



TI Financial Holdings Limited



***MOVING AHEAD  
IN A FOCUSED WAY***

Annual Report 2016-17

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### Cautionary Statement:

Certain expectations and projections regarding the future performance of the Company referenced in the Annual Report constitute forward-looking statements. These expectations and projections are based on currently available competitive, financial and economic data, along with the Company's operating plans and are subject to certain future events and uncertainties, which could cause actual results to differ materially from those indicated by such statements.



## ***MOVING AHEAD IN A FOCUSED WAY***

The year 2016-17 marked a major structural shift for the Company, more known for its achievements as a manufacturing company of repute over its seven decades of existence. The demerger of the manufacturing business heralds a new chapter in the Company's history. The strategic move is timed to bring about a sharper business focus and is expected to help the Company realize its maximum potential with better results and unlocking of value for all its valued stakeholders.

Post-demerger, the Company, rechristened as TI Financial Holdings Limited ("TIFHL"), will be an investment pure play with significant shareholding in companies that have already carved a niche for themselves in the financial services space of the country viz., Cholamandalam Investment and Finance Company Limited, Cholamandalam MS General Insurance Company Limited and Cholamandalam MS Risk Services Limited. These businesses, already in a good phase of growth, are further well set to be propelled through a synergizing of resources, operational efficiency and a focused leadership with specialized financial acumen, creating better value for the Company over a period of time.

For the shareholders, investors, strategic partners, lenders and other stakeholders, the demerger is likely to be a major inflection point, with TIFHL's primary business thrust on financial services business appealing to each one of them.

TIFHL is all set to march ahead with a renewed focus, create enhanced value for all its stakeholders.

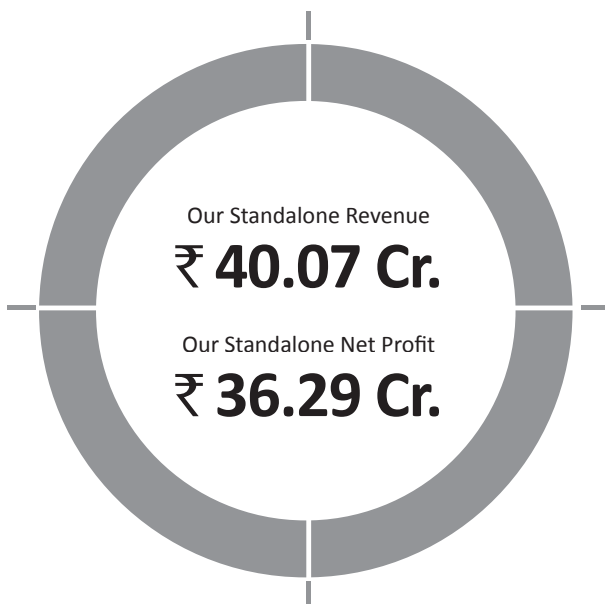
# WE ARE TI FINANCIAL HOLDINGS LIMITED

TI Financial Holdings Limited (TIFHL) has become an NBFC classified as a Core Investment Company, after the demerger with significant shareholding in companies viz., Cholamandalam Investment and Finance Company Limited, Cholamandalam MS General Insurance Company Limited and Cholamandalam MS Risk Services Limited.

TIFHL continues to be part of the ₹ 300 billion Murugappa Group, which is one of the most diversified business conglomerates of India, and has now gained a renewed and more focused approach towards its business operations as the demerger gives the Company an opportunity to streamline the available resources to reach its fullest potential.

## Our Businesses

Cholamandalam Investment and Finance Company Limited	Cholamandalam MS General Insurance Company Limited	Cholamandalam MS Risk Services Limited
<ul style="list-style-type: none"> <li>Vehicle Finance</li> <li>Home Equity</li> <li>Home Loans</li> <li>Corporate Finance</li> <li>Rural Finance</li> <li>Stock Broking</li> <li>Wealth Management</li> </ul>	<ul style="list-style-type: none"> <li>Motor Insurance</li> <li>Fire Insurance</li> <li>Marine Insurance</li> <li>Health Insurance</li> <li>Accident Insurance</li> <li>Travel Insurance</li> </ul>	<ul style="list-style-type: none"> <li>Process Safety</li> <li>Construction Safety</li> <li>Electrical Safety</li> <li>Energy &amp; Environment Consulting</li> <li>Logistics Safety</li> <li>Insurance Support Services</li> </ul>





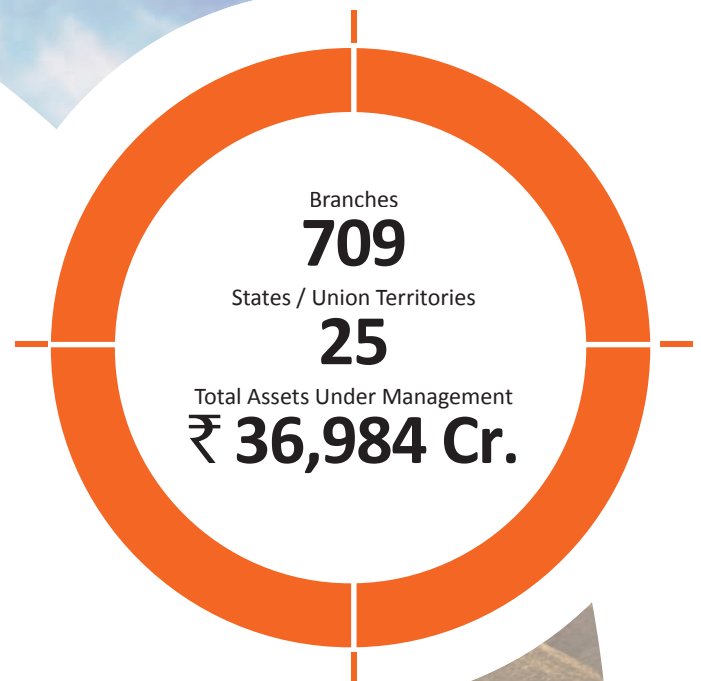
## Cholamandalam Investment and Finance Company Limited (CIFCL)

CIFCL is a leading provider of comprehensive and full-fledged financial services. The Company holds around 46% of the paid-up and subscribed equity capital of CIFCL and it is an Associate of the Company.

CIFCL has three subsidiaries – Cholamandalam Securities Limited (CSEC), Cholamandalam Distribution Services Limited (CDSL) and White Data Systems India Private Limited (WDSIPL).

### Key Drivers

- The vehicle finance segment forms a significant driver of growth for CIFCL. With a diversified asset portfolio, vehicle finance is offered for a range of vehicles, from light and heavy commercial vehicles, multi-utility vehicles to space construction vehicles, three-wheelers, tractors, construction equipment as well as older vehicles and for refinance
- CIFCL enjoys a good reputation in the market as a long-term and stable player with a fast turnaround time
- Key differentiating factors in Vehicle finance segment are given below:
  - ◊ Quicker Turn Around Time (TAT)
  - ◊ Reputation as a long term and stable player in the market
  - ◊ Strong dealer and manufacturer relationships
  - ◊ Pan India presence
  - ◊ Customised products offered for target customers
- The Home Equity segment provides long-tenure loans for residential property. Focused at the middle socio-economic class and self-employed non-professionals, the service is provided through CIFCL's extensive network of branches across India
- Key differentiating factors in Home Equity loans segment are given below:
  - ◊ One of the best turnaround times in the industry
  - ◊ Personalised service through direct interaction with each customer





Branches  
**109**  
Agents  
**9,000+**  
Customers  
**67 Lakhs**

## Cholamandalam MS General Insurance Company Limited (CMSGICL)

CMSGICL is a joint venture between the Murugappa Group and Mitsui Sumitomo Insurance Company Limited, Japan. The Company holds around 60% of the paid-up and subscribed equity capital of CMSGICL and it is a subsidiary of the Company.

### Key Drivers

- New partnerships secured during the year and strong growth achieved in proprietary channels
- Strong performance in all retail channels and expansion in Government business through participation in 'Pradhan Mantri Fasal Bima Yojana' (PMFBY) program
- Implemented various digitisation projects such as system integration, mobility solutions, claims survey app and lead management app for customers & agents

## Cholamandalam MS Risk Services Limited (CMSRSL)

CMSRSL is a joint venture between the Company and Mitsui Sumitomo Insurance Company Limited, Japan. The Company holds around 49.5% of the paid-up and subscribed equity capital of CMSRSL and it is a Joint Venture of the Company.

CMSRSL has a technical collaboration with InterRisk, a part of Mitsui Sumitomo Insurance Group.

CMSRSL offers comprehensive risk management & engineering solutions in the field of Safety, Health and Environment. The Company has pioneered many innovative and specialised services catering to the needs of Asian and European markets.

The Company has successfully executed more than 5,000 consulting projects both domestic as well as overseas.

# OUR PERFORMANCE IN FY17

## Strategic Developments

Successful completion of restructuring exercise of the Company which led to the demerger of manufacturing business to Resulting Company and retaining the financial services business. This is a key strategic move to give the desired focus and derive the full potential for the financial services business.

## Financial Highlights

### Cholamandalam Investment and Finance Company Limited

- Consolidated profit before tax stood at ₹ 1,107 Cr., clocking a growth of 26% over the previous year
- Disbursement increased to ₹ 18,591 Cr. during FY17, a growth of 13% over the previous year
- Return on equity at 18.0% in FY17 as against 16.7% in FY16
- Declared a total dividend of ₹ 5.50 per equity share with face value of ₹ 10 each for FY17 including interim dividend

### Cholamandalam MS General Insurance Company Limited

- Achieved a gross written premium of ₹ 3,133 Cr. in FY17, registering a robust growth of 28% over the previous year
- Recorded its highest ever operating profits in FY17 with profit before tax being ₹ 297 Cr., up 39% over the previous year
- Declared a maiden dividend of ₹ 0.60 per Equity Share with face value of ₹ 10 each for FY17

### Cholamandalam MS Risk Services Limited

- Achieved revenue of ₹ 39.19 Cr. in FY17 while its profit before tax stood at ₹ 2.61 Cr.
- Declared a dividend of ₹ 2.00 per Equity Share with face value of ₹ 10 each for FY17

Our Consolidated Revenue  
**₹ 2,689.15 Cr.**

Our Consolidated Net Profit  
**₹ 454.57 Cr.**

# CHAIRMAN'S MESSAGE



## *Dear Shareholders,*

Amid difficult global conditions, the Indian economy displayed a remarkable resilience, growing at a steady pace of 7.1% in FY17 as estimated by the Central Statistics Office, Government of India. Worldwide, it has been a challenging year with events like the Brexit, elections in the US and Europe and ongoing crisis in the Middle East weighing down on sentiment. Things, however, began to look brighter in the second half of FY17 as economic activity gained momentum, leading to a steady recovery in most of the world's large economies. According to International Monetary Fund, global GDP is expected to grow by 3.5% in 2017 which is a scale up from 3.1% in 2016.

On the domestic turf, the economy had its share of ups and downs, especially in the wake of demonetization. While the immediate effect of the surprise withdrawal of higher currency notes created a dent in the overall growth, the economy was quick to bounce back, posting a modest recovery. This was further aided by a buoyant rebound in agricultural activity on the back of a normal monsoon and record production of food grains. There was also significant uncertainty and apprehensions about the GST, but its smooth rollout on 1<sup>st</sup> July, 2017 has been a positive step, which will not only simplify the tax structure for trade and industries, but will also boost the revenue mop-up for the Government.

From the Company's point of view, the year marked a significant development. In consequence of a restructuring exercise, demerging all the manufacturing businesses to another entity with a mirror image of the shareholders, your Company will henceforth be a non-banking financial company classified as a Core Investment Company and carry the investments in the financial services business. This is a key strategic move to give the desired focus and to derive the full potential for the financial services business.

## **Cholamandalam Investment and Finance Company Limited (CIFCL)**

Ranked among the country's leading non-banking financial companies, CIFCL continues to reinstate its leading position in rural and semi-urban areas, with 90% access in Tier III, IV, V and VI towns. CIFCL provides a host of financial services including vehicle finance, business finance, home equity loans, stock broking and distribution of financial products through its nation-wide network of 709 branches spread across 25 states.



CIFCL had total assets under management (AUM) of ₹ 36,984 Cr. as of March 31, 2017, with net non-performing assets (NPA) of 3.2% and a healthy return on total assets (PBT-ROTA) of 3.9%. The total disbursements for FY17 stood at ₹ 18,591 Cr., clocking a growth of 13% over the previous year. Profit after tax was 26% higher at ₹ 719 Cr.

During the year, CIFCL introduced a new product called trip loans to meet the financial needs of transport owners/drivers on their trip journeys for fueling, toll fee payments, servicing, etc. CIFCL also adopted Gross NPA recognition at 90 days, one year ahead of the RBI's stipulated period.

### **Cholamandalam MS General Insurance Company Limited (CMSGICL)**

CMSGICL is in its 15<sup>th</sup> year of operations. Coinciding with the same, the Company declared a maiden dividend of 6% on the Equity shares. CMSGICL registered a strong Gross Written Premium (GWP) growth of 28% in FY17 over the previous year and continues to maintain its market share at 2.76%. GWP was ₹ 3,133 Cr. while profit before tax stood at ₹ 297 Cr. in FY17, largely driven by new partnerships secured during the year and strong growth achieved by proprietary channels and partners.

In line with the Government's Digital-India move, CMSGICL has taken proactive steps to make operations more technology driven. These projects include system integration with partners, mobility solutions including break-in inspection app, claims survey app with integrated video streaming, lead management app for managing renewals and UPI & wallet payments for customers and agents. Some other projects in the areas of telematics, data integration and analytics are near completion and would be ready for application in the coming quarters.

### **Cholamandalam MS Risk Services Limited (CMSRSL)**

CMSRSL continues to be a leader in the field of providing comprehensive safety and environment engineering solutions to corporates in managing their risks profitably. The Company has successfully executed more than 5,000 consulting projects both in India and abroad. The Company has also invested in building a rich repository of best in class software and state-of-the-art instruments to quantify risks faced by its clients.

I take this opportunity to express my gratitude to all our customers, employees, business partners, intermediaries, vendors for their continued support and contribution in the Company's growth as we continue to work towards building greater value for all our stakeholders. I would also like to specifically thank you, our shareholders, for your valuable support and putting your faith in us.

Yours sincerely,



**A. Vellayan**



**Your Company will henceforth be a non-banking financial company classified as a Core Investment Company and carry the investments in the financial services business. This is a key strategic move to give the desired focus and derive the full potential for the financial services business.**

# BOARD OF DIRECTORS

## Mr. A Vellayan

*Chairman*

Mr. A Vellayan (64 years; DIN-00148891) holds a Diploma in Industrial Administration from Aston University, Birmingham, UK and Masters in Business Studies from the University of Warwick, Business School, UK. He is also the Executive Chairman of the Murugappa Group. Mr. Vellayan was on the Board of Governors of the Doon School, Dehra Dun. He joined the Company's Board on 1<sup>st</sup> August, 2017. He has held the position of Vice President of the Federation of Indian Export Organisation (FIECO) and as a member of the National Export Committee-Confederation of Indian Industry (CII). He is, currently, the Chairman of E.I.D Parry (India) Limited and Coromandel International Limited. He has work experience of more than three decades.

## Mr. M B N Rao

*Independent Director*

Mr. M B N Rao (69 years; DIN-00287260) is a B.Sc. graduate in Agriculture, an Associate of the Chartered Institute of Bankers, London, Certified Associate of the Indian Institute of Bankers (CAIIB) and a Fellow of the Indian Institute of Banking & Finance. He has over 47 years of varied experience in the field of banking, finance, economics, technology, human resources, marketing, treasury and administration. He joined the Company's Board on 1<sup>st</sup> August, 2017. Mr. Rao is also the former Chairman and Managing Director of Canara Bank and Indian Bank. He is on the Boards of various companies including E.I.D Parry (India) Limited, Ramco Cements Limited, Taj GVK Hotels and Resorts Limited. He is currently the Chairman of Cholamandalam Investment & Finance Company Limited.

## Ms. Shubhalakshmi Panse

*Independent Director*

Ms. Shubhalakshmi Panse (63 years; DIN-02599310) is a M.Sc. post-graduate from Pune University, CAIIB and holds Diploma in Business Management, Masters in Management Sciences with specialisation in Financial Management from Pune University and MBA in Bank Management from Drexel University, USA. She has over four decades of experience in the field Banking. She joined the Company's Board on 1<sup>st</sup> August, 2017. She has served as Chairperson cum Managing Director of Allahabad Bank, Chairperson of ALL Bank Finance Limited and the Executive Director of Vijaya Bank. She is on the Boards of various companies including Cholamandalam MS General Insurance Company Limited, Federal Bank Limited, L&T Infrastructure Development Projects Limited and IL & FS Financial Services Limited.

## Mr. N Srinivasan

*Non-Executive Director*

Mr. N Srinivasan (59 years; DIN-00123338) is a graduate in Commerce, a Chartered Accountant and a Company Secretary by qualification. He has over 33 years of varied experience in the areas of corporate finance, legal, projects and general management. He joined the Board on 29<sup>th</sup> January, 2007. He is the Vice Chairman of Cholamandalam Investment & Finance Company Limited and a Board Member of Cholamandalam MS General Insurance Company Limited and Cholamandalam MS Risk Services Limited.

## CORPORATE INFORMATION

### Board of Directors

A Vellayan, Chairman  
M B N Rao  
Shubhalakshmi Panse  
N Srinivasan

### Company Secretary

E Krithika

### Corporate Identity Number

L65100TN1949PLC002905

### Registered Office

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

### Auditors

S R Batliboi & Associates LLP  
Chartered Accountants

# BOARD'S REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

*Dear Shareholders,*

The Directors take pleasure in presenting the 68<sup>th</sup> Annual Report together with the audited financial statements of the Company for the year ended 31<sup>st</sup> March 2017.

## 1. Scheme of Arrangement, Share Capital and reduction in face value of Share

The Board of Directors of the Company, at the meeting held on 3<sup>rd</sup> November, 2016, approved a Scheme of Arrangement ('Scheme') for the demerger of the Manufacturing Business Undertaking of the Company, on a going concern basis, in favour of Tube Investments of India Limited (Resulting Company, formerly 'TI Financial Holdings Limited'). The Manufacturing Business Undertaking means manufacturing of tubes, strips, tubular components, bicycles and fitness products, chains for automobile sector and industrial applications, roll-formed sections, other metal formed products, industrial gears, designing and manufacturing of dies and includes investments in Shanthy Gears Limited, Financiere C10 SAS, Sedis SAS, Sedis Co. Limited, Sedis Gmbh, TI Tsubamex Private Limited and TI Absolute Concepts Private Limited. The Scheme received the approval of the shareholders of the Company at the Equity Shareholders meeting convened and held on 24<sup>th</sup> April, 2017 as per the directions of the National Company Law Tribunal, Chennai ('NCLT'). The Scheme was sanctioned by the NCLT vide its Order dated 17<sup>th</sup> July, 2017. The Scheme has become effective on 1<sup>st</sup> August, 2017, being the date of filing of the aforementioned Order of Sanction with the Registrar of Companies, Tamil Nadu, Chennai. The Appointed Date for transfer and vesting of the Manufacturing Business Undertaking of the Company into the Resulting Company was 1<sup>st</sup> April, 2016.

Consequent to the said demerger of the manufacturing activities, the business of the Company is financial services in the nature of investment company. The Company has substantial investments in the following companies:

- Cholamandalam Investment and Finance Company Limited engaged in non-banking financial business;
- Cholamandalam MS General Insurance Company Limited engaged in general insurance business; and
- Cholamandalam MS Risk Services Limited engaged in risk management and engineering solutions business.

In order to reflect the present nature of business, the name of the Company is being changed to 'TI Financial Holdings Limited'.

Pursuant to the Scheme, in respect of the issued, subscribed and paid up share capital of the Company, the face value of each share was also correspondingly reduced to ₹1/-. Necessary formalities are being complied with in the said regard including crediting of the new Equity Shares of the face value of ₹1/- and dispatch of the share certificates to the shareholders holding the shares in physical form.

The shareholders are entitled for issue and allotment of corresponding number of equity shares of ₹1/- each in the Resulting Company. The shares so issued will be listed on the same Stock Exchanges where the equity shares of the Company are listed viz., the BSE Limited and the National Stock Exchange of India Limited.

During the year under review, the Company has not issued shares with differential voting rights and sweat equity shares.

## 2. Share Capital

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2017 was ₹18.75 Cr. During the year under review, the Company allotted 1,01,334 Equity shares to eligible employees under the Employees Stock Option Scheme.

