
- Others	0.00	0.71
	<b>34.17</b>	<b>32.06</b>
Deposit with Subsidiary - Cholamandalam MS General Insurance Co. Ltd.	0.02	0.06
Other deposits	3.37	3.48
Balances with Customs, Excise and Sales Tax Authorities	33.52	25.74
MAT Credit Entitlement	22.54	4.80
Fringe Benefits Tax (Net of Provision)	0.01	0.01
	<b>93.63</b>	<b>66.15</b>

### 20. Other Current Assets

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Interest Accrued	0.14	-
	<b>0.14</b>	<b>-</b>

### 21. Sale of Products

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Sale of Products		
- Finished Goods	3946.15	3833.74
- Traded Goods	111.42	82.42
<b>Sale of Products - Gross</b>	<b>4057.57</b>	<b>3916.16</b>
Excise Duty on Sales	(267.52)	(270.38)
<b>Sale of Products - Net</b>	<b>3790.05</b>	<b>3645.78</b>

#### Details of Product Sold

₹ in Crores

Finished Goods Sold		
- Cycles and Accessories	1,389.50	1,252.90
- Steel Strips & Tubes	1,565.89	1,630.59
- Metal Formed Products	990.76	950.25
Traded Goods Sold		
- Cycles and Accessories	102.23	71.22
- Metal Formed Products	9.19	11.20



## NOTES TO FINANCIAL STATEMENTS

### 22. Other Operating Revenues

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Scrap sales [Net of Excise Duty - ₹20.36 Cr. (Previous Year ₹24.27 Cr.)]	132.22	161.77
Conversion Income	0.24	0.61
Cash Discount	0.20	0.26
Export Benefits	7.37	6.79
Service Income from Subsidiaries	6.32	6.43
Discount on prepayment of sales tax deferral	-	1.86
Liabilities no longer payable written back	0.30	0.45
Others	4.27	3.82
	<b>150.92</b>	<b>181.99</b>

### 23. Other Income

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Dividend income from		
- Subsidiaries	10.08	28.15
- Joint Venture	0.15	0.25
- Associate	18.06	-
- Non-Trade Investments	0.03	0.03
- Current Investments	1.57	1.18
	<b>29.89</b>	<b>29.61</b>
Interest Income		
- Fixed Deposits with Banks	1.20	2.29
- Others	0.70	0.36
	<b>1.90</b>	<b>2.65</b>
Rental Income	0.55	0.32
Royalty Income	0.44	0.21
Gain on Exchange Fluctuation (Net)	0.84	1.91
Profit on Tangible Assets Sold / Discarded (Net)	-	2.40
Profit on Sale of Current Investments	0.79	0.04
	<b>34.41</b>	<b>37.14</b>

## NOTES TO FINANCIAL STATEMENTS

### 24. Cost of Raw Materials and Components Consumed

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Opening Stock of Raw Material	205.36	157.06
Purchases	2342.52	2433.45
Closing Stock of Raw Material	(183.32)	(205.36)
<b>Cost of Raw materials and Components Consumed</b>	<b>2364.56</b>	<b>2385.15</b>
<b>Details are given below:</b>		
Steel	1372.71	1489.00
Rims	77.14	80.20
Tyres	96.77	92.75
Cycle Tubes	38.49	35.46
Saddle	42.62	42.23
Chains	14.11	13.78
Frames	149.85	146.23
Forks	58.58	57.38
Mudguards	31.59	30.32
Cycles, Accessories and Others	482.70	397.80
<b>Raw Materials and Components Consumed</b>	<b>2364.56</b>	<b>2385.15</b>

### 25. Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Closing Stock / Inventories at the end of the year		
Work-in-Progress	75.25	88.44
Finished Goods	156.83	129.68
Stock-in-Trade	36.39	37.95
	<b>268.47</b>	<b>256.07</b>
Opening Stock / Inventories at the beginning of the year		
Work-in-Progress	88.44	88.04
Finished Goods	129.68	101.02
Stock-in-Trade	37.95	17.80
	<b>256.07</b>	<b>206.86</b>
Changes in Inventories		
Work-in-Progress	13.19	(0.40)
Finished Goods	(27.15)	(28.66)
Stock-in-Trade	1.56	(20.15)
<b>Changes in Inventories of Work-in-Process, Finished Goods and Stock-in-Trade*</b>	<b>(12.40)</b>	<b>(49.21)</b>

\* Includes Decrease / (Increase) in Excise Duty on Finished Goods

0.29

(0.16)



## NOTES TO FINANCIAL STATEMENTS

### 26. Employee Benefits Expense

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Salaries, Wages and Bonus	295.56	263.59
Gratuity Expenses (Refer Note 37)	5.46	4.09
Contribution to Provident and Other Funds	15.99	15.82
Staff Welfare Expenses	40.90	38.51
	<b>357.91</b>	<b>322.01</b>

### 27. Finance costs

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Interest Expense	122.05	128.86
Exchange difference on Foreign Currency Loans	12.96	9.34
Other Borrowing Costs	0.10	0.10
	<b>135.11</b>	<b>138.30</b>

### 28. Other Expenses

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Consumption of Stores and Spares	178.87	171.49
Conversion Charges	105.80	85.61
Power and Fuel*	135.37	147.01
Rent (Net of recoveries)	16.97	14.36
Repairs and maintenance - Building	0.60	0.55
Repairs and maintenance - Machinery	61.55	53.72
Insurance	2.66	2.58
Rates and Taxes	18.41	15.23
Travelling and Conveyance	22.31	19.04
Printing, Stationery and Communication	5.83	5.70
Freight, Delivery and Shipping Charges	125.96	124.57
Discounts / Incentives on Sales	25.53	23.83
Advertisement and Publicity	32.43	35.47
Trade Receivables Written Off	-	0.02
Provision / (Release of Provision) for Doubtful Trade Receivables (Net)	1.90	2.22
Loss on Tangible Assets Sold / Discarded (Net)	0.47	-
Auditor's Remuneration (Refer Note a below)	0.72	0.60
Commission to Non Whole Time Directors	1.38	1.18
Directors' Sitting Fees	0.19	0.20
Bank Charges	1.84	1.68
Information Technology Expenses	9.80	10.23
Donations to Charitable and other institutions	0.75	1.00
Expenditure on Corporate Social Responsibility (Refer Note b below)	2.73	2.64
Other Expenses	49.42	43.07
	<b>801.49</b>	<b>762.00</b>

\* Includes Stores Consumed

43.86

71.41

## NOTES TO FINANCIAL STATEMENTS

### Notes:

#### (a) Auditor's Remuneration

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>As Auditor:</b>		
Audit fee	0.33	0.33
Tax audit fee	0.04	0.04
Limited review	0.09	0.09
Audit of Consolidated Financial Statements	0.07	0.07
<b>In other capacity:</b>		
Company law matters	0.01	0.01
Other services (Certification fees)	0.06	0.06
Ind AS advisory services	0.12	-
	<b>0.72</b>	<b>0.60</b>

#### (b) Corporate Social Responsibility

- i. Gross amount required to be spent during the year is ₹2.11 Cr. (Previous Year – ₹2.99 Cr).
- ii. Amount spent during the year is ₹2.73 Cr (Previous Year - ₹2.64 Cr) towards
  - a Education - ₹1.76 Cr (Previous Year - ₹2.33 Cr)
  - b Others - ₹0.97 Cr (Previous Year - ₹0.31 Cr)

### 29. Exceptional items

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Profit on Sale of Non Current Investment	820.78	-
Provision for Impairment of Tangible Assets	(37.05)	-
Compensation under Voluntary Retirement Scheme	-	(27.43)
Profit on Sale of Non Operating Assets	1.25	61.43
	<b>784.98</b>	<b>34.00</b>



## NOTES TO FINANCIAL STATEMENTS

### 30. Contingent Liabilities and Commitments

₹ in Crores

Particulars		As at 31.03.2016	As at 31.03.2015
<b>I.</b>	<b>Contingent Liabilities</b>		
a)	Disputed Income-Tax demands from A.Y. 1993-94 to 2012-13 under appeal/ remand pending before various appellate/ assessing authorities against which ₹29.84 Cr. (Previous Year ₹30.44 Cr.) has been deposited. The Balance of ₹5.84 Cr. (Previous Year ₹6.12 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.	35.68	36.56
b)	Disputed Service Tax, Excise and Customs duty demand amounting to ₹0.37 Cr. (Previous Year ₹1.67 Cr.) and penalty of ₹0.05 Cr. (Previous Year ₹1.30 Cr.) pertaining to financial years 1999-2000 to 2012-13 under appeal pending before the Appellate Tribunal against which ₹0.0035 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.	0.42	2.97
c)	Other Claims against the Company not acknowledged as debts	0.88	0.81
d)	Bills drawn on Customers and Discounted with Banks	1.67	1.83
<b>II.</b>	<b>Commitments</b>		
a)	Estimated amount of contracts remaining to be executed on capital expenditure and not provided for	61.00	17.40
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.	35.16	44.82
c)	Committed revenue contracts outstanding under Letter of Credit	61.18	50.92

**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.

### 31. Research and Development Expenses

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

- Revenue Expenditure** (disclosed in Notes 26 and 28 under the respective heads)

₹ in Crores

Particulars	2015-16	2014-15
Employee Benefits Expense	7.12	6.76
Consumption of Stores and Spares	1.78	0.70
Power and Fuel	0.38	0.43
Repairs to Machinery	0.80	0.50
Other Expenses	5.55	4.69
<b>Total</b>	<b>15.63</b>	<b>13.08</b>

## NOTES TO FINANCIAL STATEMENTS

### b) Capital Expenditure (disclosed in Note 12 under the respective heads) ₹ in Crores

Particulars	2015-16	2014-15
Plant & Machinery	0.90	0.03
Office Equipment	0.24	0.14
Furniture & Fixtures	0.01	0.00
<b>Total</b>	<b>1.15</b>	<b>0.17</b>

### 32. Imported and Indigenous Materials Consumed

#### (a) Consumption of Raw Materials (Refer Note 24) ₹ in Crores

Particulars	%	2015-16	%	2014-15
Imported	7.74	183.08	7.36	175.58
Indigenous	92.26	2181.48	92.64	2209.57
<b>Total</b>	<b>100.00</b>	<b>2364.56</b>	<b>100.00</b>	<b>2385.15</b>

#### (b) Consumption of Stores and Spares (Refer Note 28) ₹ in Crores

Particulars	%	2015-16	%	2014-15
Imported	3.35%	7.46	2.63%	6.39
Indigenous				
- Fuel	19.70%	43.86	29.40%	71.41
- Others	76.95%	171.41	67.97%	165.10
<b>Total</b>	<b>100.00%</b>	<b>222.73</b>	<b>100.00%</b>	<b>242.90</b>

### 33. Value of Imports on CIF Basis

₹ in Crores

Particulars	2015-16	2014-15
Raw Materials	191.70	197.05
Stores and Spare Parts	10.18	7.99
Finished Goods	62.84	52.94
Capital Goods	8.58	66.82
<b>Total</b>	<b>273.30</b>	<b>324.80</b>

### 34. Earnings in Foreign Exchange on Accrual Basis

₹ in Crores

Particulars	2015-16	2014-15
FOB Value of Exports	212.45	209.51
Service Income	4.82	4.41
<b>Total</b>	<b>217.27</b>	<b>213.92</b>



## NOTES TO FINANCIAL STATEMENTS

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

Particulars	2015-16	2014-15
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	2014-15	2013-14
- Interim	2015-16	2014-15

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

### 36. Expenditure in Foreign Currency on Accrual Basis

Particulars	₹ in Crores	
	2015-16	2014-15
Travel	1.86	1.53
Interest on Foreign Currency Loans	0.61	3.14
Royalty	1.46	1.81
Others	5.84	5.49
<b>Total</b>	<b>9.77</b>	<b>11.97</b>

### 37. Employee Benefits

#### a) Gratuity

Under the Gratuity plan operated by the Company, every employee who has completed at least five years of service gets a Gratuity on departure at 15 days on last drawn salary for each completed year of service as per Gratuity Act, 1972. The scheme is funded with an Insurance Company in the form of qualifying insurance policy. The following table summarizes the components of net benefit expense recognised in the Statement of Profit and loss and the funded status and amounts recognised in the Balance Sheet.

Particulars	₹ in Crores	
	2015-16	2014-15
<b>Change in Benefit Obligation</b>		
Projected Benefit Obligation as at Year Beginning	38.62	36.46
Service Cost	3.71	3.43
Interest Cost	2.91	2.71
Actuarial Loss	1.61	1.18
Benefits Paid	(4.60)	(5.16)
<b>Projected Benefit Obligation as at Year End</b>	<b>42.25</b>	<b>38.62</b>
<b>Change in Plan Assets</b>		
Fair Value of Plan Assets as at Year Beginning	39.13	36.91
Expected/Actual Return on Plan Assets	3.26	3.04
Employer's Contribution	5.10	4.15
Benefits Paid	(4.60)	(5.16)
Actuarial (Loss) / Gain	(0.49)	0.19
<b>Fair Value of Plan Assets as at Year End</b>	<b>42.40</b>	<b>39.13</b>



## NOTES TO FINANCIAL STATEMENTS

₹ in Crores

Particulars	2015-16	2014-15
<b>Amounts Recognised in the Balance Sheet</b>		
Projected Benefit Obligation at the Year End	42.25	38.62
Fair Value of the Plan Assets at the Year End	42.40	39.13
<b>Asset Recognised in the Balance Sheet</b>	<b>0.15</b>	<b>0.51</b>
<b>Cost of the Defined Benefit Plan for the Year</b>		
Current Service Cost	3.71	3.43
Interest on Obligation	2.91	2.71
Expected/Actual Return on Plan Assets	(3.26)	(3.04)
Net Actuarial Loss Recognised in the Year	2.10	0.99
<b>Net Cost Recognised in the Statement of Profit and Loss</b>	<b>5.46</b>	<b>4.09</b>
<b>Assumptions</b>		
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 are given below:

₹ in Crores

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Present value of defined benefit obligation	42.25	38.62	36.46	32.17	28.88
Fair value of plan assets	42.40	39.13	36.91	32.95	29.59
Balance Sheet Asset	0.15	0.51	0.45	0.78	0.71
Experience adjustment on Plan Liabilities Loss	1.61	1.18	1.38	0.15	0.90
Experience adjustment on Plan Assets (Loss)/Gain	(0.49)	0.19	0.11	0.25	0.17

### 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 2016, the Company does not have additional obligation in respect of the same based on actuarial valuation.



## NOTES TO FINANCIAL STATEMENTS

The details of fund and plan assets are given below:

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Surplus in Plan Assets	2.14	1.74
Present value of Defined Benefit Obligation	1.43	1.34
<b>Net Excess</b>	<b>0.71</b>	<b>0.40</b>

The principal assumptions used in determining the present value obligation of interest guarantee under the deterministic approach are as follows:

Assumptions	As at 31.03.2016	As at 31.03.2015
Discount Rate	8.00%	8.00%
Average remaining tenure of Investment Portfolio	5.97	6.72
Average Interest Rate expected to be declared	9.00%	9.00 %

### c) Long Term Compensated Absences

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

Assumptions	2015-16	2014-15
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 ₹9.97 Cr. (Previous Year ₹9.65 Cr.) for Contributions to Provident Fund, ₹5.06 Cr. (Previous Year ₹4.56 Cr.) for Contributions to Superannuation Fund and ₹0.96 Cr. (Previous Year ₹0.97 Cr.) for Contributions to Employee State Insurance Scheme in the Statement of Profit and Loss.

## 38. Segment Information

The Company's operations are organised into three major segments – Cycles and Accessories, Engineering and Metal Formed Products which comprise the primary basis of segmental information.

The Cycles and Accessories segment comprises bicycles of the Standard and Special variety including alloy bikes & Speciality performance bikes and fitness equipment. The Engineering segment consists of cold rolled steel strips and precision steel tube viz., Cold Drawn Welded tubes (CDW) and Electric Resistance Welded tubes (ERW). The Metal Formed Products segment comprises of Automotive and Industrial chains, fine blanked products, stamped products, roll-formed car doorframes and cold rolled formed sections for railway wagons and passenger coaches.

Secondary segmental reporting is based on geographical location of customers and assets.

## NOTES TO FINANCIAL STATEMENTS

### (A) PRIMARY SEGMENT

₹ in Crores

PARTICULARS	CYCLES AND ACCESSORIES		ENGINEERING		METAL FORMED PRODUCTS		ELIMINATIONS		TOTAL	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>REVENUE</b>										
External Sales	1476.62	1307.41	1405.16	1463.45	908.27	874.92			3790.05	3645.78
Inter-Segment Sales			128.59	142.43	0.48	0.35	(129.07)	(142.78)		
Other Operating Revenue	8.71	6.84	95.60	118.79	44.98	54.11			149.29	179.74
Unallocated Corporate Income									1.63	2.25
<b>Total Revenue</b>	<b>1485.33</b>	<b>1314.25</b>	<b>1629.35</b>	<b>1724.67</b>	<b>953.73</b>	<b>929.38</b>	<b>(129.07)</b>	<b>(142.78)</b>	<b>3940.97</b>	<b>3827.77</b>
Unallocated Corporate Expenses net of Income									(16.59)	(12.10)
<b>RESULTS</b>										
Operating Profit	79.29	57.74	94.70	102.76	86.26	79.37			243.66	227.77
Profit / (Loss) on Sale of Tangible Assets		0.01	(0.13)	0.13	(0.30)	1.89			(0.43)	2.03
<b>Net Operating Profit</b>	<b>79.29</b>	<b>57.75</b>	<b>94.57</b>	<b>102.89</b>	<b>85.96</b>	<b>81.26</b>			<b>243.23</b>	<b>229.80</b>
Dividend Income									29.89	29.61
Finance Costs									(135.11)	(138.30)
Tax Expense									(193.89)	(34.29)
Exceptional Items										
- Profit on Sale of Non Current Investment									820.78	
- Provision for Impairment of Tangible Assets			(2.60)		(34.45)				(37.05)	
- Compensation under Voluntary Retirement Scheme		(5.13)		(15.43)		(6.87)				(27.43)
- Profit on Sale of Non Operating Assets									1.25	61.43
Profit on Sale of Current Investments (Net)									0.79	0.04
<b>Net Profit</b>	<b>79.29</b>	<b>52.62</b>	<b>91.97</b>	<b>87.46</b>	<b>51.51</b>	<b>74.39</b>			<b>729.89</b>	<b>120.86</b>
<b>ASSETS</b>										
Segment Assets	526.12	423.19	868.58	936.01	574.82	629.65	(26.67)	(28.98)	1942.85	1959.87
Unallocated Corporate Assets									2235.50	1603.46
<b>Total Assets</b>	<b>526.12</b>	<b>423.19</b>	<b>868.58</b>	<b>936.01</b>	<b>574.82</b>	<b>629.65</b>	<b>(26.67)</b>	<b>(28.98)</b>	<b>4178.35</b>	<b>3563.33</b>
<b>LIABILITIES</b>										
Segment Liabilities	261.50	253.25	277.59	316.45	161.17	152.64	(26.67)	(28.98)	673.59	693.36
Unallocated Corporate Liabilities									149.70	72.00
<b>Total Liabilities</b>	<b>261.50</b>	<b>253.25</b>	<b>277.59</b>	<b>316.45</b>	<b>161.17</b>	<b>152.64</b>	<b>(26.67)</b>	<b>(28.98)</b>	<b>823.29</b>	<b>765.36</b>
<b>OTHER INFORMATION</b>										
Capital Expenditure	51.10	20.41	44.01	86.99	25.63	26.32			120.74	133.72
Unallocated Corporate Capital Expenditure									3.21	2.08
Depreciation and Amortisation Expense	8.03	7.02	59.51	47.91	40.35	38.50			107.89	93.43
Provision for Impairment of Tangible Assets			2.60		34.45				37.05	
Unallocated Corporate Depreciation									2.71	3.58
Depreciation Adjusted to Retained Earnings		2.31		2.64		1.64				6.59
Corporate Depreciation Adjusted to Retained Earnings										0.43



## NOTES TO FINANCIAL STATEMENTS

### (B) SECONDARY SEGMENT

₹ in Crores

Particulars		2015-16	2014-15
<b>1)</b>	<b>Revenue by Geographic Market</b>		
	India	3716.16	3605.73
	Rest of the World	224.81	222.04
		<b>3940.97</b>	<b>3827.77</b>
<b>2)</b>	<b>Segment Assets by Geographic Market</b>		
	India	4046.06	3428.94
	Rest of the World	105.07	99.15
	Income Tax Assets	27.22	35.24
		<b>4178.35</b>	<b>3563.33</b>
<b>3)</b>	<b>Capital Expenditure by Geographic Market</b>		
	India	123.95	135.80
	Rest of the World	-	-
		<b>123.95</b>	<b>135.80</b>

### 39. 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. TI Financial Holdings Limited
- d. TI Tsubamex Private Limited
- e. Financiere C10 SAS and its Subsidiaries namely
  - i. Sedis SAS
  - ii. Societe De Commercialisation De Composants Industriels – SARL (S2CI) and
  - iii. Sedis Co. Ltd.

##### II. Entity having Significant Influence

Murugappa Holdings Limited

##### III. Associate Company

Cholamandalam Investment and Finance Company Limited (Subsidiary upto 1 September 2015 and Associate w.e.f. 2 September 2015 – Also refer Note 13) and its Subsidiaries namely

- i. Cholamandalam Distribution Services Limited
- ii. Cholamandalam Securities Limited
- iii. White Data Systems India Private Limited

##### IV. Joint Venture Company

Cholamandalam MS Risk Services Limited

##### V. Key Management Personnel (KMP)

Mr. L. Ramkumar – Managing Director

Mr. S. Suresh – Company Secretary

Mr. Arjun Ananth – Chief Financial Officer (upto 29 February 2016)

#### 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	2015-16	2014-15
Dividend Received	Cholamandalam Investment and Finance Company Limited	25.28	25.28
	Cholamandalam MS Risk Services Limited	0.15	0.25
	Shanthi Gears Limited	2.86	2.87
Dividend Paid	Murugappa Holdings Limited	12.81	12.81
	Mr. L. Ramkumar	0.03	0.03
Interest on Debentures	Cholamandalam MS General Insurance Company Limited	0.88	0.88
Claims Received	Cholamandalam MS General Insurance Company Limited	2.77	0.52
Premium Paid	Cholamandalam MS General Insurance Company Limited	4.90	4.36
Rentals Paid	Cholamandalam Investment and Finance Company Limited	0.17	0.18
Subscription to Equity Shares	TI Tsubamex Private Limited	-	17.50
Sales and Services rendered	Shanthi Gears Limited	1.58	2.19
	Financiere C10 SAS	4.82	4.41
	Sedis SAS	14.46	21.03
	S2CI	4.24	2.66
Purchases	Shanthi Gears Limited	0.55	0.29
	Sedis SAS	0.08	0.04
Remuneration to Key Management Personnel	Mr. L. Ramkumar (Refer note b below)	3.35	3.01
	Mr. S. Suresh	0.66	0.52
	Mr. Arjun Ananth	0.88	0.72
Reimbursement of Expenses - Received	Shanthi Gears Limited	0.95	0.72
	TI Tsubamex Private Limited	0.46	0.39
	Cholamandalam MS Risk Services Limited	-	0.10
Sale of Fixed Assets	TI Tsubamex Private Limited	0.05	-
Rental Deposit Receivable	Cholamandalam Investment and Finance Company Limited	-	0.01
Payable	Shanthi Gears Limited	0.05	-
	Sedis SAS	-	0.11
Payable	Cholamandalam Investment and Finance Company Limited	0.01	0.01
	Cholamandalam MS General Insurance Company Limited	10.82	10.82
	Mr. L. Ramkumar	0.82	0.73
Receivable	Cholamandalam MS General Insurance Company Limited	0.02	0.06
	Sedis SAS	4.71	4.79
	S2CI	0.79	0.84
Final Dividend - Proposed	Murugappa Holdings Limited	22.42	3.20
	Mr. L. Ramkumar	0.05	0.01



## NOTES TO FINANCIAL STATEMENTS

### c) Details of remuneration to Managing Director is given below

₹ in Crores

Particulars	2015-16	2014-15
Managing Director's Remuneration		
- Salaries and Allowances	2.14	1.94
- Provident Fund and Super Annuation	0.27	0.22
- Perquisites	0.12	0.12
- Incentive	0.82	0.73
	<b>3.35</b>	<b>3.01</b>

#### 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.

## 40. Operating Leases

The Company has Operating Lease agreements for certain office space and residential accommodation which are generally cancellable in nature. As per the lease terms, an amount of ₹16.97 Cr. (Previous Year ₹14.36 Cr.) has been recognised in the Statement of Profit and Loss.

## 41. Earnings Per Share

₹ in Crores

Particulars	2015-16	2014-15
Profit after Tax - ₹ in Crores	729.89	120.86
Weighted Average Number of Shares		
- Basic	18,72,26,587	18,69,89,340
- Diluted	18,74,32,905	18,73,38,384
Earnings per Share of ₹2 each		
- Basic	38.98	6.46
- Diluted	38.94	6.45

Particulars	2015-16	2014-15
Weighted average number of Equity Shares in calculating Basic Earnings Per Share	18,72,26,587	18,69,89,340
Dilution - Stock options granted under ESOP	2,06,318	3,49,044
Weighted average number of Equity Shares in calculating Diluted Earnings Per Share	18,74,32,905	18,73,38,384

### Stock Options [Refer Note 4(e)]

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.

## NOTES TO FINANCIAL STATEMENTS

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

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



## NOTES TO FINANCIAL STATEMENTS

Had compensation cost for the Stock Options granted under the Scheme been determined based on fair value method, 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

Particulars	₹ in Crores	
	2015-16	2014-15
Profit for the year (As reported)	729.89	120.86
Stock based employee compensation expense included in net profit	-	-
Stock based employee compensation reversal determined under fair value based method (Pro forma)	1.21	1.43
Profit for the year (Pro forma)	731.10	122.29

### Impact on Earnings per Share

Particulars	in ₹	
	2015-16	2014-15
Basic Earnings per Share of ₹ 2 each (As reported)	38.98	6.46
Basic Earnings per Share of ₹ 2 each (Pro forma)	39.05	6.54
Diluted Earnings per Share of ₹ 2 each (As reported)	38.94	6.45
Diluted Earnings per Share of ₹ 2 each (Pro forma)	39.01	6.53

## 42. Information on Joint Venture Entity

The Company holds 49.50% interest in Cholamandalam MS Risk Services Limited, a Joint Venture Entity, located in India. The Company's share of the assets, liabilities, income and expenses of the Jointly Controlled Entity for the year ended 31 March are as follows:

Particulars	₹ in Crores	
	31.03.2016	31.03.2015
Current assets	11.54	10.00
Non-current assets	2.22	1.62
Current liabilities	(6.57)	(5.24)
Non-current liabilities	(0.28)	(0.22)
<b>Equity and Reserves</b>	<b>6.91</b>	<b>6.16</b>
Revenue	16.05	17.49
Depreciation	(0.23)	(0.26)
Employee benefit expense	(4.68)	(4.80)
Other expense	(9.74)	(11.42)
<b>Profit Before Tax</b>	<b>1.40</b>	<b>1.01</b>
Income-tax expense	(0.41)	(0.33)
<b>Profit After Tax</b>	<b>0.99</b>	<b>0.68</b>
Contingent Liability	-	0.06
Capital Commitments	-	-



## NOTES TO FINANCIAL STATEMENTS

### 43. 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 hedge accounting 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 2016, the Company has recognised a net Mark to Market (MTM) Loss of ₹0.87 Cr. (Previous Year Gain ₹2.01 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:

Particulars	₹ in Crores	
	2015-16	2014-15
At the beginning of the year	2.01	(0.44)
Net Movement for the year	(2.88)	2.45
<b>At the end of the Year</b>	<b>(0.87)</b>	<b>2.01</b>

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 31.03.2016		As at 31.03.2015	
			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
	Future Export	EUR	24	2.40	15	2.85
	Future Import	USD	54	4.00	38	3.28
	Future Import	EUR	2	0.10	-	-
	Future Import	JPY	2	107.46	-	-
	Borrowings	USD	2	13.00	5	33.00
Other Derivatives (including currency swaps)	Borrowings	USD	5	4.99	5	4.99

Details of Unhedged Foreign Currency Exposures are as under:

(Value in Mio.)

Currency	As at 31.03.2016		As at 31.03.2015	
	Exports	Imports	Exports	Imports
USD	4.59	4.05	2.61	5.96
EUR	0.71	0.66	0.45	1.29
JPY	-	2.50	-	2.21
SGD	-	0.01	-	-

Rupee Equivalent of above unhedged exposure is given below:

₹ in Crores

Currency	As at 31.03.2016		As at 31.03.2015	
	Exports	Imports	Exports	Imports
Equivalent INR	35.76	32.05	19.34	46.04



## 44. 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

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
ICAI Firm Regn. No : 101049W/E300004

per **Subramanian Suresh**  
Partner  
Membership No:083673  
Chennai  
3 May 2016

**S Suresh**  
Company Secretary

**On behalf of the Board**

**M M Murugappan**  
Chairman

**L Ramkumar**  
Managing Director

## 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"), its subsidiaries, (together referred to as "the Group"), its associates and joint controlled entities comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of 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 with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, Consolidated financial performance and consolidated cash flows of the Group in accordance with 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 associates and joint controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

#### Auditors' 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, issued by the Institute of Chartered Accountants of India, as 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 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. An audit also includes evaluating the appropriateness of 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 paragraph (a) of the Other Matters 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 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, its associates and joint controlled entities, as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We/the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated balance sheet, consolidated statement of profit and loss, and consolidated cash flow statement dealt with by this report are in agreement with the 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;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group's companies, its associates and joint controlled entities, incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) 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 Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint controlled entities – Refer Note 40 to the Consolidated Financial Statements;
  - (ii) The Group, its associates and joint controlled entities did not have any material foreseeable losses in long-term contracts including derivative contracts. Based on the report of other auditor in respect of an associate, we report that provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts, relating to such associate;
  - (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 subsidiaries, associates and jointly controlled companies incorporated in India.