Consequent upon demerger of the Manufacturing Business Undertaking as stated above on a going concern basis in favour of the Resulting Company, the share capital will stand reduced in accordance with the Scheme of Arrangement.

## 3. Business Environment

The Indian financial sector is a highly diversified one comprising banks, insurance companies, non-banking financial companies, pension funds, mutual funds, co-operatives and smaller financial entities, with payment banks being the latest entrants to the sector. The sector is currently in an expansion mode with the existing financial services players registering strong growth besides new entities entering the market. In recent years, the Government of India and the Reserve Bank of India have ushered in

a slew of reforms to liberalise, regulate and boost the sector. With such a collective thrust by the Government as well as the private sector, needless to state, the Indian financial services market is fast becoming one of the most dynamic and vibrant of the capital markets across the globe.

The Company has a sizeable shareholding stake in businesses engaged in non-banking financial services (NBFCs, as generally referred), general insurance and risk management services as per details furnished in this Report.

For the Indian NBFC industry, the year 2016-17 was a stable one, thanks to the favourable stance adopted by both the Regulator and the Government. Riding on the back of very welcome measures, by and large, it is expected that the sector will witness steady growth in the coming years, backed by a continuous expansion of the asset classes and higher market share for the key players in the market, which may come even at the cost of mid-sized banks.

For Cholamandalam Investment and Finance Company Limited, engaged in financial services, with its major funding stake in the auto sector, the outlook remains positive as the sector is expected to grow between six and nine per cent.

The Indian general insurance industry has grown close to twenty per cent year after year over the last several years with the gross direct premium of non-life insurers (except standalone health) at around ₹1.1 billion in 2016-17. This, despite the challenges the industry has been facing due to the overall slowdown in the economy, weak investment stream and changes that tail a de-tariffed regime. The new Crop Insurance Scheme of the Government of India has provided an appreciable impetus in handsomely improving the crop insurance premium for the industry, with the motor, health and fire segments too continuing to grow strongly.

For Cholamandalam MS General Insurance Company Limited, engaged in general insurance business, the business outlook remains very positive as it seeks to geographically grow through phased building of its distribution reach, through a digitally enabled model, across the country.

For Cholamandalam MS Risk Services Limited, engaged in providing risk management and engineering solutions in the field of safety, health and environment, in association with Cholamandalam MS General Insurance Company Limited, the business outlook is bright as it looks at constantly strengthening its consultancy portfolio through the launch of newer services.

#### 4. Standalone Financial Highlights

₹ in Crores

Particulars	2016-17	2015-16*
<b>Total Income</b>	<b>40.07</b>	<b>3975.38</b>
<b>Total Expenses</b>	<b>3.78</b>	<b>3836.58</b>
<b>Profit Before Exceptional Items and Tax</b>	<b>36.29</b>	<b>138.80</b>
Exceptional items	-	784.98
<b>Profit Before Tax</b>	<b>36.29</b>	<b>923.78</b>
Tax Expense	-	(193.89)
<b>Profit After Tax</b>	<b>36.29</b>	<b>729.89</b>
Surplus at the beginning of the Year	776.45	181.53
Transfer pursuant to the Scheme of Arrangement	(406.05)	-
Profit for the Year	36.29	729.89
Transfer to Reserve Fund	(7.30)	-
Transfer to Debenture Redemption Reserve (Net)	-	(24.27)
Interim Dividend ₹1.25 (Previous year ₹1.50) per Equity Share of ₹2/- each	(23.43)	(28.09)
Final Dividend Proposed - Nil (Previous year ₹3.50 - Special Dividend)	-	(65.57)
Dividend Distribution Tax	(4.78)	(18.49)
Earlier year's provision for Dividend Distribution Tax no longer required	-	1.45
<b>Balance carried to Balance Sheet</b>	<b>371.18</b>	<b>776.45</b>

\*Consequent to the demerger of the Manufacturing Business Undertaking from the Company with effect from 1<sup>st</sup> April, 2016, the Company is vested with the remaining business undertaking being the Financial Services Business only. Accordingly, figures for the financial year ended 31<sup>st</sup> March, 2016 and 31<sup>st</sup> March, 2017 are not comparable.



## 5. Performance Overview

During the year under review, the Company earned revenue of ₹40.07 Cr. mainly through dividend income received on its strategic long-term investments in the companies engaged in financial services business as stated above. The profit before and after tax for the year was at ₹36.29 Cr.

As stated, the Company has a portfolio of significant, strategic investments which are long-term in nature in the companies as listed above. These companies performed well during the year under review as may be seen from their performance summary below:

### 5.1 Cholamandalam Investment & Finance Company Limited ('CIFCL')

The Company holds about 46% of the paid up and subscribed equity share capital of CIFCL, a leading comprehensive financial services provider offering vehicle finance, home loans, home equity loans, SME loans, investment advisory services, stock broking and a variety of other financial services to its customers. Thus, CIFCL is an Associate Company. CIFCL presently operates from over 700 branches across India with total assets under management above ₹36,000 Cr. CIFCL is a listed company, with its equity shares traded on the National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE).

CIFCL had yet another year of fine performance with its vehicle finance vertical doing well. CIFCL's consolidated profit before tax at ₹1107 Cr. increased by 26% (previous year: ₹879 Cr.) and consolidated profit after tax at ₹719 Cr. grew by 25% (previous year: ₹575 Cr.). CIFCL's disbursement's increased to ₹18,591 Cr. during the year (previous year: ₹16,380 Cr.).

CIFCL declared an interim dividend of ₹3.50 per share and further, declared a Final Dividend of ₹2.00 on equity share of face value of ₹10 each for the financial year, 2016-17.

### 5.2 Cholamandalam MS General Insurance Company Limited ('MSGICL')

The Company holds about 60% of the paid up and subscribed equity share capital of MSGICL – a joint venture with Mitsui Sumitomo Insurance Company Ltd., Japan, engaged in general insurance business. Thus, MSGICL is a subsidiary of the Company. MSGICL offers a wide range of insurance products for individuals and corporates. For individuals, various products are offered under Motor Insurance, Travel Insurance, Health Insurance, Accident Insurance and

Home Insurance. For SMEs and Corporate Insurance clients, MSGICL offers customized insurance solutions encompassing insurance and risk consulting services such as Fire Insurance, Engineering Insurance, Liability Insurance, Marine Insurance and Property Insurance.

MSGICL achieved a Gross Written Premium (including reinsurance remittance) of ₹3143 Cr. during the year (previous year: ₹2466 Cr.), a growth of 27%.

MSGICL's profit before tax at ₹297 Cr. increased by 39% (previous year: ₹213 Cr.) and profit after tax at ₹208 Cr. grew by 41% (previous year: ₹148 Cr.).

MSGICL has declared a maiden dividend of ₹0.60 per share on its equity share of face value of ₹10 each for the financial year.

### 5.3 Cholamandalam MS Risk Services Limited ('CMSRSL')

The Company holds about 49.50% of the paid up and subscribed equity share capital of CMSRSL, (a joint venture with Mitsui Sumitomo Insurance Company Ltd., Japan) and has a technical collaboration with InterRisk, a group company of Mitsui Sumitomo Insurance Group. Chola MS Risk offers comprehensive Risk Management and Engineering solutions in the field of Safety, Health and Environment.

CMSRSL achieved revenue of ₹39.19 Cr. during the year (previous year: ₹32.42 Cr.). The profit before tax was at ₹2.61 Cr. (previous year: ₹2.83 Cr.) and profit after tax was at ₹1.60 Cr. (previous year: ₹1.99 Cr.).

CMSRSL declared a dividend of ₹2.00 per share on its equity share of face value of ₹10 each for the financial year, 2016-17.

## 6. Dividend

The Board of Directors had declared an interim dividend of ₹1.25 per share during the financial year 2016-17, which was paid on 24<sup>th</sup> February, 2017. After considering the accounts of the Company for the year ended 31<sup>st</sup> March, 2017, the Board does not propose to recommend any final dividend for the year.

## 7. Registration with Reserve Bank of India

The Company's revenue and assets are in the form of financial assets/revenues and hence, certain regulatory requirements prescribed by the Reserve Bank of India ('RBI') for non-banking financial companies would be applicable to the Company. Since the Company meets all the criteria for a Core Investment Company and has a net worth in excess of ₹100 Crore, the Company may have to seek registration with the RBI under the relevant provisions, if the Company intends to access

public funds as defined under the extant regulatory guidelines.

## **8. Directors**

Mr. C K Sharma resigned from the Board with effect from 7<sup>th</sup> March, 2017 for personal reasons. Further, consequent to the demerger of the Manufacturing Business Undertaking, M/s. M M Murugappan, Hemant M Nerurkar, Madhu Dubhashi, Pradeep V Bhide and S Sandilya resigned from the Board of Directors of the Company with effect from 1<sup>st</sup> August, 2017. The Board places on record its appreciation for the contributions made by them during their term as Chairman / Directors of the Company.

Consequent to Mr. L Ramkumar assuming Office as Managing Director in the Resulting Company, he resigned as a Director and as Managing Director of the Company with effect from 1<sup>st</sup> August, 2017. The Board places on record its appreciation for the contribution made by Mr. Ramkumar during his tenure in Office.

Mr. Vellayan Subbiah was appointed as Additional Director and as Managing Director (Designate) with effect from 19<sup>th</sup> August, 2017, subject to the approval of the shareholders. As per the terms of his appointment, the appointment was intended for the manufacturing business company. Consequent to the demerger of the manufacturing business and his assuming office as such in the Resulting Company, his appointment will not be taking effect in the Company.

Mr. A Vellayan, Mr. M B N Rao (Independent Director) and Ms. Shubhalakshmi Panse (Independent Director) were appointed as Additional Directors of the Company with effect from 1<sup>st</sup> August, 2017. Mr. A Vellayan was elected as the Chairman of the Board of Directors of the Company at the Board meeting held on 9<sup>th</sup> August, 2017.

A resolution proposing the appointment of Mr. A Vellayan as a Director liable to retire by rotation, under Section 152 of the Companies Act, 2013 ('the Act'), forms part of the Notice for the ensuing Annual General Meeting (AGM).

Mr. N Srinivasan, Director, liable to retire by rotation under Section 152 of the Act, retires by rotation at the forthcoming AGM and being eligible, offers himself for re-appointment.

Mr. M B N Rao and Ms. Shubhalakshmi Panse, Independent Directors in terms of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'),

being eligible, offer themselves for appointment as Independent Directors pursuant to Section 149 of the Act. Each of them has furnished necessary declaration in terms of Section 149(6) of the Act, affirming that they meet the criteria of independence as stipulated thereunder.

The Board takes pleasure in recommending the appointments of Mr. A Vellayan, Mr. M B N Rao and Ms. Shubhalakshmi Panse and the re-appointment of Mr. N Srinivasan at the forthcoming AGM as Directors as per details contained in the Notice for the 68<sup>th</sup> AGM.

## **9. Key Managerial Personnel**

The Company had appointed Mr. K Mahendra Kumar as Chief Financial Officer and Key Managerial Personnel at the Board Meeting held on 3<sup>rd</sup> November, 2016 in the vacancy caused by the resignation of Mr. Arjun Ananth on 29<sup>th</sup> February, 2016 and he joined on 15<sup>th</sup> December, 2016.

Mr. K Mahendra Kumar and Mr. S Suresh, Company Secretary resigned with effect from 1<sup>st</sup> August, 2017 consequent to the demerger and their appointments as the Chief Financial Officer and the Company Secretary respectively in the Resulting Company.

Mr. N Ganesh was appointed as Manager of the Company pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules thereunder as may be applicable, for a term of three years with effect from 9<sup>th</sup> August, 2017, subject to approval of the shareholders.

The following are the Key Managerial Personnel (KMPs) of the Company. All the KMPs were appointed with effect from 9<sup>th</sup> August, 2017:

- a) Mr. N Ganesh as the Manager;
- b) Mr. AN Meyyappan as the Chief Financial Officer; &
- c) Ms. E Krithika as the Company Secretary and Compliance Officer under the SEBI Listing Regulations.

## **10. Auditors**

At the 66<sup>th</sup> 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 five years from the conclusion of the said 66<sup>th</sup> Annual General Meeting till the conclusion of the 71<sup>st</sup> 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 recommends 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 68<sup>th</sup> Annual General Meeting till the conclusion of the 69<sup>th</sup> Annual General Meeting on the terms of remuneration as set out in the resolution contained in the Notice of the Annual General Meeting.

### 11. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The Company has no activity relating to consumption of energy or technology absorption etc. The Company does not have any foreign exchange earnings. There was a foreign exchange outgo, by way of repatriation of dividend, amounting to ₹0.03 Cr. during the year under review, details relating to which are annexed and form part of this Report as **Annexure A**.

### 12. Corporate Social Responsibility

The Corporate Social Responsibility (CSR) Committee was reconstituted post demerger. The Committee consists of three members, of them one is an Independent Director.

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. Pursuant to the requirements of 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.tifhl.com/article/values/467>.

As per the provisions of the Companies Act, 2013, ₹2.03 Cr., was required to be spent on CSR and ₹2.57 Cr. was spent towards CSR projects/activities during the financial year. Details are furnished in the Annual Report of CSR activities 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.tifhl.com/article/values/547>.

### 13. Finance

#### 13.1. Deposits

The Company has not accepted any fixed deposits under Chapter V of the Companies Act, 2013 and as such no amount of principal and interest were outstanding as on 31<sup>st</sup> March 2017.

#### 13.2. 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.

### 14. Consolidated Financial Highlights

₹ in Crores

Particulars	2016-17	2015-16*
<b>Total Income</b>	<b>2689.15</b>	<b>8011.93</b>
<b>Total Expenses</b>	<b>2394.41</b>	<b>7364.37</b>
<b>Profit Before Exceptional items and Tax</b>	<b>294.74</b>	<b>647.56</b>
Exceptional items	-	726.62
<b>Profit Before Tax</b>	<b>294.74</b>	<b>1374.18</b>
Tax Expense	(89.43)	(367.07)
<b>Profit After Tax</b>	<b>205.31</b>	<b>1007.11</b>
Minority Interest	(83.26)	(142.04)
Share of profit from Associate	332.52	173.84
<b>Net Profit for the Year</b>	<b>454.57</b>	<b>1038.91</b>

\* Consequent to the demerger of the Manufacturing Business Undertaking from the Company with effect from 1<sup>st</sup> April, 2016, the Company is vested with the remaining business undertaking being Financial Services Business only. Accordingly, figures for the financial year ended 31<sup>st</sup> March, 2016 and 31<sup>st</sup> March 31, 2017 are not comparable.

## 15. Business Review – Subsidiary, Associate and Joint Venture Companies

Cholamandalam MS General Insurance Company Limited is a subsidiary, Cholamandalam Investment and Finance Company Limited is an associate and Cholamandalam MS Risk Services Limited is a joint venture of the Company.

A review of the business of the aforementioned Company's subsidiary, associate and joint venture is made as part of 5 above.

The Statement containing salient features of the financial statements of the Company's subsidiary, associate and joint venture companies is attached as **Annexure C**. The Consolidated Financial Statements of the Company and its subsidiary, associate and joint venture companies prepared in accordance with the Accounting Standard (AS) 21, form part of the Annual Report.

## 16. Financial Review

### 16.1. Profits & Profitability

The Company derives its income mainly by way of dividend from long-term investments made in companies engaged in financial services, which are mainly subsidiary, joint venture or associate of the Company. During the financial year, the profit before and after tax were at ₹36.29 Cr., due to dividends received from the investee companies on the back of their improved business performance.

### 16.2. Internal Control Systems

Internal control systems in the organisation are looked at as the key to its effective functioning. The role of Internal Audit is to periodically evaluate the adequacy and effectiveness of the internal controls, recommend improvements and also review adherence to policies based on which corrective action is taken to address gaps, if any.

Revenue and capital expenditures will be governed by approved budgets and the levels defined by a delegation of authority mechanism. Review of capital expenditure will be 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 scope of Audit Committee includes review of the plan for internal audit, significant internal audit observations and functioning of the Company's Internal Audit department on a periodic basis.

### 16.3. 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 equipped with monitoring and reporting processes to ensure financial discipline and accountability.

## 17. Risk Management

Risk management refers to the formal processes whereby risks associated with the "enterprise", as a whole, are managed. As the Company is an investment company, its investments will be subject to a formal detailed evaluation and approval by the Board of Directors.

## 18. Corporate Governance

The Company firmly believes in committing itself to maintaining high standards of corporate governance as it was prior to the demerger of its businesses.

A report on corporate governance of the Company 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 as **Annexure D**. A certificate has been submitted 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.

## 19. Particulars of Employees

The information required to be disclosed under the provisions of Section 197 of the Act read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 is annexed to and forms part of this Report as **Annexure E**.



## 20. Prevention of sexual harassment at workplace

An internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment is functional. 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. The policy extends to all employees (permanent, contractual, temporary and trainees). Appropriate sensitization about the new Policy and the remedies available thereunder is being made as required. No complaints were received and disposed off during the year under review.

## 21. Employee Stock Option Schemes

Details in respect of the Company's Employee Stock Option Schemes as required under the relevant SEBI Regulations are displayed in the Company's website at the following link, <http://www.tifhl.com/article/values/554>.

With respect to the Stock options granted by the Company under the existing Stock Option Schemes, on the Scheme becoming effective, the employees concerned (irrespective of whether they continue to be employees of the Company or become employees of the Resulting Company) will be issued one stock option by the Resulting Company for every stock option held in the Company, whether the same are vested or not on terms and conditions similar to the relevant Schemes. As per the Scheme, necessary steps are being taken to enable the continuance of the same in the hands of the employees who become employees of the Resulting Company. The existing exercise price of the stock options of the Company shall stand suitably adjusted in an appropriate manner as determined by the Nomination and Remuneration Committee of the Company and the balance of the exercise price shall become the exercise price of the stock options issued by the Resulting Company.

## 22. Directors' Responsibility Statement

The Board of Directors confirm that the Company has in place a framework of internal financial control 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:

- a) in the preparation of the annual financial statements for the year ended 31<sup>st</sup> March 2017, the applicable accounting standards have been followed and that there were no material departures therefrom;
- b) they have, in the selection of accounting policies, consulted the statutory auditors and have applied their recommendations consistently and made adjustments 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 31<sup>st</sup> March, 2017 and of the profit of the Company for the year ended on that date;
- c) 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;
- d) they have prepared the annual financial statements on a going concern basis;
- e) 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 31<sup>st</sup> March, 2017; and
- f) proper systems have 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 31<sup>st</sup> March, 2017.

## 23. 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 were 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.tifhl.com/article/values/476>. None of the Directors had any pecuniary relationships or transactions vis-à-vis the Company.

## 24. Declarations/Affirmations

During the year under review:

- the Company's manufacturing business was demerged pursuant to the Scheme of Arrangement as per details furnished in paragraph 1 above [Scheme of Arrangement, Share Capital and Listing of Equity Shares]. Consequently, the Company has become financial services company in the nature of investment company;
- there were no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate viz., 31<sup>st</sup> March, 2017 and the date of this Report; &
- 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.

## 25. Secretarial Audit

During the financial year 2016-17, the Company had pursuant of the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 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 Report of the Secretarial

Audit is annexed herewith and forms part of this Report as **Annexure F**.

## 26. Annual Return

Extract of the Annual Return is annexed and forms part of this Report as **Annexure G**.

## 27. Business Responsibility Reporting

The SEBI Listing Regulations stipulates that top 500 listed entities based on market capitalization (calculated as on 31<sup>st</sup> March of every financial year) are to furnish as part of their Annual Report, a Business Responsibility Report.

Accordingly, in accordance with the requirements of the Regulations, a Business Responsibility Report is attached and forms part of this Annual Report as **Annexure H**.

## 28. Acknowledgement

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

Place: Chennai  
Date: 9<sup>th</sup> August, 2017

**A Vellayan**  
Chairman

## ANNEXURE A

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

The Company has no activity relating to consumption of energy or technology absorption etc. There was a foreign exchange outgo, by way of repatriation of dividend, amounting to ₹0.03 Cr. during the year under review as provided below:

₹In Cr.

Particulars	2016-17	2015-16
Foreign exchange earnings (CIF Value)	-	224.81
Foreign exchange outgo	0.03	283.07

On behalf of the Board

Place: Chennai  
Date: 9<sup>th</sup> August, 2017

**A Vellayan**  
Chairman

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

## ANNEXURE B

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

The Company 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. The Company'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 and programmes, modalities of execution and monitoring process. The Policy can be accessed on the Company's website at the following link, <http://www.tifhl.com/article/values/467>.

### Overview of the CSR Projects and Programmes:

The Company 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 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, can be accessed in the Company's website at the following link, <http://www.tifhl.com/article/values/547>.