#### Other Matter

- (a) The accompanying Consolidated Financial Statements include total assets of ₹5518 crores as at March 31, 2016, and total revenues and net cash outflows of ₹4030.06 crores and ₹267.79 crores for the year ended on that date, in respect of subsidiaries, and jointly controlled entities, which have been audited by other auditors, which financial statements, other financial

information and auditor's reports have been furnished to us by the Management. The Consolidated Financial Statements also include the Company's share of net profit of ₹173.84 crores for the year ended March 31, 2016, as considered in the Consolidated Financial Statements, in respect of associates, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of such other auditors;

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements above, 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 and the financial statements and other financial information certified by the Management.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Subramanian Suresh**

Partner

Membership Number: 083673

Place of Signature: Chennai

Date: May 3, 2016



## Annexure to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Tube Investments of India Limited

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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

In conjunction with our audit of the Consolidated Financial Statements of Tube Investments of India Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Tube Investments of India Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established

and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained 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 internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls,

material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Group companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to subsidiary, associates, and jointly controlled companies, incorporated in India, and audited by other auditors, is based on the corresponding reports of the auditors of such subsidiary, associate and jointly controlled companies incorporated in India.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Subramanian Suresh**

Partner

Membership Number: 083673

Place of Signature: Chennai

Date: May 3, 2016



## CONSOLIDATED BALANCE SHEET

Particulars	Note No.	₹ in Crores	
		As at 31.03.2016	As at 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share Capital	6	37.47	37.43
(b) Reserves and Surplus	7	3286.70	2290.33
		<b>3324.17</b>	<b>2327.76</b>
<b>Minority Interest</b>		<b>430.76</b>	<b>1603.56</b>
<b>Preference shares issued by a subsidiary outside the Group</b>		-	<b>500.00</b>
<b>Non-Current Liabilities</b>			
(a) Long Term Borrowings	8	404.91	13218.99
(b) Deferred Tax Liabilities (Net)	9	41.96	60.54
(c) Other Long Term Liabilities	10	1245.39	1088.79
(d) Long Term Provisions	11	5.60	325.08
		<b>1697.86</b>	<b>14693.40</b>
<b>Current Liabilities</b>			
(a) Short Term Borrowings	12	312.97	3062.72
(b) Trade Payables {Includes amounts due to Micro, Small and Medium Enterprises - ₹0.42 Cr. (Previous year - ₹0.56 Cr.)}	13	696.64	874.85
(c) Other Current Liabilities	14	3107.69	7226.55
(d) Short Term Provisions	15	137.14	109.49
		<b>4254.44</b>	<b>11273.61</b>
<b>TOTAL</b>		<b>9707.23</b>	<b>30398.33</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	16	1013.76	1145.70
(ii) Intangible Assets	16	11.72	20.28
(iii) Capital Work-in-Progress		56.42	40.00
Fixed Assets - Share in Jointly Controlled Entity		0.49	0.50
(b) Goodwill on Consolidation	3 (a)	310.32	354.30
(c) Non-Current Investments			
- Investment in Associate (includes Goodwill on Consolidation of Associate - ₹39.08 Cr.)		1736.68	-
- Other Non-Current Investment	17	3036.21	2314.22
(d) Deferred Tax Assets (Net)	18	53.40	206.05
Deferred Tax Assets (Net) - Share in Jointly Controlled Entity		0.61	0.37
(e) Long Term Loans and Advances	19	207.94	246.50
(f) Receivable under Financing Activity	20	-	15467.97
(g) Other Non-Current Assets	21	6.23	610.21
		<b>6433.78</b>	<b>20406.10</b>
<b>Current Assets</b>			
(a) Current Investments	22	368.31	351.18
(b) Inventories	23	603.23	613.74
(c) Trade Receivables	24	684.95	669.81
(d) Cash and Cash Equivalents	25	1318.01	1060.26
(e) Short Term Loans and Advances	26	167.91	135.13
(f) Receivable under Financing Activity	27	-	6715.57
(g) Other Current Assets	28	131.04	446.54
		<b>3273.45</b>	<b>9992.23</b>
<b>TOTAL</b>		<b>9707.23</b>	<b>30398.33</b>
Summary of Significant Accounting Policy	5		

The accompanying notes are forming part of the Consolidated Financial Statements.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Regn. No : 101049W/E300004

per **Subramanian Suresh**

Partner

Membership No:083673

Chennai

3 May 2016

**S Suresh**

Company Secretary

On behalf of the Board

**M M Murugappan**

Chairman

**L Ramkumar**

Managing Director



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

₹ in Crores

Particulars	Note No.	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>Revenue from Operations</b>			
Sale of Products - Gross		4451.16	4321.61
Less: Excise Duty on Sales		284.42	283.41
Sale of Products - Net	29	<b>4166.74</b>	<b>4038.20</b>
Income from Financing Operations	30	1628.83	3627.38
Revenue from Operations - Share in Jointly Controlled Entity		15.51	16.75
Premium Earned		1680.13	1477.74
Other Operating Revenues	31	500.00	562.04
<b>Total</b>		<b>7991.21</b>	<b>9722.11</b>
Other Income	32	20.72	23.67
<b>Total Revenue</b>		<b>8011.93</b>	<b>9745.78</b>
<b>Expenses</b>			
Cost of Materials Consumed		2434.78	2482.38
Purchase of Stock-in-Trade - Cycles/Components and Metal Formed Products		125.83	140.70
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	33	0.70	(60.56)
Employee Benefits Expense	34	680.87	766.37
Finance Costs	35	137.84	142.46
Depreciation and Amortisation Expense	16	162.72	170.47
Depreciation and Amortisation Expense - Share in Jointly Controlled Entity		0.23	0.31
Other Expenses	36	1506.93	1555.20
Claims Incurred (Net of Recovery)		1220.97	1105.60
Business Origination Outsourcing		83.15	190.86
Provisions, Loan Losses and Other Charges	37	174.55	324.90
Financing Charges	38	835.80	1957.81
<b>Total Expenses</b>		<b>7364.37</b>	<b>8776.50</b>
<b>Profit Before Exceptional Items and Tax</b>		<b>647.56</b>	<b>969.28</b>
Exceptional Items	39	726.62	34.00
<b>Profit Before Tax</b>		<b>1374.18</b>	<b>1003.28</b>
Tax Expense			
Income Tax			
- Current Year		443.87	389.03
- Prior Years (Net)		(2.95)	5.02
MAT Credit Entitlement		0.22	(5.07)
Deferred Tax (Net)		(74.36)	(69.65)
Provision for Tax Expense - Share in Jointly Controlled Entity		0.29	0.31
		<b>367.07</b>	<b>319.64</b>
<b>Profit for the Year before Share of Profit attributable to Minority Interest</b>		<b>1007.11</b>	<b>683.64</b>
Less: Share of Profit attributable to Minority Interest		(142.04)	(259.28)
Add: Share of Profit from Associate		173.84	-
<b>Net Profit for the Year attributable to the Shareholders of the Company</b>		<b>1038.91</b>	<b>424.36</b>
Earnings per Equity Share of ₹2 each	48		
Basic		55.49	22.69
Diluted		55.43	22.65
Summary of Significant Accounting Policy	5		

The accompanying notes are forming part of the Consolidated Financial Statements.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Regn. No : 101049W/E300004

per **Subramanian Suresh**

Partner

Membership No:083673

Chennai

3 May 2016

**S Suresh**

Company Secretary

On behalf of the Board

**M M Murugappan**

Chairman

**L Ramkumar**

Managing Director



## CONSOLIDATED CASH FLOW STATEMENT

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>A. Cash Flow from Operating Activities:</b>		
<b>Net Profit Before Tax</b>	<b>1,374.18</b>	<b>1,003.28</b>
Adjustments for :		
Depreciation and Amortisation Expense	162.95	170.78
Provision for Impairment	37.05	-
Financing Charges	835.80	1,957.81
Finance Costs	137.84	142.46
Profit on Tangible Assets Sold/Discarded (Net)	(1.00)	(64.18)
Profit on Sale of Investments (Net)	(30.55)	(46.34)
Profit on Sale of Non-Current Investments (Net)	(762.42)	-
Provision/(Reversal of Provision) for Doubtful Debts And Advances (Net)	1.89	2.65
Provision for Standard Assets (Net)	8.69	17.06
Provision for Non Performing Assets under Financing Activity (Net)	84.29	17.22
Reversal of Provision for Credit Enhancement and Servicing Costs on Assets De-recognised (Net)	(5.66)	(1.88)
Provision for Doubtful Debts	1.74	0.76
Provision for Others	24.01	1.60
Trade Receivables Written off	1.17	1.81
Loss on Repossessed Assets (Net)	84.97	179.03
Loss Assets Written Off	1.10	112.87
Non-cash expenses-Terrorism pool	-	1.57
Liabilities no longer payable written back	(0.63)	(1.37)
Unrealised Losses on Foreign Currency Borrowings (Net)	(2.09)	1.23
Gain on prepayment of Commercial paper and Debentures (Net)	-	(0.26)
Discount on prepayment of sales tax deferral	-	(1.86)
Interest Income	(328.07)	(340.94)
Dividend Income	(6.26)	(33.14)
<b>Operating Profit before Working Capital</b>	<b>1,619.00</b>	<b>3,120.16</b>
Adjustments for :		
Increase in Liabilities and Provisions	618.20	423.91
(Increase)/Decrease in Loans and Advances	(107.76)	350.40
Decrease/(Increase) in Inventories	5.46	(126.23)
Increase in Trade Receivables	(22.62)	(76.96)
Increase in Receivable Under Financing Activity (including Repossessed Assets)	(1,369.20)	(4,812.83)
Decrease in Securitisation/Bilateral Assignment of Receivables	-	1,756.95
<b>Cash Generated From Operations</b>	<b>743.08</b>	<b>635.40</b>
Financing Charges Paid	(868.09)	(1,941.53)
Direct Taxes Paid (Net)	(374.98)	(379.06)
<b>Net Cash Flow Used in Operating Activities</b>	<b>(499.99)</b>	<b>(1,685.19)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Capital Expenditure (including Capital Work-in-Progress and Capital Advances)	(177.22)	(205.44)
Sale of Tangible Assets	3.21	68.29
Proceeds from sale of shares of Non-Current Investment	882.67	-
Purchase of Other Investments	(628.70)	(27,093.59)
Sale/Redemption of Other Investments	23.15	26,331.04
Interest Received	305.94	374.79
Dividend Received	34.55	61.54
<b>Net Cash Used in Investing Activities</b>	<b>443.60</b>	<b>(463.37)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds from exercise of Employees Stock Option	2.44	2.51
Increase in Equity Share Capital and Securities Premium (Net of Expenses)	1.38	11.82
Increase in Preference Share Capital of a Subsidiary	-	500.00
Repayment of Sales Tax Deferral	-	(10.52)
Increase in Long Term Borrowings	1,030.11	886.08
(Decrease)/Increase in Short Term Borrowings	(86.29)	595.32
Decrease in Fixed Deposits	(0.04)	(30.57)
Finance Costs Paid (including Exchange Differences on Foreign Currency Loans)	(134.25)	(143.22)
Dividends Paid (including Net Dividend Distribution Tax)	(65.40)	(107.77)
<b>Net Cash From Financing Activities</b>	<b>747.95</b>	<b>1,703.65</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents [A+B+C]</b>	<b>691.56</b>	<b>(444.91)</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>352.16</b>	<b>795.07</b>
Cash and Cash Equivalents on conversion of a subsidiary into Associate during the Year	(250.68)	-
Cash and Cash Equivalents on conversion of a Joint Controlled Entity into Subsidiary during the Year	-	2.00
<b>Cash and Cash Equivalents as at End of the Year (Refer Note 25)</b>	<b>793.04</b>	<b>352.16</b>

The accompanying notes are forming part of the Consolidated Financial Statements.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Regn. No : 101049W/E300004

per **Subramanian Suresh**

Partner

Membership No:083673

Chennai

3 May 2016

**S Suresh**  
Company Secretary

On behalf of the Board

**M M Murugappan**  
Chairman

**L Ramkumar**  
Managing Director

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. Corporate Information

Tube Investments of India Limited is a Public Limited Company domiciled in India and listed on BSE Ltd. and National Stock Exchange of India Ltd. The Company has manufacturing locations across the Country. The Company and its investees operate in 7 product segments namely, Cycles and Accessories, Engineering, Metal Formed Products, Gears and Gear Products, Insurance, Other Financials Services and Others.

## 2. Principles of Consolidation

The Consolidated Financial Statements (CFS) relate to Tube Investments of India Limited (the Company), its Subsidiary Companies, Jointly Controlled Entity and Associate (hereinafter collectively referred to as 'the Group').

The Financial Statements of the Subsidiaries, Jointly Controlled Entity and Associate 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 3 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.

The excess of Cost to the Company of its investment in the Subsidiaries and Jointly Controlled Entity over the Company's portion of the Equity, at the dates on which the investments are made, is recognised in the CFS 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.

The excess of the Company's portion of Equity of the Subsidiaries and Jointly Controlled Entity over its cost of investment, at the dates on which the investments are made, is treated as Capital Reserve.

Consolidation is applied from the date of obtaining control by the Group, till the date when the Group loses control. On cessation of control, the difference between the proceeds from the disposal of investment in the subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the Statement of Profit and Loss as the profit or loss on the disposal of the investment in the subsidiary.

### a) Subsidiary

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 (AS 21).

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.

Minority Interest share in the Net Profit/Loss for the year of the Consolidated Subsidiaries is identified and adjusted against the Profit After Tax of the Group.

In the case of deemed disposal of subsidiary, i.e. subsidiary becoming an Associate without any sale of stake by the Company, then line by line consolidation under AS 21 is stopped and will be accounted under equity method of accounting in accordance with AS 23 Accounting for Investment in Associates. The gain on account of dilution in shareholding of the Company's stake in the subsidiary will be credited to Reserves and Surplus in the Consolidated Financial Statements.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### b) Jointly Controlled Entity

Share of profit/loss, assets and liabilities in the jointly controlled entity, 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 (AS 27). 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.

### c) Associate

The investment in the associate companies has been accounted under the equity method as per Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements (AS 23) notified by the Companies (Accounting Standards) Rules, 2014 (as amended). The Group's share in profits/losses of an associate company is accounted for to the extent of the Group's direct and indirect percentage holding in its share capital of the respective associates.

Any excess/shortage of cost to the Group of its investment in the associates over its proportionate share in the equity of such associates as at the date of the investment are identified as goodwill/capital reserve in the CFS.

All material unrealised profits and losses resulting from transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associate.

Equity accounting for associate is applied from the date of obtaining significant influence by the Group, till the date when the Group loses significant influence.

## 3. Particulars of Consolidation

The list of Subsidiary Companies, Jointly Controlled Entity and Associate and the Company's holding therein are as under:

Company	Relationship	Year End	Country of Incorporation	Proportion of Ownership	
				As at 31 March 2016	As at 31 March 2015
Cholamandalam MS General Insurance Company Limited (CMSGICL)	Subsidiary	31 March	India	60.00%	74.00%
TI Financial Holdings Limited (TIFHL)	Subsidiary	31 March	India	100.00%	100.00%
Financiere C10 SAS (FC 10) Subsidiaries of FC 10 - Sedis SAS - Societe De Commercialisation De Composants Industriels – SARL (S2CI)	Subsidiary	31 December	France	100.00%	100.00%
- Sedis Co. Ltd			United Kingdom		

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Company	Relationship	Year End	Country of Incorporation	Proportion of Ownership		
				As at 31 March 2016	As at 31 March 2015	
Cholamandalam Investment and Finance Company Limited (CIFCL)	Subsidiary upto 1 September 2015 and Associate w.e.f. 2 September 2015	31 March	India	46.26%	50.28%	
Subsidiaries of CIFCL	<ul style="list-style-type: none"> <li>- Cholamandalam Distribution Services Limited (CDSL)</li> <li>- Cholamandalam Securities Limited (CSEC)</li> <li>- White Data Systems India Private Limited</li> </ul>					
		100% owned by CIFCL				
		63% owned by CIFCL				
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)	Subsidiary w.e.f. 26 February 2015. Jointly Controlled Entity for the period upto 25 February 2015	31 March	India	75.00%	75.00%	

### Notes:

- a) The Movement of Goodwill on Consolidation is given below:

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Opening Balance	354.30	351.50
Addition/ (Deletion) on account of		
- TTPL	-	0.87
- CIFCL	(42.43)	-
- CMSGICL	(0.85)	
- FC10 (Change due to Foreign Currency Reinstatement)	(0.70)	1.93
<b>Closing Balance</b>	<b>310.32</b>	<b>354.30</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 4. Basis of Preparation

The CFS are prepared under the historical cost convention, on an accrual basis, in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply in all material respects 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.

The CFS 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.

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).

FC10 prepares its consolidated financials in accordance with the legal and regulatory provisions applicable in France (Regulation CRC 99.02).

### 5. Summary of Significant Accounting Policies

#### 5.1. Presentation and disclosure of financial statements

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

- a) It is expected to be realised in, or is intended for sale or consumption in, the normal operating cycle relevant for each of the entities in the Group;
- b) It is held primarily for the purpose of being traded;
- c) It is expected to be realised within twelve months after the reporting date; or
- d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

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

- a) It is expected to be settled within the normal operating cycle relevant for each of the entities in the Group;
- b) It is held primarily for the purpose of being traded;
- c) It is due to be settled within twelve months after the reporting date; or
- d) The entities in the Group do not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

#### 5.2. Use of Estimates

The preparation of financial statements requires the Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, during and at the end of the reporting period. Although these estimates are based on the Management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Significant Accounting Policies (Contd.)

#### 5.3. Cash and Cash Equivalents

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.

#### 5.4. 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.

#### 5.5. 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. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful life.

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.

The Group identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

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.

#### 5.6. Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Significant Accounting Policies (Contd.)

Impairment including impairment on inventories, are recognized in the Statement of Profit and Loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### 5.7. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made or on the Balance Sheet date, are classified as current investments. All other investments are classified as Non-Current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-Current investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

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.
- (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 BSE Ltd. 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) An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of CMSGICL, is classified as investment property. Investment properties are stated at cost net of accumulated impairment losses, if any.
- (vii) Impairment Policy

Equity Shares: 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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Significant Accounting Policies (Contd.)

tested for permanent impairment by applying the following tests on the company in which investment is made:

- a) Whether continuous losses incurred during the three preceding years (or)
- b) Whether net worth has been fully eroded (or)
- c) Whether 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/-

Real Estate: CMSGICL shall provide for permanent impairment loss in investment property carried at cost. The permanent impairment is said to have occurred when there is evidence of drop of more than 50% in the carrying cost for a continuous period of 5 years based on the fair value assessed every year on the balance sheet date by independent valuer.

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

- (viii) 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.
- (ix) 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.

In the case of CIFCL:

Long Term Investments are stated at cost other than the investment in the shares of BSE Ltd. 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 BSES and shares". However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments.

#### 5.8. Inventories

Raw materials, stores & spare parts and stock-in-trade are valued at lower of weighted average cost and estimated net realisable value.

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

Due allowance is made for slow/non-moving items. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### 5.9. Revenue and Other Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Significant Accounting Policies (Contd.)

Revenue from sale of goods are recognised on transfer of significant risk and rewards of ownership to the buyer which generally coincides with shipment and comprise amounts invoiced for the goods, including excise duty, but excluding Sales Tax/Value Added Tax, Quantity Discounts and Sale Returns.

Service revenues are recognised on completion of services.

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

Interest Income is recognised on time proportion basis, taking into account the amount outstanding and applicable interest rate.

In the case of CMSGICL:

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

Reserve for Unexpired Risk, representing that part of the premium written that is attributable and allocable to the subsequent accounting period(s), is calculated principally on "Day Basis" in terms of Circular No IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013.
  - b. Inward Business from Pooling Arrangements:
    - In the case of the inward premium from IMTPDRIP (DR Pool), in view of the "clean cut" arrangement, the entire inward premium is recognised as revenue.
    - In the case of the inward premium from Terrorism Pool (Fire and Engineering lines of business), 50% of the premium advised by the Pool Manager for a twelve month period is considered as Reserve for Unexpired Risks.
- (iii) Interest/Dividend income on investments is recognised on accrual basis and is net of accretion of discount or amortisation of premium over the balance period of maturity/holding.
- (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.

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 the RBI guidelines. Unrealised interest recognised as income in the previous period is reversed in the month in which the loan is classified as Non-Performing.
- (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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Significant Accounting Policies (Contd.)

- (iv) Additional Finance Charges, cheque bounce charges, field visit charges and other penal/servicing charges are recognised as income on realisation due to uncertainty in their collection.
- (v) Interest spread on bilateral assignment or securitisation of receivables is recognised over the tenor of the underlying assets as per the RBI guidelines.
- (vi) Loss, if any, in respect of securitisation and assignment is recognised upfront.
- (vii) Income from non-financing activity is recognised as per the terms of the respective contract on accrual basis.
- (viii) Brokerage Income on stock broking and other charges are recognised on the trade date of transaction upon confirmation of the transaction by the exchanges.
- (ix) Income from depository services, finance charges on client dues are recognised on the basis of agreements entered into with the clients and when the right to receive the income is established.
- (x) Interest income on bonds and deposits and pass through certificates is recognised 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.

#### 5.10. Reinsurance Ceded and Commission Received (CMSGICL)

- a) Reinsurance Premium Ceded is accounted in the year of commencement of risk in accordance with the treaty arrangements with the reinsurers. Non-proportional reinsurance cost is recognised when incurred and included in the premium on reinsurance ceded.
- b) Commission on reinsurance ceded is recognised as income on ceding of reinsurance premium. Profit commission under reinsurance treaties, wherever applicable, is recognised in the year of final determination of the profits and included in commission on reinsurance ceded.

#### 5.11. Acquisition Cost of New Insurance Contracts (CMSGICL)

- a) Long Term Policies: Costs relating to acquisition of new/renewal of insurance contracts are expensed over the policy period.
- b) Other than Long Term Policies: Costs relating to acquisition of new/renewal of insurance contracts are expensed in the year in which they are incurred.

#### 5.12. 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Significant Accounting Policies (Contd.)

- 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.

#### 5.13. Government Grants, Subsidies and Export Incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Group 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.

Where the Group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognised at a nominal value.

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.

#### 5.14. Receivables under Financing Activity, Provisioning and Derecognition (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.

CIFCL 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.

#### 5.15. Repossessed Assets (CIFCL)

Repossessed Assets are valued at the lower of cost and the estimated net realisable value.

#### 5.16. Business Origination and Outsourcing (CIFCL)

Business Origination and outsourcing represents expenditure incurred for sourcing, processing of a loan and back office activities through external service providers. It is recognised in the Statement of Profit and Loss in the period incurred.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Significant Accounting Policies (Contd.)

#### 5.17. Employee Benefits

##### a) Defined Contribution Plan

###### 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.

###### 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.

###### 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

###### 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.

###### Provident Fund

In respect of employees not covered under Point 5.17.a, 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.

##### c) Long Term Compensated Absences

The accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Group presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

##### d) Short-Term Employee Benefits

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Significant Accounting Policies (Contd.)

#### e) Voluntary Retirement Scheme

Compensation to employees under Voluntary Retirement Schemes is expensed in the period in which the liability arises. The Group recognizes termination benefit as a liability and an expense when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

#### 5.18. 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.

#### 5.19. Foreign Currency Transactions

##### Initial recognition

Transactions in foreign currencies entered into by the Group 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 Group 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 Group 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.)

#### 5.20. 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 firm commitment or highly probable forecast transactions. The Company designates these in a hedging relationship by applying the hedge accounting principles set out in Accounting Standard 30 – “Financial Instruments – Recognition and Measurement” (AS 30).

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.

The amounts recognised in the Hedge Reserve are transferred to the Statement of Profit and Loss when the hedged transactions crystalizes.

If the forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in Hedge Reserve is transferred to Statement of Profit and Loss.

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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Significant Accounting Policies (Contd.)

#### 5.21. 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	License Period or 3 Years whichever is lower
-Stock Exchange Membership Card	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 Group's estimate of their useful lives taking in to consideration technical 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.

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.

#### 5.22. 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 5.21 above.

#### 5.23. 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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 Group



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Significant Accounting Policies (Contd.)

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 Group. The carrying amount of MAT is reviewed at each reporting date and the asset is written down to the extent the Group does not have convincing evidence that it will pay normal income tax during the specified period.

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.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate.

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, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence, that there will be sufficient future taxable income available to realise such assets. The carrying amount of deferred tax assets are reviewed at each reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

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.

#### 5.24. Provisions and Contingencies

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

Provisions for warranty-related costs are recognised when the product is sold or service provided. Provision is estimated based on historical experience and technical estimates. The estimate of such warranty-related costs is revised annually.

#### 5.25. Segment Reporting

- a) The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Significant Accounting Policies (Contd.)

different products and serves different markets. The analysis of geographical segments is based on location of customers of the Group.

- b) The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.
- c) 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.
- d) Expenses that are directly identifiable to segments are considered for determining the segment results. Expenses which relate to the Group as a whole and are not allocable to segments are included under unallocated corporate expenses.
- e) 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 Group as a whole and are not allocable to any segment.

#### 5.26. 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. All other borrowing costs are expensed in the period they occur. Discount on Commercial papers and Zero Coupon bonds is amortised over the tenor of the underlying instrument.

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.

#### 5.27. 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.

#### 5.28. Employees Stock Option

Stock options granted to the employees under the stock option scheme are evaluated as per the accounting treatment prescribed by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments. The Group follows the intrinsic value method of accounting for the options and accordingly, the excess of market value of the stock options as on date of grant, if any, over the exercise price of the options is recognised as deferred employee compensation and is charged to the Statement of Profit and Loss on graded vesting basis over the vesting period of the options.

#### 5.29. Provision for Claw Back of Commission Income (CIFCL)

The estimated liability for claw back of commission income is recorded in the period in which the underlying revenue is recognised. These estimates are established using historical information on the nature, frequency

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Significant Accounting Policies (Contd.)

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.

#### 5.30. Early adoption of Provision for Non-performing assets and Standard assets (CIFCL)

The Reserve Bank of India has prescribed the revised asset classification norms and provisioning norms which are required to be adopted in a phased manner over a period of three years commencing from the financial year ended March 31, 2016.

In the previous year (31 March 2015) CIFCL has early adopted the revised norms/provisions to the extent they are required to be complied by 31 March 2016.

In the current year (31 March 2016), CIFCL has early adopted the provisioning for Standard Assets to the extent they are required to be complied by 31 March 2018 and the revised asset classification norms to the extent they are required to be complied by 31 March 2017. CIFCL has also created an additional provision against Standard Assets, on a prudent basis, to cover the revised asset classification norms required to be complied by 31 March 2018. Further, on a prudent basis, CIFCL has created an one time additional provision of ₹54 Cr. against standard assets.

### 6. Share Capital

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Authorised Capital</b>		
21,50,00,000 Equity Shares of ₹2 each	43.00	43.00
<b>Issued, Subscribed and Paid-up Capital</b>		
18,73,46,537 Equity Shares of ₹2 each fully paid up (Previous Year 18,71,31,664 Equity Shares of ₹2 each fully paid up)	37.47	37.43
	<b>37.47</b>	<b>37.43</b>

a) The Reconciliation of Share Capital is given below:

Particulars	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
At the beginning of the year	18,71,31,664	37.43	18,68,92,766	37.38
Shares allotted on exercise of employee stock options (Refer Note e below)	2,14,873	0.04	2,38,898	0.05
<b>At the end of the year</b>	<b>18,73,46,537</b>	<b>37.47</b>	<b>18,71,31,664</b>	<b>37.43</b>

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 31.03.2016		As at 31.03.2015	
	No. of Shares	% against total number of Shares	No. of Shares	% against total number of shares
Murugappa Holdings Limited	6,40,54,680	34.19%	6,40,54,680	34.23%



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

d) Status on Global Depository Receipts (GDRs):

The aggregate number of GDRs outstanding as at 31 March 2016 is 46,30,630 (As at 31 March 2015 48,30,630) each representing one Equity Share of ₹2 face value. GDR % against total number of shares is 2.47% (As at 31 March 2015 2.58%). The GDRs carry the same terms/rights attached to Equity Shares of the Company.

e) Stock Options (Also refer Note 49)

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

During the past 5 years, the Company has allotted 16,79,606 (Previous Year 23,50,664) 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 2016 is 2,75,547 (Previous Year 5,04,432) 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	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	Vested Date	Weighted Average Remaining Contractual Life (In Years)
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	14,77,491	96,721	-	31.10.09 – 25% 31.10.10 – 37.5% 31.10.11 – 37.5%	1.09
Grant 4	31-Jul-08	44.45	3,86,900	92,595	2,63,011	31,294	-	31.07.09 – 20% 31.07.10 – 20% 31.07.11 – 30% 31.07.12 – 30%	1.46
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	2,07,340	52,344	-	29.01.12 – 20% 29.01.13 – 20% 29.01.14 – 30% 29.01.15 – 30%	3.96
Grant 8	29-Jan-11	140.05	1,92,400	96,372	78,916	17,112	-	29.01.12 – 40% 29.01.13 – 30% 29.01.14 – 30%	3.33
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	35,320	13,776	5,904	-	02.05.12 – 20% 02.05.13 – 20% 02.05.14 – 30% 02.05.15 – 30%	4.21
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	27,136	27,492	72,172	-	02.11.12 – 20% 02.11.13 – 20% 02.11.14 – 30% 02.11.15 – 30%	4.72
<b>Total</b>			<b>46,76,940</b>	<b>18,34,856</b>	<b>25,66,537</b>	<b>2,75,547</b>	<b>-</b>		