2. **Composition of the CSR Committee:**

The CSR Committee has been reconstituted post-demerger with the following as Members:

Mr. A Vellayan, Chairman  
Mr. M B N Rao  
Mr. N Srinivasan

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

The average net profits of the Company during the three immediately preceding financial years as calculated under Section 135 of the Companies Act, 2013 and the Rules thereunder works out to ₹101.5 Cr.

4. **Prescribed CSR Expenditure (two per cent 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 ₹2.03 Cr.

5. **Details of CSR spend during the financial year, 2016-17:**

- a. Total amount spent for the financial year: ₹2.57 Cr.
- b. Amount unspent: Nil

c. Manner in which the amount spent during the financial year is detailed below:

₹ in Crores

Sl. No.	CSR Project/Activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) State and district where Projects or Programs was undertaken	Amount Outlay (Budget) Project or Programs wise	Amount spent on the Projects or Programs	Cumulative expenditure up to the reporting period	Amount Spent - Direct (D) or through implementing agency (IA)*
1.	a) Educational infrastructure support for Government schools (IA) b) Supporting Women empowerment & Education (IA) c) Basic Training Centre (D) d) Providing educational aids for the needy children in the orphanage (D)	Education	<b>Tamilnadu</b> : Ambattur, Avadi, Ponpadi, Sinnar, Taneerkolam <b>Punjab</b> : Mohali	1.53	1.46	1.46	0.86 (D) 0.60 (IA)
2.	a) Sponsor Mobile Medical Unit to provide medical support to the underprivileged in urban and rural slum areas (IA) b) Sponsor Health & Medical camps & specific medical programs for the underprivileged (IA) c) Sanitation infra to the Government Schools (D) d) Providing safe drinking water through Borewells (D). e) Feeding nutritional/special diets to malnourished children of the region (IA) f) Providing hearing aid for the needy students (IA)	Health	<b>Tamilnadu</b> : Ambattur, Avadi, Tiruttani, Ponpadi, Nemilichery Vellore <b>Uttarakhand</b> : Haridwar <b>Punjab</b> : Rajpura <b>Maharashtra</b> : Shirwal	0.42	0.42	0.42	0.34 (IA) 0.08 (D)
3.	Supporting Rural / Agriculture research (IA)	Environment	<b>Rural India</b>	0.53	0.53	0.53	0.53 (IA)
4.	Enhancing education for the rural girls (IA)	Women Empowerment	<b>Madhya Pradesh</b> : Mirzapur	0.12	0.11	0.11	0.11 (IA)
5.	Financial support for training and equipment for Athletes (IA)	Sports	<b>Chennai</b>	0.05	0.05	0.05	0.05 (IA)
				<b>2.65</b>	<b>2.57</b>	<b>2.57</b>	<b>2.57</b>

\* Details of Implementing Agencies:

- i. Education: AMM Foundation [Ref. Sl. No.1(a)], Kalakshetra Foundation [Ref. Sl. No. 1 (b)]
- ii. Health: Help Age India [Ref. Sl. No. 2(a)], Gyan Sagar Hospitals, Rajpura [Ref. Sl. No. 2 (b)], Regional Health Department Uttarakhand [Ref. Sl. No. 2(e)], Worth Trust [Ref. Sl.No. 2(f)]
- iii. Environment: Shri AMM Murugappa Chettiar Research Centre [Ref. Sl. No. 3]
- iv. Women Empowerment: IIMPACT [Ref. Sl. No. 4]
- v. Sports: GoSports Foundation [Ref. Sl. No.5]

**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

Place: Chennai  
Date: 9<sup>th</sup> August, 2017

**N Srinivasan**  
Director

**A Vellayan**  
Chairman - CSR Committee



**FORM AOC – I****ANNEXURE C****Part A - Information in respect of Subsidiary Company – Cholamandalam MS General Insurance Company Limited**

₹ In Crores

S.NO.	Particulars	Details
1.	Reporting period of the subsidiary	31-Mar-17
2.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR
3.	Share capital	298.81
4.	Reserves & surplus	796.65
5.	Total Assets (Non-Current and Current Assets)	5,779.17
6.	Total Liabilities (Non-Current and Current Liabilities)	4,683.71
7.	Investments (Non-Current + Current Investments )	4,524.81
8.	Turnover	2,669.50
9.	Profit Before Tax	297.08
10.	Provision / (Reversal) for Tax	88.92
11.	Profit After Tax	208.15
12.	Proposed Dividend	₹0.60 per equity share
13.	% of shareholding	60.00%

**Part B - Associates and Joint Ventures**

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

S.NO.	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-17	31-Mar-17
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 (₹ in Cr.)	645.83	0.99
	Extent of Holding (%)	46.22%	49.50%
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 (₹ in Cr.)	1999.32	7.70
6.	Profit / (Loss) for the year (₹ in Cr.)		
	i. Considered in Consolidation	332.52	0.79
	ii. Not Considered in Consolidation	Nil	Nil

**Notes:**

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

**N Ganesh**  
Manager

**On behalf of the Board**  
**A Vellayan**  
Chairman

Place: Chennai  
Date: 9<sup>th</sup> August 2017

**E Krithika**  
Company Secretary

**AN Meyyappan**  
Chief Financial Officer

**N Srinivasan**  
Director

## REPORT ON CORPORATE GOVERNANCE

## ANNEXURE D

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.

### Demerger of Manufacturing Business Undertaking

The Board of Directors of the Company, at the meeting held on 3<sup>rd</sup> November, 2016, approved a Scheme of Arrangement ('Scheme') for the demerger of the Manufacturing Business Undertaking of the Company, on a going concern basis, in favour of Tube Investments of India Limited (Resulting Company)

The Manufacturing Business Undertaking means manufacturing of tubes, strips, tubular components, bicycles and fitness products, chains for automobile sector and industrial applications, roll-formed sections, other metal formed products, industrial gears, designing and manufacturing of dies and includes investments in Shanthy Gears Limited, Financiere C10 SAS, Sedis SAS, Sedis Co. Limited, Sedis GmbH, TI Tsubamex Private Limited, TI Absolute Concepts Private Limited.

The Scheme received the approval of the shareholders of the Company at the Equity Shareholders Meeting convened and held on 24<sup>th</sup> April, 2017 as per the directions of the National Company Law Tribunal, Chennai ('NCLT'). The Scheme was sanctioned by the NCLT vide its Order dated 17<sup>th</sup> July, 2017. The Scheme has become effective on 1<sup>st</sup> August, 2017, being the date of filing of the aforementioned Order of Sanction with the Registrar of Companies, Tamil Nadu, Chennai.

Consequent to the said Demerger, the Company has become financial services company in the nature of investment company. In line with the change in the nature of business, the Board of Directors of the Company was re-constituted with effect from 1<sup>st</sup> August, 2017 by induction of eminent persons from the financial services and banking industry.

### Board of Directors

The Board provides leadership, strategic guidance and objective judgment 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 judgment, external perspective and objectivity on the issues which are placed before them.

The Board consists of four members, with knowledge and experience in banking and financial services industry. Mr. A Vellayan, Chairman (Promoter, non-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. M B N Rao and Ms. Shubhalakshmi Panse are the Independent Directors in terms of the SEBI Listing Regulations. None of the Directors are related to each other.

The Company will issue letter of appointment to Independent Directors as required under Schedule IV to the Companies Act, 2013 and the terms and conditions of their appointment will be disclosed on the Company's website.

The Company's Independent Directors are eminent professionals with several decades of experience in banking and financial services industry and are fully conversant and familiar with the business of the Company. The Company has an ongoing familiarisation programme for all Directors with regard to their roles, duties, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company, etc. The programme is embedded in the regular meeting agenda where alongside the review of operations information on the industry, competition and company strategy are presented on a quarterly basis.

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

The details of familiarisation programme as above are also disclosed on the Company's website at the following link, <http://www.tifhl.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 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.

Seven meetings of the Board were held during the financial year, 2016-17. The dates of the Board meetings, attendance and the number of Directorships/Committee memberships held by the Directors as on 31<sup>st</sup> March, 2017 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. Consequent to the Demerger of the Manufacturing Business Undertaking and re-constitution of the Board of Directors of the Company, the Audit Committee was also re-constituted with effect from 3<sup>rd</sup> August 2017. The Audit Committee consists of three members of which two are Independent Directors, with Mr. M B N Rao, Independent Director, being the Chairman. All the members of the Committee have excellent financial and accounting knowledge.

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 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 year ended 31<sup>st</sup> March, 2017. 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 erstwhile Managing Director comprised a fixed component and a performance incentive. The compensation was determined based on the level of responsibility and scales prevailing in the industry. The Managing Director was 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 erstwhile Chairman and Mr. Pradeep V Bhide, erstwhile Director towards the affairs of the Company, they were 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.

Consequent to the Demerger as stated above, the part of the remuneration of the Directors for the financial year ended 31<sup>st</sup> March, 2017 that is attributable to the manufacturing activities have been charged/accounted in the books of the Resulting Company.

### 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 same is disclosed on the Companies website at the following link, <http://www.tifhl.com/articles/values/600>.

The employee'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 categories 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 and Employee Stock Option Scheme 2016 ("Schemes"). During 2016-17, there were no material changes in the Schemes. Both the Schemes are in compliance with the applicable SEBI Regulations in this regard. Details of the said Schemes are provided in the Company's website.

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

Accordingly, the Committee determines the periodic increments in salary and annual incentive of the Executive

Directors. The increments and incentive of the Managing Director are determined on the basis of the balanced score card with its three components viz., Company financials, Company score card and strategic business unit scores being given appropriate weightage.

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

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

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

The Committee met five times during the financial year ended 31<sup>st</sup> March, 2017. 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 erstwhile Managing Director and to the non-executive Directors, for the financial year ended 31<sup>st</sup> March, 2017, are given in **Table 4** and **Table 5** respectively of the annexure to this Report.

Consequent to the Demerger and re-constitution of the Board of Directors, the N & R Committee was also re-constituted with effect from 3<sup>rd</sup> August, 2017. The present Chairman of the Committee is Mr. M B N Rao, Independent Director. The other Members are Mr. A Vellayan and Ms. Shubhalakshmi Panse.

### **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. Consequent to the Demerger and re-constitution of the Board of Directors, the CSR Committee was also re-constituted with effect from 3<sup>rd</sup> August, 2017. The Chairman of the Committee is Mr. A Vellayan. The other Members are Mr. N Srinivasan and Mr. M B N Rao.

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 twice during the year ended 31<sup>st</sup> March, 2017. 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.

### Performance Evaluation

The annual performance evaluation was carried out pursuant to the provisions of the Companies Act, 2013, the SEBI Listing Regulations and also based on the SEBI guidance note. 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, the Managing Director, other Board members, the Board as well as the functioning of the Board Committees viz., Audit, Nomination & Remuneration, Risk Management, Corporate Social Responsibility 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 31<sup>st</sup> March, 2017, 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 and Regulation 25(3) of the SEBI Listing Regulations.

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

### Subsidiary Company

Cholamandalam MS General Insurance Company Ltd (CMSGICL) is a subsidiary company and Ms. Shubhalakshmi Panse, 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 said unlisted subsidiary company 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 said unlisted subsidiary company.

The Minutes of the Board meetings as well as the statements of all significant transactions and arrangements of the unlisted subsidiary company 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.tifhl.com/article/values/475>.

### Related Party Transactions

During the 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 is available on the Company's website at the following link, <http://www.tifhl.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 quarterly and audited annual financial results are normally published in 'The New Indian Express' and 'Business Standard' (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 Chairman and Mr. N Srinivasan are authorised 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.

The Committee met twice during the year ended 31<sup>st</sup> March, 2017. The composition of the Committee and attendance of its members at the meetings are given in **Table 6** of the annexure to this Report.

Consequent to the Demerger and re-constitution of the Board of Directors, the Stakeholders Relationship Committee was re-constituted with effect from 3<sup>rd</sup> August, 2017 comprising of Mr. A Vellayan and Mr. N Srinivasan as its members. Mr. Vellayan is the Chairman of the Committee.

One investor complaint was received towards the end of March, 2017 and hence, the same was pending as at 31<sup>st</sup> March, 2017. Subsequently, the same was redressed and closed in April, 2017.

In order to expedite the redressal of complaints, if any, investors are requested to register their complaints and also to take follow up action, as necessary, to the exclusive e-mail id i.e. [investorservices@tifhl.murugappa.com](mailto:investorservices@tifhl.murugappa.com). Ms. E Krithika, Company Secretary is the Compliance Officer.

### Statutory Compliance

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

### Internal 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 Manager 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 31<sup>st</sup> March, 2017.

### Whistle Blower Policy

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 30<sup>th</sup> September, 2016 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 SEBI 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, 2016-17. The Code of Conduct has been posted on the website of the Company at the following link, <http://www.tifhl.com/article/values/33>. A declaration of affirmation in this regard certified by the Manager is annexed to this Report.

The Company has framed Policies for preservation & archival of documents and for determination of materiality for disclosure of information/events to the Stock Exchanges in accordance with the requirement under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Code of Conduct for Insiders takes care of the requirements of the 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.tifhl.com/article/values/527>; <http://www.tifhl.com/article/values/538>. and <http://www.tifhl.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.

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**

Place: Chennai  
Date: 9<sup>th</sup> August, 2017

**A Vellayan**  
Chairman

## ANNEXURE TO THE **CORPORATE GOVERNANCE REPORT**

### Board Meeting Dates and Attendance

The Board of Directors met seven times during the financial year 2016-17. The dates of the Board meetings were 3<sup>rd</sup> May, 2016, 4<sup>th</sup> August, 2016, 15<sup>th</sup> September, 2016, 3<sup>rd</sup> November, 2016, 6<sup>th</sup> February, 2017, 15<sup>th</sup> March, 2017 and 31<sup>st</sup> March, 2017.

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 31<sup>st</sup> March, 2017 are as follows:

**TABLE 1**

Sl. No.	Name of Director	Board meetings attended (no. of meetings held)	Number of Directorships <sup>(a)</sup> (out of which as Chairman)	Number of committee memberships <sup>(b)</sup> (out of which as Chairman)	Attendance at last AGM	No. of shares held as on 31 <sup>st</sup> March, 2017
1	Mr. M M Murugappan <sup>§</sup>	6(7)	10(5)	9(4)	Present	13,32,405
2	Mr. L Ramkumar <sup>§</sup>	7(7)	4(1)	2(1)	Present	1,25,650
3	Mr. Hemant M Nerurkar <sup>§</sup>	5(7)	8(2)	6(3)	Present	-
4	Ms. Madhu Dubhashi <sup>§</sup>	5(7)	6	5(3)	Not Present	-
5	Mr. Pradeep V Bhide <sup>§</sup>	6(7)	8(1)	9(1)	Present	-
6	Mr. S Sandilya <sup>§</sup>	7(7)	6(2)	7(4)	Present	-
7	Mr. C K Sharma <sup>*</sup>	4(7)	1	1	Present	700
8	Mr. N Srinivasan	7(7)	4	5(1)	Present	69,467
9	Mr. A Vellayan <sup>@</sup>	N.A.	N.A.	N.A.	N.A.	6,31,900
10	Mr. M B N Rao <sup>@</sup>	N.A.	N.A.	N.A.	N.A.	N.A.
11	Ms. Shubhalakshmi Panse <sup>@</sup>	N.A.	N.A.	N.A.	N.A.	N.A.

<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 Audit and Stakeholders Relationship Committee of Public Companies.

<sup>§</sup> Consequent to the sanction of the Scheme of Arrangement (Demerger) between the Company ("Demerged Company") and Tube Investments of India Limited, formerly known as TI Financial Holdings Limited ("Resulting Company") providing for the transfer and vesting of all manufacturing assets of the Company into Resulting Company, Messrs. M M Murugappan, L Ramkumar, Hemant M Nerurkar, Madhu Dubhashi, Pradeep V Bhide and S Sandilya resigned from the Board with effect from 1<sup>st</sup> August, 2017.

<sup>\*</sup> Mr. C K Sharma resigned from Board with effect from 7<sup>th</sup> March, 2017.

<sup>@</sup> Messrs. A Vellayan, M B N Rao and Shubhalakshmi Panse were appointed as Additional Directors with effect from 1<sup>st</sup> August, 2017.

### Composition of Audit Committee and Attendance

The Committee met five times during the year ended 31<sup>st</sup> March, 2017. The dates of the Committee's meetings were 3<sup>rd</sup> May, 2016, 4<sup>th</sup> August, 2016, 3<sup>rd</sup> November, 2016, 6<sup>th</sup> February, 2017 and 30<sup>th</sup> March, 2017. The composition of the Audit Committee and the attendance at the above 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 *	3(5)
Mr. N Srinivasan	4(5)
Mr. Hemant N Nerukar# @	1(5)

\* Mr. C K Sharma resigned from Committee w.e.f. 7<sup>th</sup> March, 2017.

# Nominated to the Committee by the Board on 15<sup>th</sup> March, 2017.

@ Ceased to be Members of the Committee with effect from 1<sup>st</sup> August, 2017 consequent upon resignation as Directors of the Company. The Committee was reconstituted with Mr. M B N Rao as Chairman and Ms. Shubhalakshmi Panse and Mr. N Srinivasan as Members with effect from 3<sup>rd</sup> August, 2017.

### Composition of Nomination & Remuneration Committee and Attendance

The Committee met five times during the year ended 31<sup>st</sup> March, 2017. The dates of the Committee's meetings were 3<sup>rd</sup> May, 2016, 4<sup>th</sup> August, 2016, 3<sup>rd</sup> November, 2016, 6<sup>th</sup> February, 2017 and 15<sup>th</sup> March, 2017. The composition of the Nomination & Remuneration Committee and the attendance at the above meetings are as follows:

**TABLE 3**

Name of the Member	Number of meetings attended (Number of meetings held)
Mr. S Sandilya @	5(5)
Mr. M M Murugappan @	4(5)
Mr. C K Sharma *	4(5)
Mr. Hemant N Nerukar # @	1(5)

\* Mr. C K Sharma resigned from committee w.e.f. 7<sup>th</sup> March, 2017.

# Nominated to the Committee as a Member and as Chairman, by the Board on 8<sup>th</sup> March, 2017 and 15<sup>th</sup> March, 2017 respectively.

@ Ceased to be Members of the Committee with effect from 1<sup>st</sup> August, 2017 consequent upon resignation as Directors of the Company. The Committee was reconstituted with Mr. M B N Rao as Chairman, Ms. Shubhalakshmi Panse (Independent Director) and Mr. A Vellayan as Members with effect from 3<sup>rd</sup> August, 2017.

### 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	Allowance	Perquisites & Contributions <sup>(a)</sup>	Total
Mr. L Ramkumar	99,37,605	81,69,700	1,15,09,595	38,74,179	3,34,91,079 <sup>§</sup>

<sup>§</sup> The entire amount of ₹3,34,91,079 has been transferred to the Resultant Company pursuant to the Scheme of Arrangement (Demerger).

(a) Managing Director's remuneration excludes provision for Gratuity and compensated absences since the amount cannot be ascertained individually.

### Remuneration of Non-Executive Directors

The details of commission provided for / sitting fees paid to non-executive Directors for the year ended 31<sup>st</sup> March, 2017 are as follows:

**TABLE 5** (Amount in ₹)

Name of the Director	Commission	Sitting fees	Total
Mr. M M Murugappan	1,00,00,000	2,55,000	1,02,55,000
Mr. Hemant M Nerurkar	7,50,000	1,95,000	9,45,000
Ms. Madhu Dubhashi	7,50,000	1,25,000	8,75,000
Mr. Pradeep V Bhide	25,00,000	3,05,000	28,05,000
Mr. S Sandilya	7,50,000	4,05,000	11,55,000
Mr. C K Sharma <sup>#</sup>	7,08,000	2,80,000	9,88,000
Mr. N Srinivasan	7,50,000	3,20,000	10,70,000
	1,62,08,000	18,85,000	1,80,93,000
LESS Amount transferred to Resulting Company pursuant to the Scheme of Arrangement (Demerger)			1,62,08,000
			<b>18,85,000</b>

<sup>#</sup> Commission calculated on pro rata basis.

### Composition of Stakeholders Relationship Committee and Attendance

The Committee met twice during the year ended 31<sup>st</sup> March, 2017. The dates of the Committee's meetings were 27<sup>th</sup> October, 2016 and 30<sup>th</sup> March, 2017. The composition of the Stakeholders Relationship Committee and the attendance at the above meetings are as follows:

**TABLE 6**

Name of the Member	Number of meetings attended (Number of meetings held)
Mr. M M Murugappan <sup>@</sup>	2(2)
Mr. L Ramkumar <sup>@</sup>	2(2)
Mr. N Srinivasan	2(2)

<sup>@</sup> Ceased to be Members of the Committee with effect from 1<sup>st</sup> August, 2017 consequent upon resignation as Directors of the Company. The Committee was reconstituted with Mr. A Vellayan as Chairman and Mr. N Srinivasan as Member with effect from 3<sup>rd</sup> August, 2017.