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Date of Grant	Options Outstanding as at 1 Apr 2015	During the Year 2015-16			Options Outstanding as at 31 Mar 2016	Options vested but not exercised as at 1 Apr 2015	Options vested but not exercised as at 31 Mar 2016
			Options Granted	Options Cancelled/ lapsed	Options Exercised & allotted			
Grant 1	31-Oct-07	-	-	-	-	-	-	-
Grant 2	31-Jan-08	-	-	-	-	-	-	-
Grant 3	24-Mar-08	1,41,278	-	-	44,557	96,721	1,41,278	96,721
Grant 4	31-Jul-08	52,386	-	-	21,092	31,294	52,386	31,294
Grant 5	31-Oct-08	-	-	-	-	-	-	-
Grant 6	30-Jan-09	-	-	-	-	-	-	-
Grant 7	29-Jan-11	1,54,796	-	-	1,02,452	52,344	1,54,796	52,344
Grant 8	29-Jan-11	35,064	-	-	17,952	17,112	35,064	17,112
Grant 9	29-Jan-11	-	-	-	-	-	-	-
Grant 10	02-May-11	21,156	-	1,476	13,776	5,904	13,776	5,904
Grant 11	01-Aug-11	-	-	-	-	-	-	-
Grant 12	02-Nov-11	99,752	-	12,536	15,044	72,172	61,712	72,172
<b>Total</b>		<b>5,04,432</b>	<b>-</b>	<b>14,012</b>	<b>2,14,873</b>	<b>2,75,547</b>	<b>4,59,012</b>	<b>2,75,547</b>

Particulars	Date of Grant	Options Outstanding as at 1 Apr 2014	During the Year 2014-15			Options Outstanding as at 31 Mar 2015	Options vested but not exercised as at 1 Apr 2014	Options vested but not exercised as at 31 Mar 2015
			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
<b>Total</b>		<b>8,11,595</b>	<b>-</b>	<b>68,265</b>	<b>2,38,898</b>	<b>5,04,432</b>	<b>6,25,385</b>	<b>4,59,012</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 7. Reserves and Surplus

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Capital Reserve</b>		
Balance at the beginning of the year	1.36	1.36
Deletions during the year	(0.02)	-
Balance at the end of the year	<b>1.34</b>	<b>1.36</b>
<b>Capital Reserve on Consolidation</b>	<b>0.16</b>	<b>0.16</b>
<b>Capital Redemption Reserve</b>		
Balance at the beginning of the year	22.75	22.80
Deletions during the year	(16.59)	(0.05)
Balance at the end of the year	<b>6.16</b>	<b>22.75</b>
<b>Securities Premium Account</b>		
Balance at the beginning of the year	257.95	254.36
Additions during the year	2.40	3.59
Deletions during the year	(58.46)	-
Balance at the end of the year	<b>201.89</b>	<b>257.95</b>
<b>Debenture Redemption Reserve</b>		
Balance at the beginning of the year	196.56	154.38
Additions during the year	111.77	104.68
Deletions during the year	(87.50)	(62.50)
Balance at the end of the year	<b>220.83</b>	<b>196.56</b>
<b>Hedge Reserve Account</b>		
Balance at the beginning of the year	2.01	(0.44)
(Deductions)/Additions during the year (Net)	(2.88)	2.45
Balance at the end of the year	<b>(0.87)</b>	<b>2.01</b>
<b>Statutory Reserve (Refer note a below)</b>		
Balance at the beginning of the year	176.20	132.13
Additions during the year	-	44.07
Deletions during the year	(176.20)	-
Balance at the end of the year	-	<b>176.20</b>
<b>Foreign Currency Translation Reserve</b>		
Balance at the beginning of the year	0.48	(0.26)
Additions during the year (Net)	0.21	0.74
Balance at the end of the year	<b>0.69</b>	<b>0.48</b>
<b>General Reserve</b>		
Balance at the beginning of the year	1,481.10	1,181.85
Additions during the year (Net)	404.19	299.25
Balance at the end of the year	<b>1,885.29</b>	<b>1,481.10</b>
<b>Surplus/(Deficit) in the statement of Profit and Loss</b>		
Surplus at the beginning of the year	151.76	167.31
Profit for the year	1,038.91	424.36
Depreciation on Tangible Assets on Transition to Schedule II of the Companies Act 2013	-	(4.71)
Final dividend including dividend distribution tax (Refer Note b below)	-	-
Transfer to General Reserve	(84.49)	(308.27)
Transfer to Statutory Reserve	-	(45.25)
Transfer to Debenture Redemption Reserve	(24.27)	(42.18)
Interim Dividend @ ₹1.50 (Previous year ₹1.50) per Equity Share of ₹2/- each	(28.09)	(28.06)
Special Dividend Proposed @ ₹3.50 (Previous year ₹0.50 - Final Dividend Proposed) per Equity Share of ₹2/- each	(65.57)	(9.36)
Dividend Distribution Tax (Net) - Current year	(18.49)	(3.30)
Earlier year's provision for dividend tax no longer required (Refer Note c below)	1.45	1.22
Net Surplus in the Statement of Profit and Loss	<b>971.21</b>	<b>151.76</b>
<b>Total Reserves and Surplus</b>	<b>3286.70</b>	<b>2,290.33</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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 2015 and before the book closure date for declaration of the final dividend for the year 2014-15, 50,665 (Previous Year 50,558) Equity Shares were allotted under the Employee Stock Option Scheme to employees and dividend of ₹0.0025 Cr. (Previous Year ₹0.0025 Cr.) on these Shares were paid. The total amount of ₹0.0030 Cr. (Previous Year ₹0.0030 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.

### 8. Long Term Borrowings

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Secured Borrowings</b>		
Non-Convertible Debentures (NCDs)	375.00	3370.80
Foreign Currency Long Term Buyers Credit Loans (LTBC)	-	31.13
Rupee Term Loans from Banks	29.91	7208.36
<b>Unsecured Borrowings</b>		
Non-Convertible Debentures (NCD)	-	2608.70
	<b>404.91</b>	<b>13218.99</b>

### 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.
- All the NCDs are payable over a period of 1-3 years bearing rate of interest from 8 to 10%. Rupee term loans from Banks are payable over a period of 1-4 years.

### 9. Deferred Tax Liabilities (Net)

₹ in Crores

Nature - Liability/(Asset)	As at 31.03.2016	As at 31.03.2015
<b>COMPANY</b>		
<b>Deferred Tax Liabilities</b>		
On account of depreciation	64.75	78.45
<b>Total (A)</b>	<b>64.75</b>	<b>78.45</b>
<b>Deferred Tax Assets</b>		
On Provision for Doubtful Trade Receivables	(4.07)	(3.35)
On Provision for Employee Benefits	(6.69)	(8.76)
On Expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	(12.03)	(9.64)
<b>Total (B)</b>	<b>(22.79)</b>	<b>(21.75)</b>
<b>Net Deferred Tax Liability (A+B) - I</b>	<b>41.96</b>	<b>56.70</b>
<b>SUBSIDIARY - FINANCIERE C10 SAS</b>		
<b>Deferred Tax Liabilities</b>		
Others	-	3.15
<b>Total (A)</b>	<b>-</b>	<b>3.15</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nature - Liability/(Asset)	As at 31.03.2016	As at 31.03.2015
<b>Deferred Tax Assets</b>		
Others	-	(0.16)
<b>Total (B)</b>	-	<b>(0.16)</b>
<b>Net Deferred Tax Liability (A+B) - II</b>	-	<b>2.99</b>
<b>SUBSIDIARY - SHANTHI GEARS LIMITED</b>		
<b>Deferred Tax Liabilities</b>		
On account of depreciation	-	2.35
<b>Total (A)</b>	-	<b>2.35</b>
<b>Deferred Tax Assets</b>		
Provision for Employee Benefits, Doubtful Debts & Others	-	(1.50)
<b>Total (B)</b>	-	<b>(1.50)</b>
<b>Net Deferred Tax Liability (A+B) - III</b>	-	<b>0.85</b>
<b>Total Deferred Tax Liability (Net) - I+II+III</b>	<b>41.96</b>	<b>60.54</b>

### 10. Other Long Term Liabilities

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Advances from Customers/Others	-	1.05
Interest Accrued but Not Due on Loans/Other Deposits	-	39.27
Claims Outstanding	1109.75	958.51
Reserve for Unexpired Risk	135.59	87.60
Other Liabilities	0.05	2.36
	<b>1245.39</b>	<b>1088.79</b>

### 11. Long Term Provisions

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Provision for Standard Assets	-	35.62
Provision for Non-Performing Assets	-	279.28
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	-	5.66
Provision for Compensated Absences	5.22	4.20
Provision for Warranty	0.10	0.10
Share in Jointly Controlled Entity	0.28	0.22
	<b>5.60</b>	<b>325.08</b>

### 12. Short Term Borrowings

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Secured Borrowings (Secured by Current Assets)</b>		
From Banks		
Foreign Currency Loans	19.88	206.23
Cash Credit and Other Borrowings	29.69	2237.22
Share in Jointly Controlled Entity	2.47	2.94
	<b>52.04</b>	<b>2446.39</b>
<b>Unsecured Borrowings</b>		
From Banks		
Foreign Currency Loans	66.25	0.00
Cash Credit and Other Borrowings	44.68	43.83
Commercial Papers	150.00	572.50
	<b>260.93</b>	<b>616.33</b>
	<b>312.97</b>	<b>3062.72</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 13. Trade Payables

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Acceptances	72.06	204.72
Other than Acceptances		
- Dues to Micro, Small & Medium Enterprises	0.42	0.56
- Goods and Services	622.19	668.90
Share in Jointly Controlled Entity	1.97	0.67
	<b>696.64</b>	<b>874.85</b>

### 14. Other Current Liabilities

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Current Maturities of Long Term Borrowings - Secured	723.00	4649.40
Interest Accrued but Not Due	51.75	420.67
Unpaid Dividends	2.52	2.70
Income Received in Advance	-	0.22
Unclaimed Fixed Deposits and Interest	-	0.08
Advances and Deposits from Customers/Others	82.97	50.98
Collections in derecognised assets	0.00	229.75
Claims Outstanding	972.54	890.88
Reserve for Unexpired Risk	1104.30	786.98
Unallocated Premium	44.73	37.89
Statutory Liabilities	45.71	48.81
Capital Creditors	14.25	20.48
Other Liabilities	65.24	87.36
Share in Jointly Controlled Entity	0.68	0.35
	<b>3107.69</b>	<b>7226.55</b>

Amounts to be credited to Investor Education & Protection Fund towards  
Unpaid Dividends

-

-

### 15. Short Term Provisions

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Provision for Compensated Absences (Net)	32.79	42.56
Provision for Warranties (Refer Note i below)	1.64	1.28
Provision for Wealth Tax	-	0.10
Provision for Standard Assets	-	29.61
Provision for Contingency / Others (Refer Note ii below)	23.30	16.08
Contingent Service Tax Claims	-	7.92
Proposed Dividend	65.57	9.36
Distribution Tax on Proposed Dividend	13.35	1.87
Share in Jointly Controlled Entity	0.49	0.71
	<b>137.14</b>	<b>109.49</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Notes:

#### (i) Provision for Warranties – Company

The details of Provision for Warranties are given below:

₹ in Crores

Particulars	2015-16	2014-15
At the beginning of the year	1.28	1.28
Created during the year	2.19	1.96
Utilised during the year	(1.83)	(1.96)
<b>At the end of the year</b>	<b>1.64</b>	<b>1.28</b>

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

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

₹ in Crores

Particulars	2015-16	2014-15
At the beginning of the year	16.08	14.68
Created during the year (Net)	7.22	1.40
<b>At the end of the year</b>	<b>23.30</b>	<b>16.08</b>

The above represents provision made for various claims/tax litigations against the Group. While the Group contests such claims based on various technical grounds, a provision has been recorded as a matter of prudence as per the requirements of Accounting Standard 29.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 16. Fixed Assets

₹ in Crores

Particulars	Gross Block at Cost					Depreciation / Amortisation					Impairment		Net Block			
	As at 31.03.2015	Addition on Exchange Fluctuation Block of Foreign Subsidiaries	Deletions	Deletion on Conversion of Subsidiary to Associate	As at 31.03.2015	Addition on Conversion of Jointly Controlled Entity to Subsidiary	Exchange Fluctuation on Opening Block of Foreign Subsidiaries	For the Year (Note a)	Transitional Adjust-ment	On Dele-tions	Deletion on Conversion of Subsidiary to Associate	As at 31.03.2015	For the Year (Note e)	On Deletions	As at 31.03.2016	As at 31.03.2015
<b>Tangible Assets</b>																
Land (Freehold)	140.17	(0.29)	6.99	4.64	142.23	-	-	-	-	-	-	-	5.53	5.53	136.70	140.17
	(139.63)	(0.25)	(1.22)	(0.93)	(140.17)	-	-	-	-	-	-	-	-	-	(140.17)	(139.63)
Land (Leasehold)	1.14	-	-	-	1.14	0.18	-	0.02	-	-	-	0.20	0.33	0.33	0.61	0.96
	(1.14)	-	-	-	(1.14)	(0.16)	-	(0.02)	-	-	-	(0.18)	-	-	(0.96)	(0.98)
Buildings (Note b)	405.68	(1.89)	8.79	34.64	377.06	119.39	(1.76)	11.04	-	0.58	8.07	120.02	12.37	12.37	244.67	286.29
	(340.25)	(1.60)	(65.81)	(1.98)	(405.68)	(110.28)	(1.46)	(7.94)	(1.46)	(1.75)	-	(119.39)	-	-	(286.29)	(229.97)
Plant & Machinery	1783.17	(8.92)	81.17	38.37	1,808.52	1122.40	(6.82)	119.03	-	10.56	29.38	1,194.67	18.77	18.77	595.08	660.77
	(1552.26)	(7.17)	(249.04)	(25.50)	(1,783.17)	(1030.53)	(5.57)	(114.92)	(5.51)	(34.20)	-	(1,122.40)	-	-	(660.77)	(521.73)
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	85.39	(0.35)	11.12	17.81	72.86	64.92	(0.19)	11.00	-	6.33	12.00	57.40	-	-	15.46	20.47
	(77.33)	(0.27)	(12.12)	(4.33)	(85.39)	(56.80)	(0.14)	(11.96)	(0.10)	(4.08)	-	(64.92)	-	-	(20.47)	(20.53)
Improvement to Premises (Leasehold and Owned)	35.11	-	4.02	24.31	14.81	23.09	-	4.07	-	1.93	17.57	7.66	-	-	7.15	12.02
	(30.42)	-	(6.67)	(1.98)	(35.11)	(15.85)	-	(8.83)	-	(1.59)	-	(23.09)	-	-	(12.02)	(14.57)
Furniture & Fixtures	40.86	-	1.87	19.94	22.23	28.36	-	2.92	-	1.69	13.51	16.08	0.05	0.05	6.10	12.50
	(36.24)	-	(6.37)	(1.75)	(40.86)	(24.46)	-	(5.32)	(0.07)	(1.49)	-	(28.36)	-	-	(12.50)	(11.78)
Vehicles	22.94	-	5.05	9.21	16.09	10.43	-	3.73	-	2.76	3.29	8.11	-	-	7.98	12.51
	(19.40)	(0.08)	(7.16)	(3.70)	(22.94)	(8.84)	(0.02)	(4.12)	-	(2.55)	-	(10.43)	-	-	(12.51)	(10.56)
<b>Total</b>	<b>2514.67</b>	<b>0.00</b>	<b>119.01</b>	<b>148.92</b>	<b>2455.15</b>	<b>1368.97</b>	<b>(8.77)</b>	<b>151.81</b>	<b>-</b>	<b>23.85</b>	<b>83.82</b>	<b>1404.34</b>	<b>37.05</b>	<b>37.05</b>	<b>1013.76</b>	<b>1145.70</b>
	(2196.88)	(0.28)	(348.39)	(40.17)	(2514.67)	(1247.12)	(0.09)	(153.11)	(7.14)	(45.66)	-	(1368.97)	-	-	(1,145.70)	(949.76)
<b>Intangible Assets</b>																
- Computer Software	96.84	(0.72)	4.44	37.13	63.43	76.58	(0.30)	10.89	-	2.09	33.37	51.71	-	-	11.72	20.26
	(75.49)	(0.33)	(21.35)	(0.33)	(96.84)	(59.28)	(0.14)	(17.30)	-	(0.14)	-	(76.58)	-	-	(20.26)	(16.21)
- Others	1.71	-	(0.00)	1.71	-	1.69	-	0.02	-	0.02	1.69	-	-	-	-	0.02
	(1.71)	-	-	-	(1.71)	(1.63)	-	(0.06)	-	-	-	(1.69)	-	-	(0.02)	(0.08)
<b>Total</b>	<b>98.55</b>	<b>(0.72)</b>	<b>4.44</b>	<b>38.84</b>	<b>63.43</b>	<b>78.27</b>	<b>(0.30)</b>	<b>10.91</b>	<b>-</b>	<b>2.11</b>	<b>35.06</b>	<b>51.71</b>	<b>-</b>	<b>-</b>	<b>11.72</b>	<b>20.28</b>
	(77.20)	(0.33)	(21.35)	(0.33)	(98.55)	(60.91)	(0.14)	(17.36)	-	(0.14)	-	(78.27)	-	-	(20.28)	(16.29)
<b>Grand Total</b>	<b>2613.22</b>	<b>(12.17)</b>	<b>123.45</b>	<b>187.76</b>	<b>2518.58</b>	<b>1447.24</b>	<b>(9.07)</b>	<b>162.72</b>	<b>-</b>	<b>23.96</b>	<b>118.88</b>	<b>1456.05</b>	<b>37.05</b>	<b>37.05</b>	<b>1025.48</b>	<b>1165.98</b>
	(2274.08)	(0.28)	(369.74)	(40.50)	(2613.22)	(1308.03)	(0.09)	(170.47)	(7.14)	(45.80)	-	(1447.24)	-	-	(1165.98)	(966.05)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Notes:

- a) Depreciation/Amortisation for the year includes depreciation amounting to ₹1.39 Cr. (Previous Year ₹0.02 Cr.) charged additionally on certain assets.
- b) Net Block of Buildings includes Improvement to Buildings ₹10.66 Cr. (Previous Year ₹17.89 Cr.) constructed on leasehold land.
- c) All the above assets are owned unless otherwise stated as leased asset.
- d) Previous Year Figures are given in brackets.
- e) On account of various market factors, changes in future project potential and expected usage, the Company has, in the current year, recognised an impairment loss based on recoverable amounts determined by considering estimated net selling price for various asset classes disclosed above, the breakup of which is as follows:
  - i. ₹33.62 Cr. in respect of certain plants/product lines representing cash generating units pertaining to the Metal Formed Products division and ₹0.84 Cr. pertaining to the Engineering division.
  - ii. ₹2.59 Cr. in respect of certain plant and machinery pertaining to Metal Formed Products and Engineering division.

The losses have been recognised in the Statement of Profit and Loss under Exceptional items.

### 17. Non-Current Investments

(Valued at Cost unless stated otherwise)

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Trade Investments:</b>		
Government Securities - Quoted (Refer Note a)	1,226.90	939.74
Investment Property	28.83	-
<b>Other Investments:</b>		
Equity Shares (Fully paid) - Quoted (Refer Note a)	124.32	58.58
Equity Shares (Fully paid) - Unquoted	3.26	5.95
Debentures and Bonds - Quoted (Refer Note a)	1,646.90	1,301.76
Investment in Mutual Fund Units	-	4.68
Others	6.00	3.51
	<b>3036.21</b>	<b>2314.22</b>

### Note:

- a) Market Value of Quoted Investments is ₹3099.76 Cr. (Previous Year ₹2399.14 Cr.)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 18. Deferred Tax Assets (Net)

₹ in Crores

Nature - (Liability)/Asset	As at 31.03.2016	As at 31.03.2015
<b>SUBSIDIARY - CMSGICL</b>		
<b>Deferred Tax Liabilities (A)</b>	-	-
<b>Deferred Tax Assets</b>		
Provision for Employee Benefits and Others	3.04	2.37
On account of Depreciation	47.71	18.72
<b>Total (B)</b>	<b>50.75</b>	<b>21.09</b>
<b>Net Deferred Tax Asset (A+B) - I</b>	<b>50.75</b>	<b>21.09</b>
<b>SUBSIDIARY - CIFCL</b>		
<b>Deferred Tax Liabilities</b>		
Unamortised Prepaid Finance Charges	-	(20.78)
<b>Total (A)</b>	<b>-</b>	<b>(20.78)</b>
<b>Deferred Tax Assets</b>		
Provision for Standard Assets	-	22.57
Provision for Non-Performing Assets	-	96.64
Provision for Credit Enhancements and Servicing Costs on Assets De-Recognised	-	1.96
Provision for Repossessed Stock	-	9.13
Provision for Contingent Service Tax	-	3.49
Income Derecognised on Non-Performing Assets	-	36.40
Unrealised Excess Interest Spread on Assignment/Securitisation	-	25.28
Provision for Employee Benefits and Others	-	3.65
On account of Depreciation	-	4.71
Others	-	1.57
<b>Total (B)</b>	<b>-</b>	<b>205.40</b>
<b>Net Deferred Tax Asset (A+B) - II</b>	<b>-</b>	<b>184.62</b>
<b>SUBSIDIARY - TTPL</b>		
<b>Deferred Tax Liabilities (A)</b>	-	-
<b>Deferred Tax Assets</b>		
On account of Depreciation	0.76	0.07
Incorporation Expenses	0.01	0.01
Depreciation Loss	(0.29)	0.26
<b>Total (B)</b>	<b>0.48</b>	<b>0.34</b>
<b>Net Deferred Tax Asset (A+B) - III</b>	<b>0.48</b>	<b>0.34</b>
<b>SUBSIDIARY - SHANTHI GEARS LIMITED</b>		
<b>Deferred Tax Liabilities</b>		
On account of Depreciation	(0.74)	-
<b>Total (A)</b>	<b>(0.74)</b>	<b>-</b>
<b>Deferred Tax Assets</b>		
Provision for Employee Benefits, Doubtful Debts & Others	2.57	-
<b>Total (B)</b>	<b>2.57</b>	<b>-</b>
<b>Net Deferred Tax Asset (A+B) - IV</b>	<b>1.83</b>	<b>-</b>
<b>SUBSIDIARY - FINANCIERE C10 SAS</b>		
<b>Deferred Tax Liabilities</b>		
Others	(2.81)	-
<b>Total (A)</b>	<b>(2.81)</b>	<b>-</b>
<b>Deferred Tax Assets</b>		
Others	3.15	-
<b>Total (B)</b>	<b>3.15</b>	<b>-</b>
<b>Net Deferred Tax Asset (A+B) - V</b>	<b>0.34</b>	<b>-</b>
<b>Total Deferred Tax Asset (Net) - I+II+III+IV+V</b>	<b>53.40</b>	<b>206.05</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 19. Long Term Loans and Advances

(Considered Good, Unsecured unless stated otherwise)

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Capital Advances		
- Secured	8.93	1.05
- Unsecured	16.92	32.15
Loans and Advances		
- Receivable from Terrorism Pool	87.10	73.91
- Electricity and Other Deposits	14.26	17.05
- Others	29.57	4.70
Deposits with Government, Public Bodies and Others	20.99	27.89
Advance Income Tax (Net of Provision for taxation)	30.12	86.43
MAT Credit Entitlement	-	3.26
Share in Jointly Controlled Entity	0.05	0.06
	<b>207.94</b>	<b>246.50</b>

### 20. Receivables Under Financing Activity — Non-Current

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Secured</b>		
Automobile Financing	-	8658.78
Loans against Immovable Property	-	6440.72
Loans against Securities	-	27.50
Other Loans	-	94.85
Instalments and Other Dues from Borrowers	-	242.06
<b>Unsecured</b>		
Consumer Loans	-	0.02
Other Loans	-	3.50
Instalments and Other Dues from Borrowers	-	0.54
	-	<b>15467.97</b>
<b>Of the above</b>		
Considered Good	-	14665.21
Others - Non Performing Assets	-	802.76
	-	<b>15467.97</b>

**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.

### 21. Other Non-Current Assets

(Unsecured, Considered Good unless otherwise stated)

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Deposits as collateral towards assets Derecognised	-	520.31
Excess Interest spread - Derecognised Assets	-	36.57
Prepaid Finance Charges	-	48.21
Other Deposits	5.17	5.12
Share in Jointly Controlled Entity	1.06	-
	<b>6.23</b>	<b>610.21</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 22. Current Investments

(At lower of cost and Fair Value)

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Debentures/Bonds	268.08	235.00
Mutual Funds and Money Market Instruments	75.32	43.35
Government Securities	24.91	72.83
	<b>368.31</b>	<b>351.18</b>

### 23. Inventories

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

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Raw Materials	214.12	235.93
Work-in-Progress	135.86	148.34
Finished Goods	176.06	149.96
Stock-in-Trade	33.85	35.12
Stores and Spare Parts	21.42	6.80
Goods-in-Transit		
- Raw Materials	18.82	21.44
- Stock-in-Trade	3.10	16.15
	<b>603.23</b>	<b>613.74</b>

#### Details of Inventories:

₹ in Crores

Particulars	Cycles and Accessories		Steel Strips and Tubes		Metal Formed Products		Gears and Gear Products		Others		Total	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
Raw Materials	77.92	80.71	54.64	72.05	49.85	50.30	31.48	32.31	0.24	-	214.13	235.93
Work-in-Progress	6.96	22.12	44.26	40.09	51.95	56.15	32.69	31.02	-	-	135.86	148.34
Finished Goods	82.59	52.11	48.37	57.73	42.56	37.51	2.54	2.12	-	-	176.06	149.96
Stock-in-Trade	32.11	21.74	-	-	1.74	13.38	-	-	-	-	33.85	35.12
Stores and Spare Parts	-	-	4.06	4.49	17.35	2.31	-	-	-	-	21.41	6.80
Goods-in-Transit												
- Raw Materials	12.86	17.33	4.25	1.38	1.71	2.73	-	-	-	-	18.82	21.44
- Stock-in-Trade	2.54	15.58	-	-	0.56	0.57	-	-	-	-	3.10	16.15
<b>Total Inventories</b>	<b>214.98</b>	<b>209.59</b>	<b>155.58</b>	<b>175.74</b>	<b>165.72</b>	<b>162.95</b>	<b>66.71</b>	<b>65.45</b>	<b>0.24</b>	<b>-</b>	<b>603.23</b>	<b>613.74</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 24. Trade Receivables

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Considered good	69.28	72.43
Doubtful	12.49	9.41
	<b>81.77</b>	<b>81.84</b>
Provision for Doubtful Debts	(12.49)	(9.41)
	<b>69.28</b>	<b>72.43</b>
<b>Other Receivables</b>		
Considered good	609.93	593.04
Doubtful	0.79	3.20
	<b>610.72</b>	<b>596.24</b>
Provision for Doubtful Debts	(0.79)	(3.20)
	<b>609.93</b>	<b>593.04</b>
<b>Total Trade Receivables</b>		
Considered good	679.21	665.47
Doubtful	13.28	12.61
	<b>692.49</b>	<b>678.08</b>
Provision for Doubtful Debts	(13.28)	(12.61)
	<b>679.21</b>	<b>665.47</b>
Share in Jointly Controlled Entity	5.74	4.34
	<b>684.95</b>	<b>669.81</b>

#### Of the above:

- Secured	-	11.35
- Unsecured	684.95	658.46
	<b>684.95</b>	<b>669.81</b>

### 25. Cash and Cash Equivalents

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Cash and Cash Equivalents</b>		
Balance with Banks		
- Current Accounts	63.59	272.59
- On Deposit Accounts		
- Free of Lien	718.82	0.13
Cheques on Hand	9.49	35.21
Cash on Hand	0.15	44.23
Share in Jointly Controlled Entity	0.99	-
	<b>793.04</b>	<b>352.16</b>
<b>Other Bank Balances</b>		
- Unpaid Dividend Accounts	2.52	2.70
- On Deposit Accounts		
- Under Lien	0.28	8.27
- On Client and Exchange Related Accounts	-	4.11
- Deposits as Collateral towards Assets De-recognised	-	138.95
- Public Deposit Escrow Account	-	0.15
- In Deposit Accounts - Original maturity more than 3 months	522.17	551.77
Share in Jointly Controlled Entity	-	2.15
	<b>524.97</b>	<b>708.10</b>
	<b>1,318.01</b>	<b>1,060.26</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 26. Short Term Loans and Advances

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Advances Recoverable		
- Goods and Services	28.41	25.79
- Employee Related	14.27	22.76
- Prepaid Expenses	54.69	23.11
- Others	1.36	11.21
	<b>98.73</b>	<b>82.87</b>
Other Deposits	3.37	14.79
Balances with Customs, Excise and Sales Tax Authorities	39.18	28.85
MAT Credit Entitlement	22.54	4.80
Fringe Benefits Tax (Net of Provision)	0.01	0.01
Share in Jointly Controlled Entity	4.08	3.81
	<b>167.91</b>	<b>135.13</b>

### 27. Receivables Under Financing Activity - Current

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Secured</b>		
Automobile Financing	-	5759.92
Loans against Immovable Property	-	499.21
Loans against Securities	-	8.25
Other Loans	-	35.90
Instalments and Other Dues from Borrowers	-	322.16
<b>Unsecured</b>		
Bills Discounted	-	19.90
Other Loans	-	69.39
Instalments and Other Dues from Borrowers	-	0.84
	-	<b>6715.57</b>
<b>Of the above:</b>		
Considered Good	-	6715.57
Others - Non Performing Assets	-	-
	-	<b>6715.57</b>

### 28. Other Current Assets

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Excess Interest spread - Derecognised assets	-	2.61
Prepaid Finance Charges	-	11.84
Prepaid Discount on Commercial papers	-	6.90
Repossessed Vehicles	-	19.62
Interest and Other Income Accrued but Not Due		
- on Loans to Borrowers	-	262.37
- on Deposits and Investments	116.60	101.21
Unbilled Revenue	-	0.22
Other Accruals and Receivables	14.42	41.77
Share in Jointly Controlled Entity	0.02	-
	<b>131.04</b>	<b>446.54</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 29. Sale of Products