### Composition of Corporate Social Responsibility Committee and Attendance

The Committee met twice during the year ended 31<sup>st</sup> March, 2017. The dates of the Committee's meetings were 3<sup>rd</sup> May, 2016 and 3<sup>rd</sup> November, 2016. The composition of the Corporate Social Responsibility Committee and the attendance at the above meeting are as follows:

**TABLE 7**

Name of the Member	Number of meetings attended (Number of meetings held)
Mr. S Sandilya @	2(2)
Mr. C K Sharma (b)	2(2)
Mr. L Ramkumar @	2(2)

(b) Mr. C K Sharma resigned from committee w.e.f. 7<sup>th</sup> March, 2017.

@ Ceased to be Members of the Committee with effect from 1<sup>st</sup> August, 2017 consequent upon resignation as Directors of the Company. The Committee was reconstituted with Messrs. A Vellayan as Chairman and N Srinivasan and Mr. M B N Rao as Members with effect from 3<sup>rd</sup> August, 2017.

### Composition of Risk Management Committee and Attendance

The Committee met twice during the year ended 31<sup>st</sup> March, 2017. The dates of the Committee's meetings were 23<sup>rd</sup> November, 2016 and 7<sup>th</sup> February, 2017. The composition of the Risk Management Committee and the attendance at the above meetings are as follows:

Name of the Member	Number of meetings attended (Number of meetings held)
Mr. Pradeep V Bhide @	2(2)
Mr. Hemant M Nerurkar @	2(2)
Mr. L Ramkumar @	2(2)
Mr. C K Sharma*	1(2)*

\* Mr. C K Sharma resigned from committee w.e.f. 7<sup>th</sup> March, 2017.

@ Ceased to be Members of the Committee with effect from 1<sup>st</sup> August, 2017 consequent upon resignation as Directors of the Company.

**On behalf of the Board**

Place: Chennai  
Date: 9<sup>th</sup> August, 2017

**A Vellayan**  
Chairman

## ***Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.***

### **To the Members of**

**TI Financial Holdings Limited (formerly known as Tube Investments of India Limited)**

**No. 234, N.S.C Bose Road, Chennai – 600 001.**

1. The accompanying Corporate Governance Report prepared by TI Financial Holdings Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") with respect to Corporate Governance for the year ended March 31, 2017. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

### **Management's Responsibility**

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### **Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
  - i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and Non-Executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Directors Register as on 31<sup>st</sup> March 2017 and verified that atleast one women director was on the Board during the year;
  - iv. Obtained and read the minutes of the following meetings held from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017:
    - (a) Board of Directors;
    - (b) Audit Committee;
    - (c) Nomination & Remuneration Committee;



- (d) Stakeholders Relationship Committee; and
- (e) Risk Management Committee.
- v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and
- vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

### Opinion

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable as at March 31, 2017, referred to in paragraph 1 above.

### Other matters and Restriction on Use

9. This report 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.
10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Subramanian Suresh**

Partner

Membership No.:083673

Place: Chennai

Date: 9<sup>th</sup> August, 2017

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### Declaration on Code of Conduct

To

The Members of TI Financial Holdings 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 31<sup>st</sup> March, 2017, as envisaged in Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place: Chennai

Date: 9<sup>th</sup> August, 2017

**N Ganesh**

Manager

## GENERAL SHAREHOLDER INFORMATION

### Company Registration

The Company is registered in the State of Tamil Nadu. The Corporate Identity Number (CIN) of the Company is L65100TN1949PLC002905.

### Registered Office

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

### Annual General Meeting

Day : Monday  
Date : 25<sup>th</sup> September, 2017  
Time : 11:30 A.M.  
Venue : T T K Auditorium, The Music Academy, 168 (Old No.306), T T K Road, Chennai 600 014.

### Tentative Calendar for 2017-18

The financial year of the Company is the period ending on 31<sup>st</sup> 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 30<sup>th</sup> June, 2017 - 9<sup>th</sup> August, 2017

Results for the second quarter / half-year ending  
30<sup>th</sup> September, 2017 - October / November, 2017

Results for the third quarter ending  
31<sup>st</sup> December, 2017 - January / February, 2018

Results for the fourth quarter ending  
31<sup>st</sup> March 2018 / Annual Results  
for the financial year 2017-18 - April / May, 2018

### Dividend

During the year, in February, 2017, the Company paid an interim dividend of ₹1.25 per Equity Share.

### 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:

Financial year to which dividend relates	Date of declaration	Due date of transfer to IE&P Fund
2009-10	29.07.2010	03.09.2017
2010-11		
- Interim	29.01.2011	06.03.2018
- Final	01.08.2011	06.09.2018
2011-12		
- Interim	01.02.2012	08.03.2019
- Final	06.08.2012	11.09.2019
2012-13		
- Interim	31.01.2013	08.03.2020
- Final	02.08.2013	07.08.2020
2013-14		
- Interim	04.02.2014	12.03.2021
- Final	06.08.2014	11.09.2021
2014-15		
- Interim	04.02.2015	14.03.2022
- Final	10.08.2015	17.09.2022
2015-16		
- Interim	04.02.2016	13.03.2023
2016-17		
- Interim	06.02.2017	15.03.2024

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 2008-09 have been transferred to the IE&P Fund.

In terms of the Circular dated 10<sup>th</sup> 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.tifhl.com/tag/investors-communication/2016](http://www.tifhl.com/tag/investors-communication/2016).

### Shares to be transferred to IEPF

Pursuant to the notification of Section 124(6) of the Companies Act, 2013 and Investor Education and Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the

Company is required to transfer shares in respect of which dividend has not been paid or claimed for seven consecutive years or more. The Company has issued a notice to the shareholders concerned intimating them of the impending transfer of shares and has simultaneously published a notice in leading dailies.

The Company has uploaded the details of the same on its website for the benefit of its shareholders. Further, the corresponding shares will be transferred as per the requirements of the IEPF Rules as notified by the Ministry of Corporate Affairs from time to time. Members are requested to verify their status with the Company in this regard.

### 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"), to facilitate forwarding the dividend warrants in future 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 31<sup>st</sup> March, 2017 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

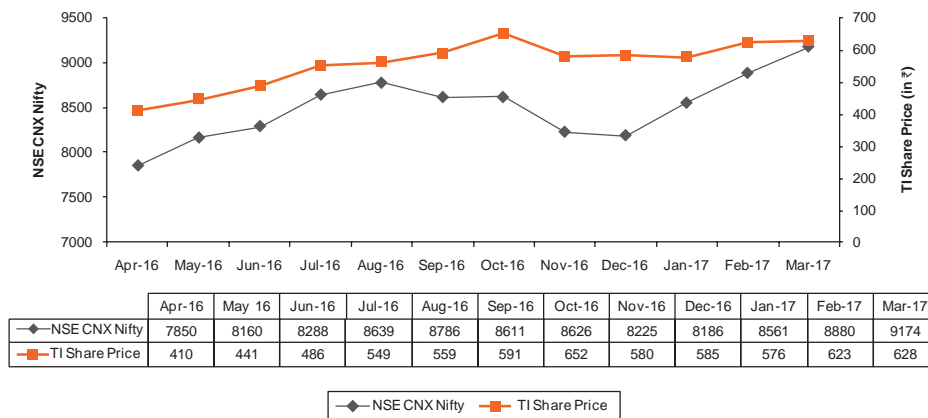
Listed on Wholesale Debt Market Segment (WDM) of National Stock Exchange of India Ltd.

## Market Price Data and Comparison

Monthly high and low price of the Equity Shares of the Company during 2016-17 are as follows:

Month	National Stock Exchange of India Ltd		BSE Ltd	
	High	Low	High	Low
	₹	₹	₹	₹
Apr-16	419.90	389.00	419.00	387.10
May-16	443.50	409.00	444.00	408.00
Jun-16	494.00	443.15	494.00	433.00
Jul-16	552.00	483.35	552.25	483.20
Aug-16	575.00	515.00	576.50	516.50
Sep-16	610.00	551.80	610.00	550.20
Oct-16	681.00	573.10	669.70	590.00
Nov-16	685.00	530.90	684.70	521.70
Dec-16	589.00	546.60	592.95	548.20
Jan-17	602.40	565.05	604.00	564.50
Feb-17	628.00	578.35	630.05	575.55
Mar-17	639.70	596.45	640.00	595.30

TI Share Price Movement Vs. NSE CNX Nifty



Note: Closing NSE CNX Nifty and TI share price on NSE are as on the last trading day of each month during 2016-17

### Registrar and Share Transfer Agent

Karvy Computershare Private Ltd  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda Hyderabad - 500 032  
[einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Tel : (040) – 67162222  
Fax : (040) - 23420814  
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/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 31<sup>st</sup> March, 2017

	Category	No. of shares held	% of shareholding
A	Promoter & Promoter Group	9,14,33,440	48.78
B	Non-Promoter Holding		
	1 Institutional Investors		
	a) Mutual Funds and UTI	2,30,63,271	12.30
	b) Banks, Financial Institutions, Insurance Companies	38,66,639	2.06
	c) Foreign Institutional Investors	2,42,53,882	12.94
	2 Others		
	a) Private Corporate Bodies	1,29,45,356	6.91
	b) Indian Public	2,56,48,359	13.68
	c) NRI	20,13,389	1.07
	d) Bank of New York Mellon (Depository for GDR holders)	42,23,460	2.25
	e) Foreign Nationals	75	0.01
	<b>Grand Total</b>	<b>18,74,47,871</b>	<b>100.00</b>

### Distribution of Shareholding as on 31<sup>st</sup> March, 2017

Category	No. of holders	% to Total	No. of shares	% to Total
1- 5000	21,191	92.34	68,88,969	3.67
5001- 10000	863	3.76	30,48,458	1.63
10001- 20000	324	1.41	23,65,342	1.26
20001- 30000	124	0.54	15,67,396	0.84
30001- 40000	71	0.31	12,46,780	0.67
40001- 50000	54	0.24	12,08,781	0.64
50001- 100000	100	0.44	35,58,984	1.90
100001 & Above	220	0.96	16,75,63,161	89.39
<b>Total</b>	<b>22,947</b>	<b>100.00</b>	<b>18,74,47,871</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 is ISIN INE149A01025.

### GDR Details

As at 31<sup>st</sup> March, 2017, 42,23,460 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 18<sup>th</sup> 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.tifhl.com](http://www.tifhl.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
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 1 <sup>st</sup> April, 2014 up to the financial year ending on 31 <sup>st</sup> 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	Issue of Secured Redeemable Non-Convertible Debentures on private placement basis for a maximum sum of ₹650 Cr.
04.08.2016	Yes	Issue of Secured Redeemable Non-Convertible Debentures on private placement basis for a maximum sum of ₹400 Cr.

The Shareholders approved the said Special Resolutions with requisite majority.

### Details of Special Resolution 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 25<sup>th</sup> September, 2017.

### Postal Ballot

During the year, the approval of the shareholders was obtained through postal ballot in respect of two special resolutions as detailed below:

### Voting pattern of the Special Resolutions passed during the year 2016-17 through Postal Ballot:

Sl. No	Resolution(s)	Votes cast in favour of the resolution		Votes cast against the resolution		Invalid votes	
		No.	%	No.	%	No.	%
1.	Approval of Employee Stock Option Plan 2016 (‘ESOP 2016’) and grant of Stock Options to employees of the Company under the ESOP 2016 pursuant to Section 62(1)(b) of the Companies Act, 2013.	12,61,55,165	99.77	2,95,713	0.23	2,419	0.00
2.	Approval to grant Stock Options to the employees of the Company’s subsidiaries under the ESOP 2016 pursuant to Section 62(1)(b) of the Companies Act, 2013.	12,61,51,855	99.76	2,98,923	0.24	2,419	0.00

Mr. R Sridharan of M/s. R Sridharan & Associates, Practising Company Secretaries, was the Scrutiniser for the postal ballot process including e-voting.

The notice of the postal ballot contains, in detail the procedure for postal ballot.

### General Body Meeting

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

Year	Date	Time	Venue
2013-14	06.08.2014	4.00 P.M.	T T K Auditorium, The Music Academy, 168 (Old No. 306) T T K Road, Chennai 600 014
2014-15	10.08.2015	4.00 P.M	Same as above
2015-16	04.08.2016	3.30 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 01.04.2016	2,051	18,62,066
2.	Number of Shareholders who approached the Company for transfer of their shares from the Unclaimed Suspense Account during the year 01.04.2016 to 31.03.2017	51	50,780
3.	Number of Shareholders to whom shares were transferred from the Unclaimed Suspense Account during 01.04.2016 to 31.03.2017	51	50,780
4.	Aggregate number of Shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 31.03.2017	2,000	18,11,286

The voting rights on the shares outstanding in the suspense account as on 31<sup>st</sup> March, 2017 shall remain frozen till the rightful owner of such shares, 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.

### CONTACT ADDRESS

#### Compliance Officer

Ms. E Krithika  
 TI Financial Holdings Limited  
 'Dare House', 234 NSC Bose Road  
 Chennai - 600 001  
 e.mail : [investorservices@tifhl.murugappa.com](mailto:investorservices@tifhl.murugappa.com)  
 Tel : (044) - 42177770  
 Fax : (044) - 42110404

#### For all matters relating to investor services:

Karvy Computershare Private Ltd  
 Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
 Financial District, Nanakramguda Hyderabad - 500 032  
[einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
 Tel : (040) – 67162222  
 Fax : (040) - 23420814  
 Toll Free : 1800-345-4001

## ANNEXURE E

### **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, 2016-17 as per Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as amended, are as follows:

**(i) Ratio of remuneration\* of each Director to the median remuneration of the employees of the Company for the financial year, 2016-17:**

Name	Designation	Ratio <sup>#</sup>
Mr. M M Murugappan	Chairman	25.88
Mr. Pradeep V Bhide	Director	7.08
Mr. S. Sandilya	Director	2.92
Mr. N. Srinivasan	Director	2.70
Mr. C K Sharma <sup>@</sup>	Director	2.49
Mr. Hemant M Nerurkar	Director	2.39
Ms. Madhu Dubhashi	Director	2.21
Mr. L Ramkumar	Managing Director	94.34

Note: \*Remuneration includes Sitting Fees

<sup>#</sup> Number of times the median remuneration

<sup>@</sup> Part of the year – up to 7<sup>th</sup> March, 2017

**(ii) Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer & Company Secretary in the financial year, 2016-17**

Name	Designation	% increase
Mr. M M Murugappan	Director	32%
Mr. Pradeep V Bhide	Director	-1%
Mr. S. Sandilya	Director	5%
Mr. N. Srinivasan	Director	-3%
Mr. C K Sharma <sup>@</sup>	Director	-6%
Mr. Hemant M Nerurkar	Director	-2%
Ms. Madhu Dubhashi	Director	3%
Mr. L Ramkumar	Managing Director	12%
Mr. S Suresh	Company Secretary	7%
Mr. K Mahendra Kumar <sup>*</sup>	Chief Financial Officer	-

<sup>@</sup> up to 7<sup>th</sup> March, 2017  
<sup>\*</sup> part of the year, 2016-17

- (iii) Percentage increase in median remuneration of employees in the financial year, 2016-17 6.79%\*
- (iv) Number of permanent employees on the rolls of the Company as on 31.3.2017 Nil\*

\* Consequent to the Demerger, the employees of the Company, pursuant to the Scheme were transferred to Resulting Company, Tube Investments of India Limited.

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

Parameters	
Average % increase in the salaries of employees other than managerial personnel viz., Managing Director, in the financial year, 2016-17	7.1%
Average % increase in the managerial remuneration in the financial year, 2016-17 viz., Managing Director's remuneration	12%
Remarks	The Managing Director's remuneration, comprises of fixed and variable component. The annual increment in salary for the financial year, 2016-17 is determined by the Nomination & Remuneration Committee on the basis Company financials, level of responsibility, experience and scales prevailing in the industry.

**(vi) Affirmation**

It is affirmed that the remuneration paid to the employees during the financial year, 2016-17 is as per the Remuneration Policy of the Company.

**On behalf of the Board**

**A Vellayan**  
Chairman

Place : Chennai  
Date : 9<sup>th</sup> August, 2017



# SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017

## ANNEXURE F

[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,  
**TI FINANCIAL HOLDINGS LIMITED**  
(Formerly known as 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 TI FINANCIAL HOLDINGS LIMITED (Formerly known as Tube Investments of India Limited) [Corporate Identity Number : L65100TN1949PLC002905] (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 31<sup>st</sup> March, 2017 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 31<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under and the Companies Act, 1956 (to the extent applicable);
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) 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 there under 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, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Employee Stock Option Plan, 2016 approved under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Employee Stock Option Scheme, 2007 approved under 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, 1951;
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, 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.

- (ii) The Uniform Listing Agreement entered with BSE Limited and the National Stock Exchange of India Limited pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

The Company had appointed Mr. K Mahendra Kumar as Chief Financial Officer and Key Managerial Personnel at the Board Meeting held on 3<sup>rd</sup> November, 2016 in the vacancy caused by the resignation of Mr. Arjun Ananth on 29<sup>th</sup> February, 2016 and he joined on 15<sup>th</sup> December, 2016.

#### **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. 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 including the resolutions passed through Postal Ballot, the number of votes cast against the resolutions has 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 the approval of the Shareholders by way of Postal Ballot in respect of approval under Section 62 (1)(b) of the Act for the Tube Investments of India Limited Employee Stock Option Plan 2016 ('ESOP 2016') and grant of Stock Options to employees of the Company and its subsidiaries under the ESOP 2016.
- b) Obtained the approval of the Board of directors at their meeting held on 3<sup>rd</sup> November, 2016 for the scheme of arrangement of Demerger between Tube Investments of India Limited (Demerged Company) and TI Financial Holdings Limited (Resulting Company).
- c) Issued Secured Redeemable Non Convertible Debentures for ₹100 Crores.
- d) Redeemed Secured Redeemable Non Convertible Debentures for ₹700 Crores.

**We further report that** subsequent to the audit period and before signing of this report, the company has :

- a) Obtained an order from The National Company Law Tribunal, Chennai sanctioning the Scheme of Arrangement (Demerger) between Tube Investments of India Limited

("Demerged Company") and TI Financial Holdings Limited ("Resulting Company") under Sections 230 to 232 of the Companies Act, 2013 on 17<sup>th</sup> July, 2017 and the Demerged Company and the Resulting Company have filed necessary forms with the Registrar of Companies along with the certified true copy of the order, the Scheme had become effective from 1<sup>st</sup> August, 2017 with the appointed date of 1<sup>st</sup> April, 2016.

- b) Changed its objects clause of the Memorandum of Association of the Company pursuant to the order received from The National Company Law Tribunal, Chennai sanctioning the Scheme of Arrangement (Demerger) between Tube Investments of India Limited ("Demerged Company") and TI Financial Holdings Limited ("Resulting Company") under Sections 230 to 232 of the Companies Act, 2013 on 17<sup>th</sup> July, 2017.
- c) Made an application in Form INC 24 with the Registrar of Companies, Chennai on 9<sup>th</sup> August, 2017 for changing its name from existing "Tube Investments of India Limited" to the new name "TI Financial Holdings Limited" pursuant to the order received from The National Company Law Tribunal, Chennai sanctioning the Scheme of Arrangement (Demerger) between Tube Investments of India Limited ("Demerged Company") and TI Financial Holdings Limited ("Resulting Company") under Sections 230 to 232 of the Companies Act, 2013.