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>Sale of Products</b>		
- Finished Goods	4,339.71	4239.19
- Traded Goods	111.45	82.42
<b>Sale of Products - Gross</b>	<b>4451.16</b>	<b>4321.61</b>
Excise Duty on Sales	(284.42)	(283.41)
<b>Sale of Products - Net</b>	<b>4166.74</b>	<b>4038.20</b>

#### Details of Product Sold

Finished Goods Sold		
- Cycles and Accessories	1389.50	1252.90
- Steel Strips & Tubes	1565.81	1630.41
- Metal Formed Products	1205.42	1191.14
- Gears and Gear Products	178.76	164.74
- Others	0.22	-
Traded Goods Sold		
- Cycles and Accessories	102.23	71.22
- Metal Formed Products	9.22	11.20

### 30. Income from Financing Operations – CIFCL

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Automobile Financing	1104.23	2578.00
Loans against Immovable Property	416.21	851.75
Loans against Securities	1.60	6.26
Loans against Gold	-	4.34
Consumer Loans	0.03	0.19
Other Loans	13.95	18.41
Bills Discounting	1.57	0.86
Interest spread on assignment/securitisation	83.19	143.46
Stock broking, Depository Operations and Allied Services	4.64	13.27
Retail Distribution Operations - Commission	3.41	10.58
Gain on prepayment of Commercial Paper and Debentures	-	0.26
	<b>1628.83</b>	<b>3627.38</b>

### 31. Other Operating Revenue

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Scrap sales (Net of Excise Duty)	134.24	164.59
Conversion Income	0.24	0.61
Cash Discount	0.20	0.26
Export Benefits	7.91	7.04
Discount on Prepayment of Sales Tax deferral	-	1.86
Liabilities no longer payable written back	0.30	0.45
Interest on bank deposits	25.52	61.12
Profit on Sale of Current Investments	28.34	46.30
Others	303.25	279.81
	<b>500.00</b>	<b>562.04</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 32. Other Income

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Interest and Dividend Income	13.17	12.88
Royalty Income	0.44	0.21
Profit on Tangible Assets sold/Discarded (Net)	2.78	3.93
Profit on Sale of Investments (Net)	0.84	0.24
Miscellaneous Income	2.95	5.65
Share in Jointly Controlled Entity	0.54	0.76
	<b>20.72</b>	<b>23.67</b>

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

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Closing Stock/Inventories at the end of the year		
Work-in-Progress	135.86	148.34
Finished Goods	176.06	149.96
Stock-in-Trade	36.95	51.27
	<b>348.87</b>	<b>349.57</b>
Opening Stock/Inventories at the beginning of the year		
Work-in-Progress	148.34	147.60
Finished Goods	149.96	112.94
Stock-in-Trade	51.27	28.47
	<b>349.57</b>	<b>289.01</b>
Changes in Inventories		-
Work-in-Progress	12.48	(0.74)
Finished Goods	(26.10)	(37.02)
Stock-in-Trade	14.32	(22.80)
<b>Changes in inventories of Work-in-Process, Finished Goods and Stock - in - Trade*</b>	<b>0.70</b>	<b>(60.56)</b>

\* Includes Decrease/(Increase) in Excise Duty on Finished Goods 0.27 (0.25)

### 34. Employee Benefits Expense

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Salaries, Wages and Bonus	562.15	638.89
Gratuity Expenses (Refer Note 45)	6.79	7.67
Contribution to Provident and Other Funds	48.89	54.87
Welfare Expenses	58.36	59.63
Share in Jointly Controlled Entity	4.68	5.31
	<b>680.87</b>	<b>766.37</b>

### 35. Finance costs

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Interest Expense	122.62	132.13
Exchange difference on Foreign Currency Loans (Net)	14.94	9.81
Other Borrowing Costs	0.10	0.10
Share in Jointly Controlled Entity	0.18	0.42
	<b>137.84</b>	<b>142.46</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 36. Other Expenses

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Consumption of Stores and Spares	191.90	183.62
Conversion Charges	111.35	85.61
Power and Fuel	155.72	168.08
Rent (Net of recoveries)	42.11	59.08
Repairs to Buildings	1.96	3.34
Repairs to Machinery	69.17	64.56
Repairs to Others	5.65	6.24
Insurance	1.09	5.22
Rates and Taxes	62.73	52.60
Travelling and Conveyance	38.42	50.45
Printing, Stationery and Communication	16.20	31.37
Freight, Delivery and Shipping Charges	137.03	135.08
Discounts /Incentives on Sales	27.21	25.70
Advertisement and Publicity	88.62	86.26
Bad Debts Written Off	0.97	3.33
Provision for Doubtful Debts	2.69	2.98
Loss on Tangible Assets Sold/Discarded (Net)	0.48	0.59
Auditors' Remuneration (Refer Note below)	2.26	2.82
Commission to Non Whole Time Directors - Company	1.38	1.18
Directors' Sitting Fees - Company	0.19	0.20
Loss on Exchange Fluctuation (Net)	1.78	0.45
Marketing Expenses	205.86	142.32
Bank Charges	2.61	2.70
EDP Expenses	33.77	41.30
Donations to Charitable and other institutions	1.67	1.92
Expenditure on Corporate Social Responsibility	7.83	9.32
Administration Expenses	68.36	59.91
Insurance Commission (Net)	33.96	33.23
Recovery Charges	65.46	143.05
Other Expenses	118.94	141.25
Share in Jointly Controlled Entity	9.56	11.44
	<b>1506.93</b>	<b>1555.20</b>

**Note:**

Auditors' Remuneration (Including for other Auditors)

₹ in Crores

Particulars	2015-16	2014-15
Statutory Audit	1.83	2.27
Tax Audit & Other Services	0.42	0.53
Reimbursement of Expenses	0.01	0.02
<b>Sub-Total</b>	<b>2.26</b>	<b>2.82</b>
Share in Jointly Controlled Entity	0.03	0.02
<b>Total</b>	<b>2.29</b>	<b>2.84</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 37. Provisions, Loan Losses and Other Charges

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Loss Assets Written Off	1.10	112.87
Loss on Repossessed Assets-(Net)	84.97	179.03
Provision for Non Performing Assets	79.78	200.32
Provision Released for Non Performing Assets on Recovery/Write off	-	(184.57)
Provision for Standard Assets (Net)	8.69	17.06
Provision for Contingencies	-	0.12
Provision for other Doubtful Debts and Advances	0.01	0.02
Loss on Sale of Shares held as Stock-in-Trade (Net)	-	0.05
	<b>174.55</b>	<b>324.90</b>

### 38. Financing Charges

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Interest Expense	760.10	1,732.35
Discount on Commercial Papers	64.17	186.65
Other Borrowing Costs	11.53	38.81
	<b>835.80</b>	<b>1957.81</b>

### 39. Exceptional items

₹ in Crores

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Profit on Sale of Non-Current Investment (Refer Note a)	762.42	-
Provision for Impairment of Tangible Assets (Refer Note 16.e)	(37.05)	-
Compensation under Voluntary Retirement Scheme	-	(27.43)
Profit on Sale of Non Operating Assets	1.25	61.43
	<b>726.62</b>	<b>34.00</b>

**Note:**

- a) Pursuant to the approval of the Board of Directors of the Company, the Company sold 4,18,32,798 equity shares of face value ₹10/- each representing 14% shareholding in M/s. Cholamandalam MS General Insurance Company (MSGICL) to its joint venture partner, M/s Mitsui Sumitomo Insurance Company Limited, Japan (MS) for a consideration of ₹882.67 Cr. on 31 March 2016. The excess of the sale consideration over the proportionate reduction in the Company's share of net assets and goodwill in MSGICL aggregating ₹762.42 Cr. is recognised as a gain in the consolidated financial statements.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 40. Contingent Liabilities and Commitments

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
<b>1. Contingent Liabilities</b>		
a) Disputed Income-Tax demands from A.Y. 1993-94 to 2012-13 under appeal/remand pending before various appellate/assessing authorities against which ₹29.84 Cr. (Previous Year ₹30.44 Cr.) has been deposited. The Balance of ₹5.84 Cr. (Previous Year ₹6.12 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.	35.68	36.56
b) Disputed Service Tax, Excise and Customs duty demand amounting to ₹0.37 Cr. (Previous Year ₹1.67 Cr.) and penalty of ₹0.05 Cr. (Previous Year ₹1.30 Cr.) pertaining to financial years 1999-2000 to 2012-13 under appeal pending before the Appellate Tribunal against which ₹0.0035 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.	0.42	2.97
c) Bills Drawn on Customers and Discounted with Banks	1.67	1.83
d) Counter Guarantees Provided by two of the Subsidiaries	44.24	31.86
e) Disputed claims against one of the Subsidiary lodged by various parties pending litigation (to the extent quantifiable)	25.77	34.57
f) Disputed Excise/Sales/Service Tax Demands in respect of the Subsidiaries and Jointly Controlled Entity	57.42	87.94
g) Disputed Income Tax Demands in respect of the Subsidiaries and Jointly Controlled Entity	229.33	85.74
h) Income tax cases decided in favour of subsidiary by Appellate Authorities and for which the Department is in further appeal	2.61	5.65
i) Other Claims Against Company and one of the subsidiary not acknowledged as debts	1.43	1.36
<b>2. Commitments</b>		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
- Capital Expenditure	67.73	31.96
- 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.	35.16	44.82
c) Committed revenue contracts outstanding under Letter of Credit	61.18	50.92

**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

### 41. 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 2015 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 2016) - 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 2016 to 31 March 2016 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) The Motor segment in Miscellaneous Revenue Account for the year ended March 31, 2016 includes ₹4.56 Cr. for the underwriting year 2015-16 which is a management estimate (based on the statements circulated by



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

GIC for the 9 months period ended December 31, 2015). The difference, if any, between the estimates and the actual for the underwriting year shall be recognized in the calendar quarter in which the Pool Administrator makes available the audited statement.

- (v) IRDA vide its circular IRDA/NL/CIR/MISC/051/03/2016 dated March 15, 2016 has dismantled DR Pool with effect from 1st April 2016.

### c) Encumbrances

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

- Deposits under lien to banks amounting to ₹0.28 Cr. (Previous Year ₹1.27 Cr.)
- Garnishee orders by Motor Accidents Claims Tribunal (MACT) on bank balances amounting to ₹1.15 Cr. (Previous Year ₹1.22 Cr.) in respect of Motor Third Party Claims. These amounts duly provided for are included in the Outstanding Claims.

### d) Provision for Free Look Period

Pursuant to the Circular CIR/4w1/IRDA/Health/SN/09-10/32, CMSGICL has made a provision for Free Look period.

### e) 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 recognised on actuarial basis. CMSGICL does not have liability contracts where the claims payment period exceeds four years.

## 42. Subsidiary - CIFCL

### Assets De-recognised

₹ in Crores

Particulars	As at 31.03.2016	As at 31.03.2015
Assets De-recognised		
- On Bilateral Assignment of Receivables	-	56.95
- On Securitisation of Receivables	-	3491.27
Deposits provided as Collateral for Credit Enhancements	-	670.06

## 43. Segment Information

The Group's operations are organised into seven primary product / service segments namely, Cycles and Accessories, Engineering, Metal Formed Products, Gears and Gear Products, Insurance, Other Financials Services and Others.

The Cycles and Accessories segment comprises bicycles of the Standard and Special variety including alloy bikes & Speciality performance bikes and fitness equipment. The Engineering segment consists of cold rolled steel strips and precision steel tube viz., Cold Drawn Welded tubes (CDW) and Electric Resistance Welded tubes (ERW). The Metal Formed Products segment comprises of Automotive and Industrial chains, fine blanked products, stamped products, roll-formed car doorframes and cold rolled formed sections for railway wagons and passenger coaches. The Gears and Gear Products segment comprises of industrial gears. Insurance Segment represents Insurance business. Other financials services segment represents financial service business and Others represents insurance risk services, die designing and manufacturing.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

₹ in Crores

	CYCLES AND ACCESSORIES		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
<b>REVENUE</b>																		
External Sales	1476.62	1307.41	1405.16	1463.45	1122.96	1115.81	161.79	151.53	1684.70	1477.74	1628.83	3627.38	1.15	16.75			7491.21	9160.07
Inter-Segment Sales			128.59	142.43	0.48	0.35	0.63	0.47	5.80	4.36	15.96		4.57		(156.03)	(147.61)	499.87	561.81
Other Operating Income	8.71	6.84	95.60	118.79	40.84	49.70	2.56	3.19	321.37	295.86	30.79	87.43					0.13	0.23
Unallocated Corporate Income																		
<b>Total Revenue</b>	<b>1485.33</b>	<b>1314.25</b>	<b>1629.35</b>	<b>1724.67</b>	<b>1164.28</b>	<b>1165.86</b>	<b>164.98</b>	<b>155.19</b>	<b>2011.87</b>	<b>1777.96</b>	<b>1675.58</b>	<b>3714.81</b>	<b>15.72</b>	<b>16.75</b>	<b>(147.61)</b>	<b>(147.61)</b>	<b>7991.21</b>	<b>9722.11</b>
Unallocated Corporate Expenses																	(16.59)	(12.10)
<b>RESULT</b>																		
Operating Profit	79.29	57.74	94.70	102.76	85.56	79.10	20.92	9.58	212.21	200.07	303.92	666.19	(3.35)	0.45			776.66	1103.79
Profit / (Loss) on Sale of Assets		0.01	(0.13)	0.13	2.30	2.67		0.67	0.10	0.08	0.08						2.35	3.56
<b>Net Operating Profit</b>	<b>79.29</b>	<b>57.75</b>	<b>94.57</b>	<b>102.89</b>	<b>87.86</b>	<b>81.77</b>	<b>20.92</b>	<b>10.25</b>	<b>212.31</b>	<b>200.15</b>	<b>304.00</b>	<b>666.19</b>	<b>(3.35)</b>	<b>0.45</b>			<b>779.01</b>	<b>1107.35</b>
Dividend Income																	5.55	4.15
Interest Expense																	(137.84)	(142.46)
Income Taxes																	(367.07)	(319.64)
Profit on Sale of Investments																	0.84	0.24
Exceptional Item																		
- Profit on Sale of Non Current Investment																	762.42	-
- Provision for Impairment of Tangible Assets			(2.60)		(34.45)												(37.05)	
- Compensation under Voluntary Retirement Scheme		(5.13)		(15.43)		(6.87)												(27.43)
- Profit on Sale of Non Operating Assets																	1.25	61.43
Minority Interest in Net Income																	(142.04)	(259.28)
Share of Profit from Associate																	173.84	
<b>Net Profit</b>	<b>79.29</b>	<b>52.62</b>	<b>91.97</b>	<b>87.46</b>	<b>53.41</b>	<b>74.90</b>	<b>20.92</b>	<b>10.25</b>	<b>212.31</b>	<b>200.15</b>	<b>304.00</b>	<b>666.19</b>	<b>(3.35)</b>	<b>0.45</b>			<b>1038.91</b>	<b>424.36</b>
<b>Other Information</b>																		
Segment-Assets	526.12	423.19	868.58	936.01	699.80	770.53	316.13	306.28	4356.82	3579.30	0.05	23683.41	37.72	33.07	(38.72)	(39.97)	6766.50	29691.82
Unallocated Corporate Assets																	2576.40	145.79
<b>Total Assets</b>	<b>526.12</b>	<b>423.19</b>	<b>868.58</b>	<b>936.01</b>	<b>699.80</b>	<b>770.53</b>	<b>316.13</b>	<b>306.28</b>	<b>4356.82</b>	<b>3579.30</b>	<b>0.05</b>	<b>23683.41</b>	<b>37.72</b>	<b>33.07</b>	<b>(38.72)</b>	<b>(39.97)</b>	<b>9342.90</b>	<b>29837.61</b>
Segment Liabilities	261.50	253.25	277.59	316.45	210.55	219.33	33.90	34.70	3554.71	2881.38		20676.13	10.47	2.33	(38.72)	(39.97)	4310.00	24343.60
Unallocated Corporate Liabilities																	159.46	82.00
<b>Total Liabilities</b>	<b>261.50</b>	<b>253.25</b>	<b>277.59</b>	<b>316.45</b>	<b>210.55</b>	<b>219.33</b>	<b>33.90</b>	<b>34.70</b>	<b>3554.71</b>	<b>2881.38</b>		<b>20676.13</b>	<b>10.47</b>	<b>2.33</b>	<b>(38.72)</b>	<b>(39.97)</b>	<b>4469.46</b>	<b>24425.60</b>
Capital Expenditure	51.10	20.41	44.01	86.99	32.91	41.44	10.69	3.62	14.65	19.45	6.28	31.07	14.32	0.38			173.96	203.36
Unallocated Corporate Capital Expenditure																	3.26	2.08
Depreciation	8.03	7.02	59.51	47.91	51.10	49.53	16.71	16.75	15.65	15.58	8.67	30.10	0.57	0.31			160.24	167.20
Unallocated Corporate Depreciation																	2.71	3.58
Depreciation Adjusted to Retained Earnings		2.31		2.64		1.64		0.11						0.01				6.71
Impairment Provision			2.60															37.05
Corporate Depreciation Adjusted to Retained Earnings						34.45												0.43



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### (B) SECONDARY SEGMENT

₹ in Crores

Particulars		2015-16	2014-15
<b>1)</b>	<b>Revenue by Geographic Market</b>		
	India	7550.95	9259.13
	Rest of The World	440.26	462.98
		<b>7991.21</b>	<b>9722.11</b>
<b>2)</b>	<b>Segment Assets by Geographic Market</b>		
	India	9000.68	29291.03
	Rest of The World	235.55	245.67
	Income Tax Assets	106.67	300.91
		<b>9342.90</b>	<b>29837.61</b>
<b>3)</b>	<b>Capital Expenditure by Geographic Market</b>		
	India	169.94	190.32
	Rest of The World	7.28	15.12
		<b>177.22</b>	<b>205.44</b>

### 44. 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

- Mr. S. Suresh – Company Secretary

- Mr. Arjun Ananth – Chief Financial Officer (upto 29 February 2016)

#### 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	2015-16	2014-15
Rentals Received / Recovered	Mitsui Sumitomo Insurance Company Limited.	0.92	0.84
Management Expenses	Mitsui Sumitomo Insurance Company Limited.		
(a) Paid/Payable		1.01	0.95
(b) Recovery		0.25	0.21
Reinsurance Ceded	Mitsui Sumitomo Insurance Company Limited.	49.27	48.20
Reinsurance Commission Received	Mitsui Sumitomo Insurance Company Limited.	6.82	7.26
Reinsurance Recovery on claims	Mitsui Sumitomo Insurance Company Limited.	40.83	35.67
Subscription to Equity Shares of TI Tsubamex Private Limited	Tsubamex Company Limited	-	4.50
Professional Fee	Tsubamex Company Limited	0.09	-
Dividend Paid	Murugappa Holdings Limited	12.81	12.81
	KMP of the Company	0.03	0.03
Remuneration	Mr. L. Ramkumar	3.35	3.01
	Mr. S. Suresh	0.66	0.52
	Mr. Arjun Ananth	0.88	0.72

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Transaction	Related Party	₹ in Crores	
		2015-16	2014-15
Receivable (Net) –Due from other Entities Carrying on Insurance Business	Mitsui Sumitomo Insurance Company Limited.	9.12	4.13
Receivable (Net) – Management expenses and rent	Mitsui Sumitomo Insurance Company Limited.	0.25	0.15
Payable	KMP of the Company	0.73	0.73
	Tsubamex Company Limited	0.02	-
Final Dividend - Proposed	KMP of the Company	0.05	0.01
	Murugappa Holdings Limited	22.42	3.20

### 45. Employee Benefits

#### a) Gratuity

Under the Gratuity plan operated, every employee who has completed atleast five years of service gets a Gratuity on departure at 15 days on last drawn salary for each completed year of service as per Gratuity Act, 1972. The scheme is funded with Insurance Company in the form of qualifying insurance policy.

The following table summarizes the components of net benefit expense recognised in the Statement of Profit and loss and the funded status and amounts recognised in the Balance Sheet.

Details of Actuarial Valuation	₹ in Crores	
	2015-16	2014-15
<b>Change in Benefit Obligation</b>		
Projected Benefit Obligation as at Year Beginning	57.24	51.67
Adjustment on account of conversion from subsidiary to associate	(10.66)	-
Service Cost	5.16	4.69
Interest Cost	3.51	3.92
Actuarial Loss	1.78	3.52
Benefits Paid	(5.41)	(6.56)
<b>Projected Benefit Obligation as at Year End</b>	<b>51.62</b>	<b>57.24</b>
<b>Change in Plan Assets</b>		
Fair Value of Plan Assets as at Year Beginning	54.98	51.86
Adjustment on account of conversion from subsidiary to associate	(8.62)	
Actual / Expected Return on Plan Assets	3.88	4.33
Employer's Contribution	5.75	5.25
Actuarial Gain	(0.28)	0.10
Benefits Paid	(5.41)	(6.56)
<b>Fair Value of Plan Assets as at Year End</b>	<b>50.30</b>	<b>54.98</b>
<b>Amounts Recognised in the Balance Sheet</b>		
Projected Benefit Obligation at the Year End	51.62	57.24
Fair Value of the Plan Assets at the Year End	50.30	54.98
<b>(Liability) / Asset Recognised in the Balance Sheet</b>	<b>(1.32)</b>	<b>(2.26)</b>
<b>Cost of the Defined Benefit Plan for the Year</b>		
Current Service Cost	5.16	4.69
Interest on Obligation	3.51	3.92
Actual / Expected Return on Plan Assets	(3.88)	(4.33)
Net Actuarial Loss Recognised in the Year	2.06	3.42
<b>Net Cost Recognised in the Statement of Profit and Loss</b>	<b>6.85</b>	<b>7.70</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Assumptions	₹ in Crores	
	2015-16	2014-15
Discount Rate	7.75 to 8%	8.00%
Future Salary Increase (%)	5 to 8%	5 to 8%
Attrition Rate	1 to 3%	1 to 5%
Expected Rate of Return on Plan Assets	8 to 8.5%	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 - Company

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 2016, the Company does not have additional obligation in respect of the same based on actuarial valuation.

The details of fund and plan assets are given below:

Particulars	₹ in Crores	
	31-Mar-16	31-Mar-15
Surplus in Plan Assets	2.14	1.74
Present value of Defined Benefit Obligation	1.43	1.34
<b>Net Excess</b>	<b>0.71</b>	<b>0.40</b>

The principal assumptions used in determining the present value obligation of interest guarantee under the deterministic approach are as follows:

Assumptions	31-Mar-16	31-Mar-15
Discount Rate	8.00%	8.00%
Average remaining tenure of Investment Portfolio	5.97	6.72
Average Interest Rate expected to be declared	9.00 %	9.00 %

### c) Long Term Compensated Absences

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

Assumptions	2015-16	2014-15
Discount Rate	7.75 to 8%	8.00%
Future Salary Increase (%)	5 to 8%	5 to 8%
Attrition Rate	1 to 3%	1 to 5%
Expected Rate of Return on Plan Assets	8 to 8.5%	8 to 9.4%

### d) Contributions to Defined Contribution Plans - Company

During the year, the Company recognised ₹9.97 Cr. (Previous Year ₹9.65 Cr.) for Contributions to Provident Fund, ₹5.06 Cr. (Previous Year ₹4.56 Cr.) for Contributions to Superannuation Fund and ₹0.96 Cr. (Previous Year ₹0.97 Cr.) for Contributions to Employee State Insurance Scheme in the Statement of Profit and Loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 46. 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 had opted to follow the hedge accounting 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 2016, the Company has recognised a net Mark to Market (MTM) Loss of ₹0.87 Cr. (Previous Year Gain ₹2.01 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	2015-16	2014-15
Balance as at the Beginning of the Year	2.01	(0.44)
Net Movement for the Year	(2.88)	2.45
<b>Balance as at the End of the Year</b>	<b>(0.87)</b>	<b>2.01</b>

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 31.03.2016		As at 31.03.2015	
			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
	Future Export	EUR	24	2.40	15	2.85
	Future Import	USD	54	4.00	38	3.28
	Future Import	EUR	2	0.10	-	-
	Future Import	JPY	2	107.46	-	-
	Borrowings	USD	2	13.00	5	33.00
Other Derivatives (including currency swaps)	Borrowings	USD	5	4.99	5	4.99

Details of Unhedged Foreign Currency Exposures are as under:

(Value in Mio.)

Currency	As at 31.03.2016		As at 31.03.2015	
	Exports	Imports	Exports	Imports
USD	4.59	4.05	2.61	5.96
EUR	0.71	0.66	0.45	1.29
JPY	-	2.50	-	2.21
SGD	-	0.01	-	-



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Rupee Equivalent of above unhedged exposure is given below:

₹ in Crores

Currency	As at 31.03.2016		As at 31.03.2015	
	Exports	Imports	Exports	Imports
Equivalent INR	35.76	32.05	19.34	46.04

### Details of Unhedged Foreign Currency Exposures – SGL

Particulars	Currency	As at 31.03.2016		As at 31.03.2015	
		Foreign currency	(₹ in Crores)	Foreign currency	(₹ in Crores)
Trade Receivables	USD	5,710	0.03	Nil	-
Trade Receivables	GBP	29,209	0.28	36,909	0.34
Trade Receivables	EURO	Nil	-	5,205	0.04
Trade Payables	EURO	10,224	0.08	Nil	-

### 47. Lease Commitments

a) The Company has Operating Lease agreements for certain office space and residential accommodation which are generally cancellable in nature. As per the lease terms, an amount of ₹16.97 Cr. (Previous Year ₹14.36 Cr.) has been recognised in the Statement of Profit and Loss.

#### b) Operating Lease (CMSGICL)

The CMSGICL has operating lease agreements for:

₹ in Crores

Particulars	2015-16	2014-15
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.	9.21	8.11
Information Technology hardware, Branch Infrastructure (Furniture & Fixtures, Office and Electrical equipment) for a period of 4 years and are renewable at the option of CMSGICL.	-	2.40

#### c) Operating Lease (SGL)

SGL has cancellable operating lease agreements for office space. As per the lease terms an amount of ₹0.25 Cr. (Previous Year ₹0.28 Cr) is charged to Statement of Profit and Loss Account. As lessor the Company realized an income of ₹0.40 Cr. (Previous Year ₹0.46 Cr) on properties under lease.

### 48. Earnings Per Share

Particulars	2015-16	2014-15
Consolidated Profit after Tax - ₹ in Crores	1,038.91	424.36
Weighted Average Number of Shares		
- Basic	18,72,26,587	18,69,89,340
- Diluted	18,74,32,905	18,73,38,384
Earnings per Share of ₹2 each		
- Basic	55.49	22.69
- Diluted	55.43	22.65

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	2015-16	2014-15
Consolidated Profit for the year (As reported)	1038.91	424.36
Stock based employee compensation expense included in net profit	-	-
Stock based employee compensation reversal determined under fair value based method (Pro forma)	1.21	1.43
<b>Consolidated Profit for the year (Pro forma)</b>	<b>1040.12</b>	<b>425.79</b>

### Impact on Earnings per Share in ₹

Particulars	2015-16	2014-15
Basic Earnings per Share of ₹ 2 each (As reported)	55.49	22.69
Basic Earnings per Share of ₹ 2 each (Pro forma)	55.55	22.77
Diluted Earnings per Share of ₹ 2 each (As reported)	55.43	22.65
Diluted Earnings per Share of ₹ 2 each (Pro forma)	55.49	22.73



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 49. Stock Options (Refer Note 6(e))

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

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

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 50. 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.)
<b>I. Parent</b>				
Tube Investments of India Limited	59.30%	2018.20	70.26%	729.89
<b>II. Subsidiaries</b>				
<b>a) Indian</b>				
Cholamandalam Investment and Finance Company Limited (Refer Note a below)	0.00%	0.00	19.14%	198.89
Cholamandalam MS General Insurance Company Limited	25.06%	852.86	14.24%	147.95
TI Financial Holdings Limited	0.00%	0.05	0.00%	0.00
Shanthi Gears Limited	8.35%	284.06	1.76%	18.24
TI Tsubamex Private Limited	0.56%	18.96	-0.33%	(3.39)
<b>b) Foreign</b>				
Financiere C10 SAS (Refer Note b below)	1.96%	66.65	0.12%	1.20
<b>Minority Interest in all Subsidiaries</b>	<b>-12.66%</b>	<b>(430.76)</b>	<b>-13.67%</b>	<b>(142.04)</b>
<b>III. Associate</b>				
Cholamandalam Investment and Finance Company Limited (Refer Note a below)	51.03%	1736.68	16.73%	73.84
<b>IV. Joint Venture (as per Proportionate Consolidation)</b>				
<b>Indian</b>				
Cholamandalam MS Risk Services Ltd.	0.20%	6.91	0.09%	0.98
<b>Inter-company Eliminations and Consolidation Adjustments</b>	<b>-33.82%</b>	<b>(1150.52)</b>	<b>-8.34%</b>	<b>(86.65)</b>
<b>Total</b>	<b>100.00%</b>	<b>3403.09</b>	<b>100.00%</b>	<b>1,038.91</b>

#### 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 subsidiaries namely Cholamandalam Distribution Services Limited, Cholamandalam Securities Limited and White Data Systems India Private Limited.
- 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 51. Previous Year Figures

The Company has reclassified / regrouped previous year figures to conform to this year's classification. The current year and previous year figures are not comparable due to CIFCL being considered as an associate instead of a subsidiary w.e.f. 2 September 2015.

As per our report of even date  
For **S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
ICAI Firm Regn. No : 101049W/E300004

per **Subramanian Suresh**  
Partner  
Membership No:083673  
Chennai  
3 May 2016

**S Suresh**  
Company Secretary

Signatures to Notes to Financial Statements

**On behalf of the Board**

**M M Murugappan**  
Chairman

**L Ramkumar**  
Managing Director



**murugappa**

**TUBE INVESTMENTS OF INDIA LIMITED**

CIN: L35921TN1949PLC002905

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