For R.SRIDHARAN & ASSOCIATES  
COMPANY SECRETARIES

**CS R.SRIDHARAN**

CP No. 3239

FCS No. 4775

UIN : S2003TN063400

Place : Chennai

Date : 9<sup>th</sup> August, 2017

**Form No. MGT-9****ANNEXURE G****EXTRACT OF ANNUAL RETURN**as on the financial year ended on 31<sup>st</sup> March, 2017

[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 Identity Number (CIN)	:	L65100TN1949PLC002905
2.	Registration Date	:	9 <sup>th</sup> September, 1949
3.	Name of the Company	:	TI Financial Holdings Limited (formerly 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 42177770 Fax : 044 42110404 E-mail : <a href="mailto:investorservices@tifhl.murugappa.com">investorservices@tifhl.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) – 23420814 Toll free Number : 1800-345-4001

**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.	Investment Activity	6430	100

**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	Cholamandalam MS Risk Services Ltd.	“Dare House”, No.2, N S C Bose Road Chennai – 600 001.	U74140TN1994PLC029257	Joint Venture Company	49.50	2(6)

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

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

Sl. No	Category of Shareholders	No. of Shares held at the beginning of the year (1st April, 2016)				No. of Shares held at the end of the year (31 <sup>st</sup> March, 2017)				% Change during the year
		Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>(A)</b>	<b>PROMOTER</b>									
<b>(1)</b>	<b>INDIAN</b>									
(a)	Individual/HUF	1,10,89,720	-	1,10,89,720	5.92	1,10,89,720	-	1,10,89,720	5.92	0.00
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	7,07,50,575	-	7,07,50,575	37.76	7,07,50,575	-	7,07,50,575	37.74	-0.02
(d)	Financial Institutions/Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total A(1):</b>	<b>8,18,40,295</b>	<b>-</b>	<b>8,18,40,295</b>	<b>43.68</b>	<b>8,18,40,295</b>	<b>-</b>	<b>8,18,40,295</b>	<b>43.66</b>	<b>-0.02</b>
<b>(AA)</b>	<b>PROMOTER GROUP</b>									
(a)	Individual/HUF	59,95,980	-	59,95,980	3.20	60,38,480	-	60,38,480	3.22	0.02
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	21,98,535	-	21,98,535	1.17	21,56,035	-	21,56,035	1.15	-0.02
(d)	Others	13,98,630	-	13,98,630	0.75	13,98,630	-	13,98,630	0.75	0.00
	<b>Sub-Total (AA):</b>	<b>95,93,145</b>	<b>-</b>	<b>95,93,145</b>	<b>5.12</b>	<b>95,93,145</b>	<b>-</b>	<b>95,93,145</b>	<b>5.12</b>	<b>0.00</b>
<b>(A2)</b>	<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)=(A1)+(AA)+(A2)</b>	<b>9,14,33,440</b>	<b>-</b>	<b>9,14,33,440</b>	<b>48.80</b>	<b>9,14,33,440</b>	<b>-</b>	<b>9,14,33,440</b>	<b>48.78</b>	<b>-0.02</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
<b>(1)</b>	<b>INSTITUTIONS</b>									
(a)	Mutual Funds/UTI	1,68,29,192	-	1,68,29,192	8.98	2,30,63,271	-	2,30,63,271	12.30	3.32
(b)	Financial Institutions/Banks	9,01,721	7,350	9,09,071	0.49	9,23,163	7,350	9,30,513	0.50	0.01
(c)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-



Sl. No	Category of Shareholders	No. of Shares held at the beginning of the year (1st April, 2016)				No. of Shares held at the end of the year (31 <sup>st</sup> March, 2017)				% Change during the year
		Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	30,89,205	-	30,89,205	1.65	29,36,126	-	29,36,126	1.57	-0.08
(f)	Foreign Institutional Investors	2,73,87,660	2,36,660	2,76,24,320	14.75	2,40,17,222	2,36,660	2,42,53,882	12.94	-1.81
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Others	22,390	-	22,390	0.01	75	-	75	-	-
	<b>Sub-Total B(1):</b>	<b>4,82,30,168</b>	<b>2,44,010</b>	<b>4,84,74,178</b>	<b>25.88</b>	<b>5,09,39,857</b>	<b>2,44,010</b>	<b>5,11,83,867</b>	<b>27.31</b>	<b>1.43</b>
(2)	<b>NON-INSTITUTIONS</b>									
(a)	Bodies Corporate	1,50,41,245	4,130	1,50,45,375	8.03	1,26,46,256	4,140	1,26,50,396	6.75	-1.28
(b)	Individuals									
	(i) Individual Shareholders holding nominal share capital upto ₹2 lakhs	1,77,38,148	15,59,471	1,92,97,619	10.3	1,71,88,477	14,18,091	1,86,06,568	9.93	-0.37
	(ii) Individual Shareholders holding nominal share capital in excess of ₹2 lakhs	68,48,120	-	68,48,120	3.66	61,96,207	-	61,96,207	3.31	-0.35
(c)	Others									
	Clearing Members	49,161	-	49,161	0.03	27,388	-	27,388	0.01	-0.02
	Non Resident Indians	6,92,612	57,030	7,49,642	0.4	19,56,359	57,030	20,13,389	1.07	0.67
	Trusts	99,191	-	99,191	0.05	1,07,346	-	1,07,346	0.06	0.01
	Others	7,19,181	-	7,19,181	0.38	9,98,640	-	9,98,640	0.53	0.15
	<b>Sub-Total B(2):</b>	<b>4,11,87,658</b>	<b>16,20,631</b>	<b>4,28,08,289</b>	<b>22.85</b>	<b>3,91,20,673</b>	<b>14,79,261</b>	<b>4,05,99,934</b>	<b>21.66</b>	<b>-1.19</b>
	<b>Total Public Shareholding B=B(1)+B(2):</b>	<b>8,94,17,826</b>	<b>18,64,641</b>	<b>9,12,82,467</b>	<b>48.73</b>	<b>9,00,60,530</b>	<b>17,23,271</b>	<b>9,17,83,801</b>	<b>48.97</b>	<b>0.24</b>
	<b>Total (A+B):</b>	<b>18,08,51,266</b>	<b>18,64,641</b>	<b>18,27,15,907</b>	<b>97.53</b>	<b>18,14,93,970</b>	<b>17,23,271</b>	<b>18,32,17,241</b>	<b>97.75</b>	<b>0.26</b>
(C)	<b>SHARES HELD BY CUSTODIANS FOR GDRs &amp; ADRs</b>									
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	46,30,630	-	46,30,630	2.47	42,23,460	7,170	42,30,630	2.26	-0.21
	<b>Sub-Total C:</b>	<b>46,30,630</b>	<b>-</b>	<b>46,30,630</b>	<b>2.47</b>	<b>42,23,460</b>	<b>7,170</b>	<b>42,30,630</b>	<b>2.26</b>	<b>-0.21</b>
	<b>GRAND TOTAL (A+B+C):</b>	<b>18,54,81,896</b>	<b>-</b>	<b>18,73,46,537</b>	<b>100.00</b>	<b>18,57,17,430</b>	<b>17,30,441</b>	<b>18,74,47,871</b>	<b>100.0</b>	

Note: The percentage change in shareholding is on account of increase in paid up equity share capital arising on account of allotment of shares to employees under the Company's ESOP Scheme, 2007.

## (ii) Shareholding of 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	
	Messrs.							
1	Mr. M V Murugappan	12,34,200	0.66	0.13	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	13,32,405	0.71	0.00	13,32,405	0.71	0.00	0.00
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	7,18,120	0.38	0.09	7,18,120	0.38	0.09	0.00
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	0.03	8,33,090	0.44	0.03	0.00
17	Mr. M A M Arunachalam	6,18,820	0.33	0.11	6,18,820	0.33	0.11	0.00
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	34.19	0.00	6,40,54,680	34.17	0.00	0.00
22	Ambadi Enterprises Ltd.	10,58,200	0.56	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>8,18,40,295</b>	43.68	0.53	<b>8,18,40,295</b>	43.66	0.53	

Note:

The above table does not include the holdings of the promoter group aggregating 95,93,145 shares (5.12%) as at 31<sup>st</sup> March, 2017.

**(iii) Change in Promoters' Shareholding**

There is no change in the number of shares held by the Promoters.

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

Sl. No	Shareholder's Name	Shareholding					Cumulative Shareholding during the year (1.4.2016 to 31.03.2017)	
		No. of Shares at the beginning of the year (1.4.2016)/ at end of the year (31.3.2017)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of Shares	% of total shares of the Company
1	HDFC Trustee Company Ltd - A/C HDFC Mid - Cap opportunities Fund	52,08,590	2.78				52,08,590	2.78
				08/04/2016	1,71,900	Transfer	53,80,490	2.87
				15/04/2016	5,50,000	Transfer	59,30,490	3.17
				22/04/2016	4,43,000	Transfer	63,73,490	3.40
				06/05/2016	3,50,000	Transfer	67,23,490	3.59
				13/05/2016	2,90,980	Transfer	70,14,470	3.74
				27/05/2016	45,924	Transfer	70,60,394	3.77
				03/06/2016	54,076	Transfer	71,14,470	3.80
				17/06/2016	3,50,000	Transfer	74,64,470	3.98
				24/06/2016	28,200	Transfer	74,92,670	4.00
				08/07/2016	43,000	Transfer	75,35,670	4.02
				22/07/2016	25,000	Transfer	75,60,670	4.04
				29/07/2016	26,220	Transfer	75,86,890	4.05
				05/08/2016	32,311	Transfer	76,19,201	4.07
				12/08/2016	8,52,800	Transfer	84,72,001	4.52
				19/08/2016	2,00,000	Transfer	86,72,001	4.63
				26/08/2016	4,19,000	Transfer	90,91,001	4.85
				02/09/2016	4,27,800	Transfer	95,18,801	5.08
				09/09/2016	2,500	Transfer	95,21,301	5.08
				23/09/2016	4,00,000	Transfer	99,21,301	5.29
				30/09/2016	8,000	Transfer	99,29,301	5.30
				07/10/2016	2,43,289	Transfer	1,01,72,590	5.43
				18/11/2016	3,68,926	Transfer	1,05,41,516	5.62
		25/11/2016	8,22,074	Transfer	1,13,63,590	6.06		
		09/12/2016	11,500	Transfer	1,13,75,090	6.07		
		23/12/2016	1,05,400	Transfer	1,14,80,490	6.12		
		30/12/2016	6,00,750	Transfer	1,20,81,240	6.45		
		13/01/2017	2,00,000	Transfer	1,22,81,240	6.55		
		24/02/2017	50,000	Transfer	1,23,31,240	6.58		
		03/03/2017	1,16,000	Transfer	1,24,47,240	6.64		
		1,24,47,240	6.64	31/03/2017		1,24,47,240	6.64	

Sl. No	Shareholder's Name	Shareholding					Cumulative Shareholding during the year (1.4.2016 to 31.03.2017)	
		No. of Shares at the beginning of the year (1.4.2016)/ at end of the year (31.3.2017)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of Shares	% of total shares of the Company
2	ELM Park Fund Limited	51,82,523	2.77				51,82,523	2.77
				15/04/2016	-3,00,000	Transfer	48,82,523	2.61
				29/04/2016	-3,50,000	Transfer	45,32,523	2.42
				06/05/2016	-3,50,000	Transfer	41,82,523	2.23
				13/05/2016	-3,00,000	Transfer	38,82,523	2.07
				15/07/2016	-1,83,540	Transfer	36,98,983	1.97
				12/08/2016	-12,65,000	Transfer	24,33,983	1.30
				19/08/2016	-5,00,000	Transfer	19,33,983	1.03
				26/08/2016	-1,01,460	Transfer	18,32,523	0.98
				31/03/2017			18,32,523	0.98
3	The Bank of New York Mellon	46,23,460	2.47				46,23,460	2.47
				08/04/2016	-1,00,000	Transfer	45,23,460	2.41
				29/04/2016	-1,00,000	Transfer	44,23,460	2.36
				13/05/2016	-1,00,000	Transfer	43,23,460	2.31
				03/06/2016	-1,00,000	Transfer	42,23,460	2.25
				31/03/2017			42,23,460	2.25
4	Gagandeep Credit Capital Pvt Ltd	44,09,610	2.35		no movement		44,09,610	2.35
		44,09,610	2.35	31/03/2017				
5	UTI-Unit Scheme for Charitable and Religious Trust and Registered Societies	41,98,118	2.24				41,98,118	2.24
				08/04/2016	-2,58,324	Transfer	39,39,794	2.10
				15/04/2016	-1,59,103	Transfer	37,80,691	2.02
				22/04/2016	-2,38,170	Transfer	35,42,521	1.89
				06/05/2016	15,000	Transfer	35,57,521	1.90
				13/05/2016	716	Transfer	35,58,237	1.90
				10/06/2016	-76,667	Transfer	34,81,570	1.86
				26/08/2016	-25,000	Transfer	34,56,570	1.84
				02/09/2016	-1,64,000	Transfer	32,92,570	1.76
				16/09/2016	-25,000	Transfer	32,67,570	1.74
				23/09/2016	-25,000	Transfer	32,47,570	1.73
				31/03/2017			32,47,570	1.73

Sl. No	Shareholder's Name	Shareholding					Cumulative Shareholding during the year (1.4.2016 to 31.03.2017)	
		No. of Shares at the beginning of the year (1.4.2016)/ at end of the year (31.3.2017)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of Shares	% of total shares of the Company
6	Amrit Petroleums Private Limited	34,48,880	1.84				34,48,880	1.84
				30/12/2016	-4,00,000	Transfer	30,48,880	1.63
				17/02/2017	-3,00,000	Transfer	27,48,880	1.47
				03/03/2017	-4,00,000	Transfer	23,48,880	1.25
		23,48,880	1.25	31/03/2017			23,48,880	1.25
7	Reliance Capital Trustee Co Ltd- A/C Reliance Mid & Small Cap Fund	31,83,846	1.70				31,83,846	1.70
				29/04/2016	-85,000	Transfer	30,98,846	1.65
		30,98,846	1.65	31/03/2017			30,98,846	1.65
8	Life Insurance Corporation of India	30,89,125	1.65				30,89,125	1.65
				08/04/2016	-1,00,124	Transfer	29,89,001	1.60
				15/04/2016	-51,770	Transfer	29,37,231	1.57
				22/04/2016	-1,185	Transfer	29,36,046	1.57
		29,36,046	1.57	31/03/2017			29,36,046	1.57
9	Daiwa Capital Markets Singapore Limited A/C Toyota Tsusho Corporation	27,00,000	1.44	no movement			27,00,000	1.44
		27,00,000	1.44	31/03/2017				
10	National Westminster Bank plc As Depository of First State Indian Sub-Continent Fund, a sub-fund of First state Investments ICVC	19,03,195	1.02				19,03,195	1.02
				11/11/2016	-2,68,063	Transfer	16,35,132	0.87
				18/11/2016	-54,959	Transfer	15,80,173	0.84
				25/11/2016	-3,80,761	Transfer	11,99,412	0.64
				02/12/2016	-12,786	Transfer	11,86,626	0.63
				09/12/2016	-1,271	Transfer	11,85,355	0.63
				16/12/2016	-1,000	Transfer	11,84,355	0.63
				23/12/2016	-2,570	Transfer	11,81,785	0.63
				30/12/2016	-33,934	Transfer	11,47,851	0.61
				06/01/2017	-54,464	Transfer	10,93,387	0.58
				13/01/2017	-15,986	Transfer	10,77,401	0.57
				20/01/2017	-8,900	Transfer	10,68,501	0.57
				27/01/2017	-1,876	Transfer	10,66,625	0.57
				03/02/2017	-63,274	Transfer	10,03,351	0.54
10,03,351	0.54	31/03/2017			10,03,351	0.54		



Sl. No	Shareholder's Name	Shareholding					Cumulative Shareholding during the year (1.4.2016 to 31.03.2017)	
		No. of Shares at the beginning of the year (1.4.2016)/ at end of the year (31.3.2017)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of Shares	% of total shares of the Company
11	Tube Investments of India Limited - Unclaimed Suspense Account	18,63,866	0.99				1863866	0.99
				27/05/2016	-9,950	Transfer	18,53,916	0.99
				10/06/2016	-1,310	Transfer	18,52,606	0.99
				22/07/2016	-20,320	Transfer	18,32,286	0.98
				30/09/2016	-7,770	Transfer	18,24,516	0.97
				21/10/2016	-2,470	Transfer	18,22,046	0.97
				02/12/2016	-4,060	Transfer	18,17,986	0.97
				09/12/2016	-50	Transfer	18,17,936	0.97
				23/12/2016	-660	Transfer	18,17,276	0.97
				06/01/2017	-860	Transfer	18,16,416	0.97
				13/01/2017	-1140	Transfer	18,15,276	0.97
				10/02/2017	-1260	Transfer	18,14,016	0.97
				17/02/2017	-930	Transfer	18,13,086	0.97
				18,11,296	0.97	31/03/2017		18,11,296
12	Sudarshan Securities Private Limited	34,48,880	1.84					
				10/07/2016	-34,48,880	Transfer	-	-
		-	-	31/03/2017			-	-
13	Mr. Mayank Jashwantlal Shah	4,20,000	0.22					
				31/03/2017	8,90,000	Transfer	13,10,000	0.70
		13,10,000	0.70	31/03/2017			13,10,000	0.70

**(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>Pre Demerger - Directors</b>					
1	<b>Mr. M M Murugappan, Chairman (Non-Executive Director)</b>				
	At the beginning of the year	13,32,405	0.71		
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	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 decrease in shareholding during the year (27.12.2016)	25000	0.01		
	At the end of the year	1,25,650	0.07	1,25,650	0.07
3	<b>Mr. C K Sharma, Non-Executive Director*</b>				
	At the beginning of the year	700	0.03		
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	700	0.03		
4	<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>Post Demerger - Directors</b>					
1	<b>Mr. A Vellayan, Chairman (Non-Executive Director)</b>				
	At the beginning of the year	6,31,900	0.35		
	Date-wise increase in shareholding during the year	-	-		
	At the end of the year	6,31,900	0.35		
2	<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		

\* Upto 7<sup>th</sup> March, 2017

None of the other Directors viz., Mr. M B N Rao, Ms. Shubhalakshmi Panse or the Key Managerial Personnel viz., Mr. N Ganesh, Mr. AN Meyyappan and Ms. E Krithika hold any shares in the Company.

## V. INDEBTEDNESS

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

₹ in Crores

Particulars	Secured	Short Term - Unsecured	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
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>-</b>	<b>1426.39</b>
<b>Change in Indebtedness during the financial year</b>				
i) Addition	-	-	-	-
ii) Reduction	1,210.14	216.25	-	1426.39
<b>Net Change</b>	<b>1,210.14</b>	<b>216.25</b>	<b>-</b>	<b>1426.39</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

₹ in Crores

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

NOTE: Consequent to the Demerger, the remuneration of the Managing Director for the financial year ended 31<sup>st</sup> March, 2017 that is attributable to the manufacturing activities had been charged/accounted in the books of the Resulting Company.

**B. Remuneration to other Directors**

₹ in Crores

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	
1. Independent Directors						
Fees for attending Board/Committee Meetings	0.041	0.031	0.028	0.020	0.013	0.131
Commission	-	-	-	-	-	-
Others, please specify	-	-	-	-	-	-
<b>Total (1)</b>	<b>0.041</b>	<b>0.031</b>	<b>0.028</b>	<b>0.020</b>	<b>0.013</b>	<b>0.131</b>

\* upto 7<sup>th</sup> March, 2017

₹ in Crores

2. Other Non-Executive Directors	Mr. M M Murugappan	Mr. N Srinivasan	Total Amount
Fees for attending Board/Committee Meetings	0.026	0.032	0.058
Commission	-	-	-
Others, please specify	-	-	-
<b>Total (2)</b>	<b>0.026</b>	<b>0.032</b>	<b>0.058</b>
<b>Total (B) = (1)+(2)</b>			<b>0.189</b>
<b>Total Managerial Remuneration (A)+(B)</b>			<b>0.189</b>
<b>Overall Ceiling as per the Act</b>			<b>4.01</b>

NOTE: Consequent to the Demerger, the part of the remuneration of the Directors for the financial year ended 31<sup>st</sup> March, 2017 that is attributable to the manufacturing activities has been charged/accounted in the books of the Resulting Company.

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

₹ in Crores

Particulars of remuneration	Key Managerial Personnel		Total Amount
	Company Secretary	Chief Financial Officer	
1 Gross Salary	Nil	Nil	Nil
(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961			
(b) Value of perquisites under Section 17(2) of Income-tax Act, 1961			
(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>			

NOTE: Consequent to the Demerger, the remuneration of the Key Managerial Personnel for the financial year ended 31<sup>st</sup> March, 2017 that is attributable to the manufacturing activities have been charged/accounted in the books of the Resulting Company.

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

There were no penalties, punishment or compounding of offences during the year ended 31<sup>st</sup> March, 2017.

# BUSINESS RESPONSIBILITY REPORT

## ANNEXURE H

### Policy on Business Responsibility

The Company abides by a set of enduring values and beliefs called the ‘five lights’ viz., the lights of Integrity, Passion, Quality, Respect and Responsibility in order to be a socially responsible business, which would on a continuous basis, enhance the interests of all its stakeholders. By steadfastly upholding the principles of good and robust corporate governance ingrained with discipline, accountability, transparency and fairness, the Company constantly endeavors to sustain and enhance itself as a responsible corporate citizen.

\* The demerger of the manufacturing business undertaking of the Company into the Tube Investment of India Limited (Resulting Company) under the Scheme of Arrangement (Demerger) upon sanction by the National Company Law Tribunal, Chennai vide its Order dated 17<sup>th</sup> July, 2017 was made effective from 1<sup>st</sup> August, 2017 and became operative from 1<sup>st</sup> April, 2016 viz., the Appointed Date under the Scheme of Arrangement. Hence, this Report relates to the remaining business viz., the financial services business of the Company.

### Section A: General Information about the Company\*

1.	Corporate Identity Number (CIN)	L65100TN1949PLC002905						
2.	Name of the Company	TI Financial Holdings Limited						
3.	Registered office address	‘Dare House’, 234 N S C Bose Road, Chennai – 600 001						
4.	Website	<a href="http://www.tifhl.com">www.tifhl.com</a>						
5.	E-mail ID	<a href="mailto:investorservices@tifhl.murugappa.com">investorservices@tifhl.murugappa.com</a>						
6.	Financial Year reported	1 <sup>st</sup> April, 2016 to 31 <sup>st</sup> March, 2017						
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Investment Activity						
	<table border="1"> <thead> <tr> <th>NIC Code</th> <th>Group</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>K</td> <td>6430</td> <td>Investment Activity</td> </tr> </tbody> </table>	NIC Code	Group	Description	K	6430	Investment Activity	
NIC Code	Group	Description						
K	6430	Investment Activity						
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	Investment						
9.	Total number of locations where business activity is undertaken by the Company	1						
	(a) Number of International Locations	Nil						
	(b) Number of National locations	Nil						
10.	Markets served by the Company	National						

### Section B: Financial details of the Company\*

1.	Paid up Capital (INR)	18.75 Cr.
2.	Total Turnover (INR)	40.07 Cr. (investment income)
3.	Total profit after taxes (INR)	36.29 Cr.
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	7.08%
5.	List of activities in which expenditure in 4 above has been incurred	Refer CSR Report



**Section C: Other details**

1.	Does the Company have any subsidiary company/ companies?	Yes. The Company has one subsidiary company viz., Cholamandalam MS General Insurance Company Limited
2.	Do the subsidiary company / companies participate in the BR Initiatives of the parent company?	The said subsidiary has its own CSR initiatives in broad thematic areas with focus on quality service delivery and empowerment.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

**Section D: BR Information****1. Details of Director/Directors responsible for BR**

Details	
(a) Details of the Director/Director responsible for implementation of the BR policy/policies	
1. DIN	00123338
2. Name	N Srinivasan
3. Designation	Director
(b) Details of the BR head	Same as above

**2. Principle-wise BR Policy/policies**

The nine areas of business responsibility enunciated under the National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs, Government of India are:

Principle ("P")	Area of BR
1.	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability;
2.	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle;
3.	Businesses should promote the well-being of all employees;
4.	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized;
5.	Businesses should respect and promote human rights;
6.	Business should respect, protect and make efforts to restore the environment;
7.	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner;
8.	Businesses should support inclusive growth and equitable development;
9.	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a) Details of compliance

NO.	QUESTIONS	P.1	P.2	P.3	P.4	P.5	P.6	P.7	P.8	P.9
1.	Do you have policy / policies for...	✓	✓	✓	✓	✓	✓	✓	✓	✓
2.	Has the policy been formulated in consultation with the relevant stakeholders?	✓	✓	✓	✓	✓	✓	✓	✓	✓
3.	Does the policy conform to any national / international standards?	✓	✓	✓	✓	✓	✓	✓	✓	✓
4.	Has the policy been approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	✓	✓	✓	✓	✓	✓	✓	✓	✓
5.	Does the Company have a specified Committee of the Board/ Director / Official to oversee the implementation of the policy?	✓	✓	✓	✓	✓	✓	✓	✓	✓
6.	Indicate the link for the policy to be viewed online?	www.tifhl.com								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	✓	✓	✓	✓	✓	✓	✓	✓	✓
8.	Does the Company have in-house structure to implement the policy / policies?	✓	✓	✓	✓	✓	✓	✓	✓	✓
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy / policies?	✓	✓	✓	✓	✓	✓	✓	✓	✓
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	X	X	X	X	X	X	X	X	X

b) If answer to Sl. No. 1 against any principle, is 'No', please explain why:

NO.	QUESTIONS	P.1	P.2	P.3	P.4	P.5	P.6	P.7	P.8	P.9
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	NA	NA	NA	NA	NA	NA	NA	NA	NA
5.	It is planned to be done within the next 1 year	NA	NA	NA	NA	NA	NA	NA	NA	NA
6.	Any other reason	-	-	-	-	-	-	-	-	-

**3. Governance related to BR**

- a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year.  
Annually assessed
- b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?  
Yes. Besides in the Annual Report, the Business Responsibility Report is also available in the website of the Company at [www.tifhl.com](http://www.tifhl.com)

## Section E: Principle-wise Performance

### Principle 1 – Ethics, Transparency & Accountability

- 1) Does the policy relating to Ethics, Bribery and Corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Policy extends to the Company. The Subsidiary, Associate and the joint venture have their own policies.

- 2) How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.

One investor complaint was received towards the end of March, 2017 and hence, the same was pending as at 31<sup>st</sup> March, 2017. Subsequently, the same was closed in April, 2017.

### Principle 2 - Safety and sustainability of goods & services

- 1) List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Not applicable. The Company is an investment company.

- 2) For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(i) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

Not applicable

(ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not applicable

- 3) Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

Not applicable

- 4) Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Not applicable

- 5) Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).

Not applicable

### Principle 3 - Promotion of wellbeing of employees<sup>#</sup>

- 1) Please indicate the total number of employees.

Nil

- 2) Please indicate the total number of employees hired on temporary/contractual/casual basis.

Nil

- 3) Please indicate the number of permanent women employees.

Nil

- 4) Please indicate the number of permanent employees with disabilities.

Nil

- 5) Do you have an employee association that is recognized by management?

Nil

- 6) What percentage of your permanent employees is members of this recognized employee association?

Nil

- 7) Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Nil

- 8) What percentage of your employees were given safety & skill up-gradation training in the last year?

Nil

- Permanent Employees (includes women employees and employees with disabilities)

Nil

- Casual/Temporary/Contractual Employees

Nil

<sup>#</sup>Consequent to the Demerger, the employees of the Company, pursuant to the Scheme were transferred to Resulting Company, Tube Investments of India Limited.

### Principle 4 - Responsiveness towards stakeholders

- 1) Has the Company mapped its internal and external stakeholders?

Yes

- 2) Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

Not applicable

- 3) Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders.

Yes. Please refer CSR Report

**Principle 5 - Promoting human rights**

- 1) Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company's policy on human rights is imbibed in its values represented in the Five Lights guiding the Company, its group companies and their employees across all spheres. The alignment with this value system is expected out of any person dealing with the Company.

- 2) How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

One investor complaint was received towards the end of March, 2017 and hence, the same was pending as at 31<sup>st</sup> March, 2017. Subsequently, the same was closed in April, 2017.

**Principle 6- Protecting the environment**

- 1) Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

Policy is applicable only to the Company.

- 2) Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming etc.?

Not applicable

- 3) Does the Company identify and assess potential environmental risks?

Not applicable

- 4) Does the Company have any project related to Clean Development Mechanism?

No

- 5) Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. ?

No

- 6) Are the emissions/wastes generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Not applicable

- 7) Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

**Principle 7- Responsibility towards public and regulatory policy**

- 1) Is your Company a member of any trade and chamber or association? No

- 2) Have you advocated/lobbied through above associations for the advancement or improvement of public good?

Not applicable

**Principle 8 – Supporting inclusive growth and development**

- 1) Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?

Yes. Please refer CSR Report

- 2) Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

Yes. Please refer CSR Report

- 3) Have you done any impact assessment of your initiative?

Impact assessment is done for all major initiatives.

- 4) What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Yes. Please refer CSR Report

- 5) Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Initiatives are identified based on the requirement of the community such that the benefits out of them are of an enduring nature like operation of mobile medical unit, infrastructure and sanitation facilities for schools etc. Please refer CSR Report

**Principle 9 - Providing value to customers & consumers**

- 1) What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Nil

- 2) Does the Company display product information on the product label, over and above what is mandated as per local laws?

Not applicable

- 3) Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. No.

- 4) Did your Company carry out any consumer survey / consumer satisfaction trends?

Not applicable

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TI FINANCIAL HOLDINGS LIMITED  
(FORMERLY KNOWN AS TUBE INVESTMENTS OF INDIA LIMITED)

## Report on the Financial Statements

We have audited the accompanying standalone financial statements of TI Financial Holdings Limited (formerly known as Tube Investments of India Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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 and the Companies (Accounting Standards) Amendment Rules, 2016. 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, 2017, 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 and the Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 does not have any pending litigations which would impact its financial position;
- (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;
- (iv) As per books of accounts of the Company and as represented by the management of the Company, the Company did not have cash balance as on November 8, 2016 and December 30, 2016 and has no cash dealings during this period;

**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: 9<sup>th</sup> August 2017

**Annexure 1 referred to in our report of even date  
Re: TI Financial Holdings Limited (formerly known as Tube  
Investments of India Limited ('the Company'))**

- (i) The Company does not have any fixed assets and, accordingly, the requirements under clause 3(i) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company.
- (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 Sections 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax and other statutory dues. The provisions relating to provident fund, sales tax, service tax, duty on customs, duty of excise, value added tax, cess, employees' state insurance are not applicable to the Company.



- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax were outstanding, at the year end, for a period of more than six months from the date they became payable
- (c) According to the information and explanations given to us, there are no dues of income tax which have not been deposited on account of any dispute.
- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money 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 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 Sections 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) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. 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 as at March 31, 2017.

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: 9<sup>th</sup> August 2017

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF TI FINANCIAL HOLDINGS LIMITED (FORMERLY KNOWN AS 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 TI Financial Holdings Limited (formerly known as Tube Investments of India Limited)

We have audited the internal financial controls over financial reporting of TI Financial Holdings Limited (formerly known as Tube Investments of India Limited) ("the Company") as of March 31, 2017 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, 2017, 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: 9<sup>th</sup> August 2017

## BALANCE SHEET

₹ in Crores			
Particulars	Note No.	As at 31.03.2017	As at 31.03.2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	4	18.75	37.47
(b) Reserves and Surplus	5	949.95	1901.81
		<b>968.70</b>	<b>1939.28</b>
<b>Non-Current Liabilities</b>			
(a) Long Term Borrowings	6	-	375.00
(b) Deferred Tax Liabilities (Net)	7	-	41.96
		-	<b>416.96</b>
<b>Current Liabilities</b>			
(a) Short Term Borrowings	8	-	265.82
(b) Trade Payables {Includes amounts due to Micro, Small and Medium Enterprises - Nil. (Previous year - ₹0.42 Cr.)}	9	-	612.44
(c) Other Current Liabilities	10	2.47	826.23
(d) Short Term Provisions	11	-	117.62
		<b>2.47</b>	<b>1822.11</b>
<b>TOTAL</b>		<b>971.17</b>	<b>4178.35</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Property, Plant and Equipment	12	-	831.60
(ii) Capital Work-in-Progress		-	56.06
(b) Non-Current Investments	13	913.70	1461.29
(c) Long Term Loans and Advances	14	-	51.92
		<b>913.70</b>	<b>2400.87</b>
<b>Current Assets</b>			
(a) Inventories	15	-	458.31
(b) Trade Receivables	16	-	490.85
(c) Cash and Bank balances	17	2.47	734.55
(d) Short Term Loans and Advances	18	-	93.63
(e) Other current assets	19	55.00	0.14
		<b>57.47</b>	<b>1777.48</b>
<b>TOTAL</b>		<b>971.17</b>	<b>4178.35</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  
9<sup>th</sup> August 2017

**E Krithika**  
Company Secretary

**AN Meyyappan**  
Chief Financial Officer

On behalf of the Board  
For TI Financial Holdings Limited

**N Ganesh**  
Manager

**A Vellayan**  
Chairman

**N Srinivasan**  
Director

## STATEMENT OF PROFIT AND LOSS

₹ in Crores			
Particulars	Note No.	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>Revenue from Operations</b>			
Sale of Products - Gross	20	-	4057.57
Excise Duty		-	(267.52)
Sale of Products - Net		-	3790.05
Income from Investments	21	40.07	31.79
Other Operating Revenues	22	-	150.92
		<b>40.07</b>	<b>3972.76</b>
Other Income	23	-	2.62
<b>Total Revenue</b>		<b>40.07</b>	<b>3975.38</b>
<b>Expenses</b>			
Cost of Raw materials and Components Consumed	24	-	2364.56
Purchase of Stock-in-Trade - Cycles/Accessories and Metal Formed Products		-	79.31
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	-	(12.40)
Employee Benefits Expense	26	-	357.91
Finance Costs	27	-	135.11
Depreciation and Amortisation Expense	12	-	110.60
Other Expenses	28	3.78	801.49
		<b>3.78</b>	<b>3836.58</b>
<b>Profit Before Exceptional Items and Tax</b>		<b>36.29</b>	<b>138.80</b>
Exceptional Items	29	-	784.98
<b>Profit Before Tax</b>		<b>36.29</b>	<b>923.78</b>
<b>Profit Before Tax from Continuing Operations</b>		<b>36.29</b>	<b>841.71</b>
Tax Expense			
Income Tax			
- Current Year		-	163.85
- Prior Years		-	-
Deferred Tax (Net)		-	-
		-	<b>163.85</b>
<b>Profit After Tax from Continuing Operations - A</b>		<b>36.29</b>	<b>677.86</b>
<b>Profit Before Tax from Discontinuing Operations</b>		-	<b>82.07</b>
Tax Expense			
Income Tax			
- Current Year		-	46.48
- Prior Years		-	(1.70)
Deferred Tax (Net)		-	(14.74)
		-	<b>30.04</b>
<b>Profit After Tax from Discontinuing Operations - B</b>		-	<b>52.03</b>
<b>Profit for the Year - A+B</b>		<b>36.29</b>	<b>729.89</b>
Earnings per Equity Share of ₹1 each (Previous Year ₹2 each)	41		
<b>Basic</b>			
Computed on the basis of profit from continuing operations		1.94	36.21
Computed on the basis of total profit for the year		1.94	38.98
<b>Diluted</b>			
Computed on the basis of profit from continuing operations		1.94	36.17
Computed on the basis of total profit for the year		1.94	38.94
Summary of Significant Accounting Policies	3		
The accompanying notes are an integral part of the financial statements			

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  
9<sup>th</sup> August 2017

**E Krithika**  
Company Secretary

**AN Meyyappan**  
Chief Financial Officer

**N Srinivasan**  
Director

On behalf of the Board  
For **TI Financial Holdings Limited**

**N Ganesh**  
Manager

**A Vellayan**  
Chairman

## CASH FLOW STATEMENT

Particulars	₹ in Crores	
	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>A. Cash Flow from Operating Activities:</b>		
<b>Net Profit Before Tax</b>	<b>36.29</b>	<b>923.78</b>
Adjustments for :		
Depreciation and Amortisation Expense from Discontinuing Operations	-	110.60
Provision for Impairment	-	37.05
Finance Costs	-	135.11
Profit on Property, Plant and Equipment Sold / Discarded (Net)	-	(0.78)
Profit on Sale of Current Investments	-	(0.79)
Profit on Sale of Non Current Investments	-	(820.78)
Provision for Doubtful Trade Receivables (Net)	-	1.90
Unrealised Exchange Differences on Foreign Currency Borrowings (Net)	-	(2.18)
Liabilities no longer payable written back	-	(0.30)
Interest Income	-	(1.90)
Dividend Income	-	(29.89)
<b>Operating Profit before Working Capital Changes</b>	<b>36.29</b>	<b>351.82</b>
Adjustments for :		
Decrease in Trade Payables	-	(11.09)
Increase in Other Current Liabilities	-	3.27
Increase in Short Term Provisions	-	5.57
Decrease in Long Term Loans and Advances	-	0.88
Decrease in Inventories	-	9.92
Increase in Trade Receivables	-	(14.81)
Increase in Short Term Loans and Advances	-	(9.74)
Increase in Other Current Assets	(54.98)	-
<b>Cash Generated From Operations</b>	<b>(18.69)</b>	<b>335.82</b>
Direct Taxes Paid (Net)	-	(200.71)
<b>Net Cash (Used in) / from Operating Activities</b>	<b>(18.69)</b>	<b>135.11</b>
<b>B. Cash Flow from Investing Activities:</b>		
Capital Expenditure (Including Capital Work In Progress and Capital Advances)	-	(123.95)
Sale of Property, Plant and Equipment	-	2.36
Proceeds from sale of shares of Non Current Investment	-	882.67
Proceeds from Current Investments (Net)	-	0.80
Interest Received	-	1.76
Dividend Received	-	29.89
<b>Net Cash Flow from Investing Activities</b>	<b>-</b>	<b>793.53</b>
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds from exercise of Employees Stock Option	0.81	2.44
Proceeds from Long Term Borrowings	-	375.00
Repayment of Long Term Borrowings	-	(350.00)
(Repayment of) / Proceeds from Short Term Borrowings (Net)	-	(73.79)
Finance Costs Paid (Including Exchange Differences on Foreign Currency Loans)	-	(130.61)
Dividends Paid (Including Net Dividend Distribution Tax)	(107.12)	(43.01)
<b>Net Cash Used in Financing Activities</b>	<b>(106.31)</b>	<b>(219.97)</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents [A+B+C]</b>	<b>(125.00)</b>	<b>708.67</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>732.54</b>	<b>23.87</b>
<b>Transferred to the Resultant Company pursuant to Scheme of Arrangement (Refer Note 44)</b>	<b>(607.54)</b>	<b>-</b>
<b>Cash and Cash Equivalents as at End of the Year (Refer Note 17)</b>	<b>-</b>	<b>732.54</b>

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  
9<sup>th</sup> August 2017

On behalf of the Board  
For TI Financial Holdings Limited

**N Ganesh**  
Manager

**A Vellayan**  
Chairman

**E Krithika**  
Company Secretary

**AN Meyyappan**  
Chief Financial Officer

**N Srinivasan**  
Director



# NOTES TO FINANCIAL STATEMENTS

## 1. Corporate Information

TI Financial Holdings Limited (“the Company”) was formerly known as Tube Investments of India Limited and is a Public Limited Company domiciled in India. The Company is listed on Bombay Stock Exchange and National Stock Exchange. The Registered Office of the Company is located at 234, NSC Bose Road, Chennai, Tamilnadu.

The Company was originally incorporated as “T.I. Cycles of India Limited” on 9<sup>th</sup> September 1949 under the Companies Act, 1913. On 15<sup>th</sup> September 1958, the name was changed to “Tube Investments of India Limited” (CIN: L65100TN1949PLC002905).

The Company had multiple businesses broadly classified into Manufacturing Business and Financial Services Business. In order to segregate the manufacturing business and financial service business, it was decided to demerge the Manufacturing Business Undertaking on a going concern basis into a separate entity with mirror image shareholding.

Pursuant to the Scheme of Arrangement (“the Scheme”) the details relating to which are more elaborately provided under Note 44 below, the Manufacturing Business Undertaking of the Company was vested in/transferred to Tube Investments of India Limited (“Resulting Company”, formerly known as TI Financial Holdings Limited) vide the Order of the National Company Law Tribunal, Chennai (“NCLT”) dated 17<sup>th</sup> July 2017 sanctioning the Scheme (“Order of NCLT”). The Scheme was given effect by filing of a certified copy of the Order of NCLT on 1<sup>st</sup> August 2017 by the Company and the Resulting Company with the Registrar of Companies, Tamil Nadu, Chennai. The Scheme is effective from the Appointed Date i.e. 1<sup>st</sup> April 2016.

The Company continues to engage in Financial Services Businesses through its Subsidiary, Joint Venture and Associate Company viz., Insurance Business (through its Subsidiary, Cholamandalam MS General Insurance Company Limited), Risk Services (through its Joint Venture Company, Cholamandalam MS Risk Services Limited), Non-Banking Financial Business (through its Associate Company, Cholamandalam Investment and Finance Company Limited).

Pursuant to the Scheme, the Name of the Company is being changed to “TI Financial Holdings Limited”.

The standalone financial statements were authorised for issue in accordance with a resolution of the directors on 9<sup>th</sup> August 2017.

## 2. Basis of Preparation

As referred to in Note 1 above, upon the Scheme coming into effect and with effect from the appointed date of 1<sup>st</sup> April 2016, the Company has become a Core Investment Company (CIC). Consequently, the Ministry of Corporate Affairs (MCA) notification dated 16<sup>th</sup> February 2015 announcing the Companies (Indian Accounting Standards) Rules, 2015 as amended (Ind AS) is currently not applicable to the Company. Accordingly, these financial statements have been prepared on the basis of Generally Accepted Accounting Principles in India (“Indian GAAP”) and by applying the historical cost convention on an accrual basis, 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 and Companies (Accounting Standards) Amendment Rules 2016. The accounting policies adopted in the preparation of 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.

## NOTES TO FINANCIAL STATEMENTS

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

Based on the nature of 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 Property, Plant and Equipment, 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 of past or future cash receipts or payments.

### 3.5. Property, Plant and Equipment (PPE)

Property, Plant and Equipment 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 Property, Plant and Equipment 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.

All machinery spare parts, stand-by and servicing equipment qualify as Property, Plant and Equipment if they meet the definition of PPE i.e. if the company intends to use these during more than a period of 12 months. The spare parts capitalized in this manner are depreciated as per AS 10 (Revised). Subsequent expenditure relating to Property, Plant and Equipment is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance

Property, Plant and Equipment 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.

## NOTES TO FINANCIAL STATEMENTS

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 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 / Long-term 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.

Long-term investments are stated at cost and provision for diminution in value is made, where such diminution is other than that of temporary in nature. Current Investments are stated at lower of cost and fair value determined on the basis of each category of 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 Recognition

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 when right to receive such dividend is established. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Profit / loss on sale of investments is recognised at the time of sale.

### 3.10. Government Grants

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.

## NOTES TO FINANCIAL STATEMENTS

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.

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.

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 the Contributions are invested in a Scheme with Life Insurance Corporation of India, as permitted by Indian Law. 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

the Contributions are invested in a Scheme with Life Insurance Corporation of India, as permitted by Indian Law. 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 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

## NOTES TO FINANCIAL STATEMENTS

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 Cash Flow Hedges (forward contracts and currency swaps) to hedge its risks associated with foreign currency fluctuations relating to firm commitment or highly probable forecast transactions. Till 31<sup>st</sup> March 2016, the Company designated these in a hedging relationship by applying the hedge accounting principles set out in Accounting Standard 30 – “Financial Instruments – Recognition and Measurement”. From 1<sup>st</sup> April 2016, the Company accounts for Derivative Instruments based on Guidance note issued by ICAI on accounting for Derivative contracts.

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 crystallizes.

If the forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised



## NOTES TO FINANCIAL STATEMENTS

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

The Company depreciates Property, Plant and Equipment over their estimated useful lives using the Straight-line method, as per Schedule II of Companies Act, 2013. The estimated useful lives are as follows:

Description of Assets	Useful life
Plant & Machinery	7.50 - 15 Years
Electrical Appliances	5 - 10 Years
Furniture & Fixtures	10 Years
Factory Buildings	30 Years
Other Buildings	60 Years
Vehicles	4 Years

The following category of Property, Plant and Equipment are not depreciated as per Schedule II of Companies Act, 2013. These category of Property, Plant and Equipment are depreciated based on the Company's estimate of their useful lives taking into consideration technical advise:

Description of Assets	Useful life
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

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

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

Certain Property, Plant and Equipment 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 Property, Plant and Equipment is likely to be affected by the variation in demand and / or its condition / usability.

### 3.16. Research and Development

Revenue expenditure on research and development is expensed when incurred. Capital expenditure on research and development is capitalised under Property, Plant and Equipment 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



## NOTES TO FINANCIAL STATEMENTS

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 embodying economic benefits 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. 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.

### 3.20. 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.

### 3.21. 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 31.03.2017	As at 31.03.2016
<b>Authorised Capital</b>		
43,00,00,000 Equity Shares of ₹1 each (Previous Year 21,50,00,000 Equity Shares of ₹2 each)	43.00	43.00
<b>Issued, Subscribed and Paid-up Capital</b>		
18,74,47,871 Equity Shares of ₹1 each fully paid up (Previous Year 18,73,46,537 Equity Shares of ₹2 each fully paid up)	18.75	37.47
	<b>18.75</b>	<b>37.47</b>

a) The Reconciliation of Share Capital is given below:

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
At the beginning of the year	18,73,46,537	37.47	18,71,31,664	37.43
Shares allotted on exercise of Employee Stock Options of the Resultant Company (Refer Note e below)	1,01,334	0.02	2,14,873	0.04
Capital Reduction pursuant to Scheme of Arrangement *		(18.74)		
At the end of the year	<b>18,74,47,871</b>	<b>18.75</b>	<b>18,73,46,537</b>	<b>37.47</b>

\* Pursuant to the scheme of Arrangement as mentioned in Note 44, the face value of the shares of the Company shall be reduced from ₹2 to ₹1 each. Accordingly, the revised Authorised Share Capital of the company is ₹43 Cr. divided into 43,00,00,000 shares of ₹1 each. The Issued, Subscribed and Paid up capital has also been reduced from ₹2/- each to ₹1/- each for 18,73,46,537 shares as at the appointed date and the difference has been credited to Capital Reserve. Any shares allotted between the appointed date and effective date has also been reduced from ₹2/- each to ₹1/- each as per the Scheme.

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 ₹1/- each (Previous Year ₹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 2017

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	% against total number of shares	No. of Shares	% against total number of shares
Name of the Shareholder				
Murugappa Holdings Limited	6,40,54,680	34.17%	6,40,54,680	34.19%

d) Status on Global Depository Receipts (GDR)

The aggregate number of GDRs outstanding as at 31<sup>st</sup> March 2017 is 42,30,630 (As at 31<sup>st</sup> March 2016 - 46,30,630) each representing one Equity Share of ₹1/- face value (Previous Year ₹2/- face value). GDR % against total number of shares is 2.26% (As at 31<sup>st</sup> March 2016 - 2.47%). The GDRs carry the same terms / rights attached to Equity Shares of the Company.

## NOTES TO FINANCIAL STATEMENTS

### e) Stock Options (Also Refer Note 41)

#### i. Employee Stock Option Plan 2007

The Company has granted Stock Options under “Employee Stock Option Plan 2007” scheme to certain employees in accordance with the Employees Stock Option Scheme, the details of which are as follows:

Particulars	Date of Grant	Weighted Average Exercise Price (₹) (Refer Note 41)	Options Granted	Options Cancelled / lapsed	Options Exercised and 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	363,624	-	-	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	15,33,659	40,553	-	31.10.09 – 25% 31.10.10 – 37.5% 31.10.11 – 37.5%	0.59
Grant 4	31-Jul-08	44.45	3,86,900	92,595	2,77,617	16,688	-	31.07.09 – 20% 31.07.10 – 20% 31.07.11 – 30% 31.07.12 – 30%	0.83
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	2,16,340	43,344	-	29.01.12 – 20% 29.01.13 – 20% 29.01.14 – 30% 29.01.15 – 30%	2.96
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%	2.33
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	19,680	-	-	02.05.12 – 20% 02.05.13 – 20% 02.05.14 – 30% 02.05.15 – 30%	-
Grant 11	01-Aug-11	159.75	33,600	33,600	-	-	-	01.08.12 – 20% 01.08.13 – 20% 01.08.14 – 30% 01.08.15 – 30%	-
Grant 12	02-Nov-11	143.10	1,26,800	27,136	43,148	56,516	-	02.11.12 – 20% 02.11.13 – 20% 02.11.14 – 30% 02.11.15 – 30%	3.72
			<b>46,76,940</b>	<b>18,34,856</b>	<b>26,67,871</b>	<b>1,74,213</b>	-		

## NOTES TO FINANCIAL STATEMENTS

During the past 5 years, the Company has allotted 11,32,554 (Previous Year 16,79,606) 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<sup>st</sup> March 2017 is 1,74,213 (Previous Year 2,75,547) and each Option is exercisable into one equity share of ₹1 face value within three/six years from the date of vesting.

The movement in stock options under “Employee Stock Option Plan 2007” scheme during the year is given below:

Particulars	Date of Grant	Options Outstanding as at 01.04.2016	During the Year 2016-17			Options Outstanding as at 31.03.2017	Options vested but not exercised as at 01.04.2016	Options vested but not exercised as at 31.03.2017
			Options Granted	Options Cancelled / lapsed	Options Exercised and allotted			
Grant 3	24-Mar-08	96,721	-	-	56,168	40,553	96,721	40,553
Grant 4	31-Jul-08	31,294	-	-	14,606	16,688	31,294	16,688
Grant 7	29-Jan-11	52,344	-	-	9,000	43,344	52,344	43,344
Grant 8	29-Jan-11	17,112	-	-	-	17,112	17,112	17,112
Grant 10	02-May-11	5,904	-	-	5,904	-	5,904	-
Grant 12	02-Nov-11	72,172	-	-	15,656	56,516	72,172	56,516
<b>Total</b>		<b>2,75,547</b>	-	-	<b>1,01,334</b>	<b>1,74,213</b>	<b>2,75,547</b>	<b>1,74,213</b>

Particulars	Date of Grant	Options Outstanding as at 01.04.2015	During the Year 2015-16			Options Outstanding as at 31.03.2016	Options vested but not exercised as at 01.04.2015	Options vested but not exercised as at 31.03.2016
			Options Granted	Options Cancelled / lapsed	Options Exercised and allotted			
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 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 10	02-May-11	21,156	-	1,476	13,776	5,904	13,776	5,904
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>14,012</b>	<b>2,14,873</b>	<b>2,75,547</b>	<b>4,59,012</b>	<b>2,75,547</b>

### ii. Employee Stock Option Plan 2016

The Company has granted Stock Options under “Employee Stock Option Plan 2016” scheme to certain employees in accordance with the Employees Stock Option Scheme, the details of which are as follows:

Particulars	Date of Grant	Weighted Average Exercise Price (₹) (Refer Note 41)	Options Granted	Options Cancelled / lapsed	Options Exercised and allotted	Options vested and Outstanding at the End of the Year	Options unvested and Outstanding at the End of the Year	Vesting Date	Weighted Average Remaining Contractual Life (In Years)
Grant 1	15-Mar-17	604.15	2,37,960	-	-	-	2,37,960	15-Mar-18	-

The movement in stock options under “Employee Stock Option Plan 2007” scheme during the year is given below:

Particulars	Date of Grant	Options Outstanding as at 01.04.2016	During the Year 2016-17			Options Outstanding as at 31.03.2017	Options vested but not exercised as at 01.04.2016	Options vested but not exercised as at 31.03.2017
			Options Granted	Options Cancelled / lapsed	Options Exercised & allotted			
Grant 1	15-Mar-17	-	2,37,960	-	-	2,37,960	-	-

## NOTES TO FINANCIAL STATEMENTS

### 5 Reserves and Surplus

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
<b>Capital Reserve</b>		
Balance at the beginning of the year	1.34	1.34
Additions during the year	-	-
Deletions during the year	-	-
Adjustment pursuant to Scheme of Arrangement (Refer Note a below)	18.63	-
	<b>19.97</b>	<b>1.34</b>
<b>Capital Redemption Reserve (Refer Note b below)</b>	<b>6.15</b>	<b>6.15</b>
<b>Securities Premium Account</b>		
Balance at the beginning of the year	198.25	195.85
Additions during the year on exercise of Employee Stock Options	0.80	2.40
Balance at the end of the year	<b>199.05</b>	<b>198.25</b>
<b>Reserve Fund (Refer Note c below)</b>		
Balance at the beginning of the year	-	-
Transfer from Surplus of Statement of Profit and Loss	7.30	-
	<b>7.30</b>	<b>-</b>
<b>Debenture Redemption Reserve</b>		
Balance at the beginning of the year	220.83	196.56
Adjustment pursuant to Scheme of Arrangement (Refer Note 44)	(220.83)	-
Additions during the year	-	111.77
Deletions during the year	-	(87.50)
Balance at the end of the year	-	<b>220.83</b>
<b>Hedge Reserve Account</b>		
Balance at the beginning of the year	(0.87)	2.01
Adjustment pursuant to Scheme of Arrangement (Refer Note 44)	0.87	-
Additions / (Deductions) during the year (Net)	-	(2.88)
Balance at the end of the year	-	<b>(0.87)</b>
<b>General Reserve</b>		
Balance at the beginning of the year	699.66	699.66
Adjustment pursuant to Scheme of Arrangement (Refer Note 44)	(353.36)	-
Balance at the end of the year	<b>346.30</b>	<b>699.66</b>

## NOTES TO FINANCIAL STATEMENTS

Particulars	As at 31.03.2017		As at 31.03.2016	
<b>Surplus in the Statement of Profit and Loss</b>				
Surplus at the beginning of the year	776.45		181.53	
Adjustment pursuant to Scheme of Arrangement (Refer Note 44)	(406.05)		-	
Profit for the year	36.29		729.89	
- Transfer to Reserve Fund	(7.30)		-	
- Transfer to Debenture Redemption Reserve	-		(24.27)	
- Interim Dividend ₹1.25 (Previous year ₹1.50) per Equity Share of ₹1 each	(23.43)		(28.09)	
- Final Dividend Proposed Nil (Previous year ₹3.50 - Special Dividend Proposed) per Equity Share of ₹1 each	-		(65.57)	
- Dividend Distribution Tax (Net) - Current year	(4.78)		(18.49)	
- Earlier year's provision for dividend distribution tax no longer required (Refer note d below)	-		1.45	
Surplus at the end of the year		<b>371.18</b>		<b>776.45</b>
		<b>949.95</b>		<b>1901.81</b>

### Notes:

- Represents the amount pertaining to cancellation of Share capital and cancellation of investments in resulting company, pursuant to the scheme of arrangement (Refer Note 44).
- Represents the amount transferred, for a sum equal to the face value of the Equity Shares, at the time of Buy-back of shares.
- As per Section 45 IC of the Reserve Bank of India Act, 1934, the Company is required to create a minimum Reserve fund at the rate of 20% of the profit after tax. Accordingly, the Company has transferred an amount of ₹7.30 Cr. out of the profit after tax for the year ended 31<sup>st</sup> March 2017 as Reserve Fund.
- Represent 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.

### 6. Long Term Borrowings

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
<b>Secured Borrowings</b>		
Secured, Listed and Rated Non-Convertible Debentures (NCD)		
8.7900% Privately Placed NCD	-	150.00
8.9000% Privately Placed NCD	-	100.00
9.9900% Privately Placed NCD	-	50.00
9.8100% Privately Placed NCD	-	75.00
	-	<b>375.00</b>

#### Nature of Security

All NCD's were secured by pari-passu first charge on certain immovable properties of the Company. All Long Term Buyers Credit (LTBC) loans are secured by pari-passu first charge on Plant and Machinery of the Company.



## NOTES TO FINANCIAL STATEMENTS

### Repayment Schedule of Non Convertible Debentures (NCD's)

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.
9.8100%	150	#9 August 2016 - ₹75 Cr. 9 August 2017 - ₹75 Cr.
9.9000%	100	#11 August 2016 - ₹100 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.

### Repayment Schedule of Long Term Buyers Credit (LTBC)

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 1.52 Mio.	19 August 2016
USD 1.45 Mio.	19 August 2016

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

## 7. Deferred Tax Liabilities (Net)

The net deferred tax liability of Nil as at 31<sup>st</sup> March 2017 (Previous Year ₹41.96 Cr.) comprises of the following:

Nature - Liability / (Asset)	₹ in Crores		
	As at 31.03.2016	Adjustment pursuant to Scheme of Arrangement (Refer Note 44)	As at 31.03.2017
<b>Deferred Tax Liabilities</b>			
Difference between the Depreciation as per Books of Account and the Income Tax Act, 1961	64.75	(64.75)	-
<b>Total (A)</b>	<b>64.75</b>	<b>(64.75)</b>	<b>-</b>
<b>Deferred Tax Assets</b>			
Provision for Doubtful Trade Receivables	(4.07)	4.07	-
Provision for Employee Benefits and Others	(6.69)	6.69	-
Others	(12.03)	12.03	-
<b>Total (B)</b>	<b>(22.79)</b>	<b>22.79</b>	<b>-</b>
<b>Net Deferred Tax Liabilities (A+B)</b>	<b>41.96</b>	<b>(41.96)</b>	<b>-</b>

## NOTES TO FINANCIAL STATEMENTS

### 8. Short Term Borrowings

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
<b>Secured Borrowings</b> (secured by <i>pari passu</i> first charge on inventories and trade receivables)		
From Banks		
- Foreign Currency Loans	-	19.88
- Cash Credit and other borrowings	-	29.69
	-	<b>49.57</b>
<b>Unsecured Borrowings</b>		
From Banks		
- Foreign Currency Loans	-	66.25
Commercial papers	-	150.00
	-	<b>216.25</b>
	-	<b>265.82</b>

Short term Borrowings have a maturity of up to 6 months as at 31<sup>st</sup> March 2017 with an interest rate of 8% to 11%

### 9. Trade Payables

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Trade Payables		
- Dues to Micro, Small & Medium Enterprises (See Note below)	-	0.42
- Others*	-	612.02
	-	<b>612.44</b>

\* Includes Dues to

Managing Director

- 0.82

Subsidiaries

- Shanthi Gears Ltd

- 0.05

- Cholamandalam Investments and Finance Co Ltd

- 0.01

(Subsidiary upto 1<sup>st</sup> September 2015 and Associate w.e.f. 2<sup>nd</sup> September 2015)

#### 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 31.03.2017	As at 31.03.2016
Principal amount due to suppliers under MSMED Act	-	0.40
Interest accrued and due to suppliers under MSMED Act, on the above amount	-	0.01
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	2.87
Interest paid to suppliers under MSMED Act (Section 16)	-	0.04
Interest due and payable to suppliers under MSMED Act, for payments already made	-	0.01
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	0.02

## NOTES TO FINANCIAL STATEMENTS

### 10. Other Current Liabilities

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Current Maturities of Long Term Borrowings		
Secured, Listed and Rated Non-Convertible Debentures (NCD)		
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
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
Unpaid Dividends	2.47	2.01
Advances and Deposits from Customers / Others	-	7.22
Dues to Directors	-	1.38
Other Liabilities		
- Recoveries from employees	-	3.14
- Statutory liabilities	-	16.93
- Capital Creditors	-	9.68
- Others	-	0.30
	<b>2.47</b>	<b>826.23</b>

\$ Includes Dues to Subsidiary - Cholamandalam MS General Insurance Company Limited - 10.00

\* Includes Dues to Subsidiary - Cholamandalam MS General Insurance Company Limited - 0.82

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

# Refer Note. 6 For Nature of Securities and Repayment Particulars - -

### 11. Short Term Provisions

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Provision for Compensated Absences (Refer Note a below)	-	14.04
Provision for Warranties (Refer Note b below)	-	1.64
Provision for Contingency / Others (Refer Note c below)	-	23.02
Proposed Dividend	-	65.57
Distribution Tax on Proposed Dividend	-	13.35
	-	<b>117.62</b>

## NOTES TO FINANCIAL STATEMENTS

### a) Provision for Compensated Absences

This refers to the amounts provided for Earned Leave and Sick Leave, which can be accumulated for use in future periods, or encashed at the time of resignation / retirement of the employee.

### b) Provision for Warranties

₹ in Crores

Particulars	2016-17	2015-16
At the beginning of the year	1.64	1.28
Created during the year	-	2.19
Utilised during the year	-	(1.83)
Adjustment pursuant to the Scheme (Refer Note 44)	(1.64)	-
<b>At the end of the year</b>	<b>-</b>	<b>1.64</b>

A provision is recognised for expected warranty claims on products sold during the last one year (2 years in respect of certain components), based on past experience of the level of returns. It is expected that most of these costs will be incurred within one year after the reporting date. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the applicable warranty period for all products sold.

### a) Provision for Contingency

₹ in Crores

Particulars	2016-17	2015-16
At the beginning of the year	23.02	15.56
Created during the year (Net)	-	7.46
Adjustment pursuant to the Scheme (Refer Note 44)	(23.02)	-
<b>At the end of the year</b>	<b>-</b>	<b>23.02</b>

The above Provision represents expected future outflows relating to various tax related matters, timing of which cannot be ascertained. The assumptions used to calculate the provisions are based on past experience of similar matters and professional consultations.

# NOTES TO FINANCIAL STATEMENTS

## 12. Property, Plant and Equipment

₹ in Crores

Particulars	Gross Block at Cost				Depreciation / Amortisation				Impairment			Net Block		
	As at 31.03.2016	Additions	Deletions	Adjustment pursuant to the Scheme (Refer Note 44)	As at 31.03.2017	As at 31.03.2016	For the Year (Refer Note a)	On Deletions	Adjustment pursuant to the Scheme (Refer Note 44)	As at 31.03.2016	For the Year (Refer Note d)	Adjustment pursuant to the Scheme (Refer Note 44)	As at 31.03.2017	As at 31.03.2016
Land (Freehold)	126.57 (121.65)	- (4.92)	-	126.57 (126.57)	-	-	-	-	-	5.53	-	5.53	-	121.04 (121.65)
Land (Leasehold)	1.14 (1.14)	-	-	1.14 (1.14)	0.20 (0.18)	(0.02)	-	0.20	-	0.33	-	0.33	-	0.61 (0.96)
Buildings (Note b)	275.37 (270.27)	(5.98)	(0.88)	275.37 (275.37)	78.17 (69.46)	(9.09)	(0.38)	78.17	-	12.37	-	12.37	-	184.83 (200.81)
Plant & Machinery	1344.70 (1292.54)	(57.94)	(5.78)	1344.70 (1344.70)	815.10 (724.57)	(95.79)	(5.26)	815.10	-	18.77	-	18.77	-	510.83 (567.97)
Railway Siding	0.21 (0.21)	-	-	0.21 (0.21)	0.20 (0.20)	-	-	0.20	-	-	-	-	-	0.01 (0.01)
Office Equipment	22.80 (23.98)	(3.31)	(4.49)	22.80 (22.80)	18.24 (19.70)	(2.93)	(4.39)	18.24	-	-	-	-	-	4.56 (4.28)
Furniture & Fixtures	13.76 (13.27)	(0.91)	(0.42)	13.76 (13.76)	9.71 (9.46)	(0.66)	(0.41)	9.71	-	0.05	-	0.05	-	4.00 (3.81)
Vehicles	10.81 (9.14)	(3.52)	(1.85)	10.81 (10.81)	5.09 (4.38)	(2.11)	(1.40)	5.09	-	-	-	-	-	5.72 (4.76)
<b>TOTAL</b>	<b>1795.36</b> (1732.20)	<b>(76.58)</b>	<b>(13.42)</b>	<b>1795.36</b> (1795.36)	<b>926.71</b> (827.95)	<b>(110.60)</b>	<b>(11.84)</b>	<b>926.71</b>	<b>-</b>	<b>37.05</b>	<b>(37.05)</b>	<b>37.05</b>	<b>-</b>	<b>831.60</b> (904.25)

### Notes:

- Depreciation / Amortisation for the year includes depreciation amounting to Nil (Previous Year ₹1.39 Cr.) charged additionally on certain assets.
  - In the previous year, Net Block of Buildings includes improvement to Buildings of ₹10.66 Cr. constructed on leasehold land.
  - Previous Year Figures are given in brackets.
  - In the previous year, on account of various market factors, changes in future project potential and expected usage, the Company had recognized an impairment loss based on recoverable amounts determined by considering estimated net selling price based on quotations from third party 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 cr. 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 were 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 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
<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	-	464.10
<b>Equity Shares (Fully Paid) - Unquoted</b>					
Financiere C10 SAS	Euro 15	-	2,23,920	-	61.15
TI Tsubamex Private Ltd.	10	-	1,95,00,000	-	19.50
Cholamandalam MS General Insurance Company Ltd. (Refer Note 29(a))	10	17,92,82,861	17,92,82,861	265.24	265.24
Tube Investments of India Limited (formally known as TI Financial Holdings Ltd.) (Refer Note 5(a))	10	-	1,10,000	-	0.11
<b>Investment in Associate:</b>					
Cholamandalam Investment and Finance Co Ltd.	10	7,22,33,019	7,22,33,019	645.83	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	-	-
LGB Forge Ltd.	1	-	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	-	0.25
<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	-	-
Southern Energy Development Corporation Ltd.	10	-	70,000	-	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	-	-
TI Diamond-Miller Co-operative Canteen Ltd. (Cost - ₹100 only)	5	-	20	-	-
Chennai Willingdon Corporate Foundation (Cost - ₹100 only)	10	10	10	-	-
Cauvery Power Generation Chennai Pvt Ltd.	10	-	24,00,000	-	2.41
				<b>913.70</b>	<b>1461.29</b>



## NOTES TO FINANCIAL STATEMENTS

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
<b>Quoted</b>		
Cost	646.69	1111.03
Market value	6972.75	5688.26
<b>Unquoted</b>		
Cost	267.01	350.26

### 14. Long Term Loans and Advances

(Considered Good, Unsecured unless stated otherwise)

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Capital Advances		
- Secured	-	8.93
- Unsecured	-	10.22
Loans and advances		
- Electricity and other deposits	-	14.26
- Others	-	4.07
Deposits with Government, Public bodies and others:		
- Balance with Customs, Excise and Sales Tax Authorities	-	9.77
- Advance Income Tax (Net of Provision for taxation)	-	4.67
	-	<b>51.92</b>

### 15. Inventories

(Lower of Cost and Estimated Net Realisable Value)

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Raw Materials	-	166.19
Work-in-Progress	-	75.25
Finished Goods	-	156.83
Stock-in-Trade	-	33.85
Stores and Spare Parts	-	6.52
Goods-in-Transit		
- Raw Materials	-	17.13
- Stock-in-Trade	-	2.54
	-	<b>458.31</b>

Details of Inventories are given below

₹ in Crores

Particulars	Cycles and Accessories		Steel Strips and Tubes		Metal Formed Products		Total	
	As at	As at	As at	As at	As at	As at	As at	As at
	31-Mar-2017	31-Mar-2016	31-Mar-2017	31-Mar-2016	31-Mar-2017	31-Mar-2016	31-Mar-2017	31-Mar-2016
Raw Materials	-	77.92	-	54.64	-	33.63	-	166.19
Work-in-Progress	-	6.95	-	44.26	-	24.04	-	75.25
Finished Goods	-	82.59	-	48.37	-	25.87	-	156.83
Stock-in-Trade	-	32.11	-	-	-	1.74	-	33.85
Stores and Spare Parts	-	-	-	4.06	-	2.46	-	6.52
Goods-in-Transit								
- Raw Materials	-	12.86	-	4.25	-	0.02	-	17.13
- Stock-in-Trade	-	2.54	-	-	-	-	-	2.54
<b>Total Inventories</b>	-	<b>214.97</b>	-	<b>155.58</b>	-	<b>87.76</b>	-	<b>458.31</b>

## NOTES TO FINANCIAL STATEMENTS

### 16. Trade Receivables

(Unsecured)

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
- Considered good	-	2.13
- Doubtful	-	10.96
	-	<b>13.09</b>
Provision for Doubtful Receivables	-	(10.96)
	-	<b>2.13</b>
<b>Others receivables</b>		
- Considered good *		488.72
- Doubtful		0.79
	-	<b>489.51</b>
Provision for Doubtful Receivables	-	(0.79)
	-	<b>488.72</b>
<b>Total Trade Receivables</b>		
- Considered good	-	490.85
- Doubtful	-	11.75
	-	<b>502.60</b>
Provision for Doubtful Receivables		(11.75)
<b>Trade Receivables (Net of Provision)</b>	-	<b>490.85</b>

\* Includes Dues from Subsidiaries

- Societe De Commercialisation De Composants Industriels SARL (merged with SEDIS SAS in 2016-17)	-	0.79
- Sedis SAS	-	4.71

### 17. Cash and Cash Equivalents

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
<b>Cash and Cash Equivalents</b>		
Balance with Banks		
- Current Accounts	-	13.65
- Fixed Deposit Accounts	-	718.82
Cash on Hand	-	0.07
	-	<b>732.54</b>
<b>Other Bank balances</b>		
- Unpaid Dividend Accounts	2.47	2.01
	<b>2.47</b>	<b>734.55</b>

## NOTES TO FINANCIAL STATEMENTS

### Details of Transactions in Specified Bank Notes and Other Denomination Notes

Particulars	Demonetised notes	Other notes	Total
Closing Cash as on 8-Nov-16	-	-	-
Add : Permitted Receipts	-	-	-
Less : Permitted Payments	-	-	-
Less : Deposited in Banks	-	-	-
<b>Closing Cash as on 30-Dec-16</b>	-	-	-

#### Note:

Pursuant to the Scheme of Arrangement (Refer Note 44), all transactions with respect to Manufacturing Business Undertaking has been transferred to the Resulting Company. The Company do not have any Cash transactions and hence the above disclosure is not applicable.

### 18. Short Term Loans and Advances

(Unsecured and considered good unless otherwise stated)

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Advances and Claims Recoverable		
- Goods and Services	-	25.71
- Employee related	-	2.37
- Prepaid expenses	-	5.94
- Gratuity Fund (Net of Provision) (Refer Note 37)	-	0.15
	-	<b>34.17</b>
Deposit with Subsidiary - Cholamandalam MS General Insurance Co. Ltd.	-	0.02
Other deposits	-	3.37
Balances with Customs, Excise and Sales Tax Authorities	-	33.53
MAT Credit Entitlement	-	22.54
	-	<b>93.63</b>

### 19. Other Current assets

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Interest Accrued	-	0.14
Receivable from Tube Investments of India Limited (Resulting Company)	55.00	-
	<b>55.00</b>	<b>0.14</b>

### 20. Sale of Products

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Sale of Products		
- Finished Goods	-	3946.15
- Traded Goods	-	111.42
<b>Sale of Products - Gross</b>	-	<b>4057.57</b>
Excise Duty on Sales	-	(267.52)
<b>Sale of Products - Net</b>	-	<b>3790.05</b>

## NOTES TO FINANCIAL STATEMENTS

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>Details of Product Sold</b>		
Finished Goods Sold		
- Cycles and Accessories	-	1389.50
- Steel Strips & Tubes	-	1565.89
- Metal Formed Products	-	990.76
Traded Goods Sold		
- Cycles and Accessories	-	102.23
- Metal Formed Products	-	9.19

### 21. Income from Investments

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Dividend income from		
- Subsidiaries	-	10.08
- Joint Venture	0.20	0.15
- Associate	39.73	18.06
- Non-Trade Investments	-	0.03
- Current Investments	-	1.57
	<b>39.93</b>	<b>29.89</b>
Interest Income		
- Fixed Deposits with Banks	0.14	1.20
- Others	-	0.70
	<b>0.14</b>	<b>1.90</b>
<b>Income from Investments</b>	<b>40.07</b>	<b>31.79</b>

Pursuant to the Scheme of arrangement (Refer Note 44), the Company has become a Core Investment Company (CIC). Accordingly, the income from investments are considered as Operating Income and the previous year numbers have been regrouped accordingly.

### 22. Other Operating Revenue

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Scrap sales [Net of Excise Duty - Nil (Previous Year ₹20.36 Cr.)]	-	132.22
Conversion Income	-	0.24
Cash Discount	-	0.20
Export Benefits (Duty drawback and other export incentives)	-	7.37
Service Income from Subsidiaries	-	6.32
Liabilities no longer payable written back	-	0.30
Others	-	4.27
	-	<b>150.92</b>

## NOTES TO FINANCIAL STATEMENTS

### 23. Other Income

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Profit on Sale of Current Investments	-	0.79
Rental Income	-	0.55
Royalty Income	-	0.44
Gain on Exchange Fluctuation (Net)	-	0.84
	-	<b>2.62</b>

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

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Opening Stock of Raw Material	183.32	205.36
Adjustment pursuant to the Scheme of Arrangement (Refer Note 44)	(183.32)	-
Purchases	-	2342.52
Closing Stock of Raw Material	-	(183.32)
<b>Cost of Raw materials and Components consumed</b>	-	<b>2364.56</b>
<b>Details are given below:</b>		
Steel	-	1372.71
Rims	-	77.14
Tyres	-	96.77
Cycle Tubes	-	38.49
Saddle	-	42.62
Chains	-	14.11
Frames	-	149.85
Forks	-	58.58
Mudguards	-	31.59
Cycles,Accessories and Others	-	482.70
<b>Raw Materials and Components Consumed</b>	-	<b>2364.56</b>

## NOTES TO FINANCIAL STATEMENTS

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

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Closing Stock / Inventories at the end of the year		
Work-in-Progress	-	75.25
Finished Goods	-	156.83
Stock-in-Trade	-	36.39
	-	<b>268.47</b>
Opening Stock / Inventories at the beginning 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>
Adjustment pursuant to Scheme of Arrangement (Refer Note 44)		
Work-in-Progress	(75.25)	-
Finished Goods	(156.83)	-
Stock-in-Trade	(36.39)	-
	<b>(268.47)</b>	-
Changes in Inventories		
Work-in-Progress	-	13.19
Finished Goods	-	(27.15)
Stock-in-Trade	-	1.56
<b>Changes in inventories of Work-in-Process, Finished Goods and Stock-in - Trade*</b>	-	<b>(12.40)</b>
* Includes Decrease / (Increase) in Excise Duty on Finished Goods	-	0.29

### 26. Employee Benefits Expense

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Salaries, Wages and Bonus	-	295.56
Gratuity Expenses	-	5.46
Contribution to Provident and Other Funds	-	15.99
Staff Welfare Expenses	-	40.90
	-	<b>357.91</b>

### 27. Finance Costs

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Interest Expense	-	122.05
Exchange difference on Foreign Currency Loans	-	12.96
Other Borrowing Costs	-	0.10
	-	<b>135.11</b>



## NOTES TO FINANCIAL STATEMENTS

### 28. Other Expenses

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Consumption of Stores and Spares	-	178.87
Conversion Charges	-	105.80
Power and Fuel *	-	135.37
Rent (Net of recoveries)	-	16.97
Repairs and maintenance - Building	-	0.60
Repairs and maintenance - Machinery	-	61.55
Insurance	-	2.66
Rates and Taxes	-	18.41
Travelling and Conveyance	0.22	22.31
Printing, Stationery and Communication	-	5.83
Freight, Delivery and Shipping Charges	-	125.96
Discounts / Incentives on Sales	-	25.53
Advertisement and Publicity	0.03	32.43
Provision / (Release of Provision) for Doubtful Trade Receivables (Net)	-	1.90
Loss on Property, Plant and Equipment Sold / Discarded (Net)	-	0.47
Auditor's Remuneration (Refer Note a below)	0.16	0.72
Commission and Sitting Fees to Non Whole Time Directors (Refer Note b below)	0.19	1.57
Bank Charges	-	1.84
Information Technology Expenses	-	9.80
Donations to Charitable and other institutions	0.18	0.75
Expenditure on Corporate Social Responsibility (Refer Note c below)	2.57	2.73
Other Expenses	0.43	49.42
	<b>3.78</b>	<b>801.49</b>

\* Includes Stores Consumed - 43.86

#### Notes:

#### (a) Auditor's Remuneration

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>As Auditor:</b>		
Audit fee	0.07	0.33
Tax audit fee	0.01	0.04
Limited review	0.02	0.09
Audit of Consolidated Financial Statements	0.04	0.07
<b>In other capacity:</b>		
Company law matters	-	0.01
Other services (Certification fees)	0.02	0.06
Ind AS advisory services	-	0.12
	<b>0.16</b>	<b>0.72</b>

## NOTES TO FINANCIAL STATEMENTS

### (b) Commission and Sitting Fees to Non Whole Time Directors

Pursuant to the Scheme of Arrangement (Refer Note 44), the Commission and sitting fees aggregating to ₹1.62 Cr. has been transferred to Resulting Company.

Particulars	₹ in Crores	
	Year Ended 31.03.2017	Year Ended 31.03.2016
Directors' Commission	1.62	1.38
Directors' Sitting Fees	0.19	0.19
	<b>1.81</b>	<b>1.57</b>
Transfer of expenses pursuant to Scheme of Arrangement (Refer Note 44)	(1.62)	-
	<b>0.19</b>	<b>1.57</b>

### (c) Corporate Social Responsibility

- i. Gross amount required to be spent during the year is ₹2.03 Cr (Previous Year – ₹2.11 Cr).
- ii. Amount spent during the year is ₹2.57 Cr (Previous Year - ₹2.73 Cr) towards
  - Education - ₹1.46 Cr (Previous Year - ₹1.76 Cr)
  - Others - ₹1.11 Cr (Previous Year - ₹0.97 Cr)

## 29. Exceptional Items

Particulars	₹ in Crores	
	Year Ended 31.03.2017	Year Ended 31.03.2016
a. Profit on Sale of Non Current Investment (Refer Note a below)	-	820.78
b. Provision for Impairment of Property Plant and Equipment (Refer Note 12d)	-	(37.05)
c. Profit on Sale of Non Operating Property, Plant and Equipment (Refer Note b below)	-	1.25
	-	<b>784.98</b>

- 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 Limited (MSGICL) to its joint venture partner, M/s Mitsui Sumitomo Insurance Company Limited, Japan (MS) for a consideration of ₹882.67 Cr. on 31<sup>st</sup> March 2016. The excess of the sale consideration over the average carrying amount of the Company's investment in MSGICL aggregating ₹820.78 Cr. was recognised as a gain during the year ended 31<sup>st</sup> March 2016.
- b. The Company sold certain non-operating Property, Plant and Equipment and earned profit of ₹1.25 Cr. This has been recognised as a gain during the year ended 31<sup>st</sup> March 2016.

## NOTES TO FINANCIAL STATEMENTS

### 30. Contingent Liabilities and Commitments

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
<b>I. Contingent Liabilities</b>		
a) Disputed Income-Tax demands from A.Y. 1993-94 to 2014-15 under appeal / remand pending before various appellate / assessing authorities against which ₹33.99 Cr. (Previous Year ₹29.84 Cr.) has been deposited. The Balance of ₹5.37 Cr. (Previous Year ₹5.84 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. Less: Reimbursable from Tube Investments of India Limited (Resulting Company) - Refer Note d below.	39.36  (39.36)	35.68  -
	-	<b>35.68</b>
b) Disputed Service Tax, Excise and Customs duty demand amounting to ₹0.11 Cr. (Previous Year ₹0.37 Cr.) pertaining to financial years 1999-2000 to 2012-13 is under appeal pending before the Appellate Tribunal. The Management is of the opinion that the above demands are arbitrary and are not sustainable	-	0.42
c) Other Claims against the Company not acknowledged as debts	-	0.88
<b>II. Commitments</b>		
a) Estimated amount of contracts remaining to be executed on capital expenditure and not provided for	-	61.00
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

#### 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.
- The Company considers the Cash flow in each of the cases to be uncertain and hence considered as Contingent liabilities.
- As per the Scheme of Arrangement, all taxes, duties, cess payable by the Company relating to the Manufacturing Business Undertaking including all advance tax payments, tax deducted at source or any refunds / credit / claims relating thereto shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds / credit / claims, as the case may be, of the Resulting Company, provided however that any direct and indirect taxes that cannot specifically be earmarked as the liability or refunds / credit / claims relating to the Manufacturing Business Undertaking shall continue to be borne by the Company. The Scheme further provides that if the Company or their successor(s) receives any refunds / credit / claims or incurs any liability in respect of the Manufacturing Business Undertaking, the same shall be on behalf of and as a trustee of the Resulting Company and the same shall be refunded to / paid by the Resulting Company.

## NOTES TO FINANCIAL STATEMENTS

### 31. Research and Development Expenses

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

#### (a) Revenue Expenditure

₹ in Crores

Particulars	2016-17	2015-16
Employee Benefits Expense	-	7.12
Consumption of Stores and Spares	-	1.78
Power and Fuel	-	0.38
Repairs to Machinery	-	0.80
Other Expenses	-	5.55
	-	<b>15.63</b>

#### (b) Capital Expenditure

₹ in Crores

Particulars	2016-17	2015-16
Plant and Machinery	-	0.90
Office Equipment	-	0.24
Furniture and Fixtures	-	0.01
	-	<b>1.15</b>

### 32. Imported and Indigenous Materials Consumed

#### (a) Consumption of Raw Materials (Refer Note 24)

₹ in Crores

Particulars	%	2016-17	%	2015-16
Imported	-	-	7.74	183.08
Indigenous	-	-	92.26	2181.48
	-	-	<b>100.00</b>	<b>2364.56</b>

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

₹ in Crores

Particulars	%	2016-17	%	2015-16
Imported	-	-	3.35	7.46
Indigenous				
- Fuel	-	-	19.69	43.86
- Others	-	-	76.96	171.41
	-	-	<b>100.00</b>	<b>222.73</b>

### 33. Value of Imports on CIF Basis

₹ in Crores

Particulars	2016-17	2015-16
Raw Materials	-	191.70
Stores and Spare Parts	-	10.18
Finished Goods	-	62.84
Capital Goods	-	8.58
	-	<b>273.30</b>

## NOTES TO FINANCIAL STATEMENTS

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

₹ in Crores

Particulars	2016-17	2015-16
FOB Value of Exports	-	212.45
Service Income	-	4.82
	-	<b>217.27</b>

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

Particulars	2016-17	2015-16
Dividend* – ₹ in Crores	0.03	0.01
Number of Non-Resident Shareholders	1	1
Number of equity shares held	56,700 of ₹1 each	56,700 of ₹2 each
Year for which Dividend Remitted		
- Final	2015-16	2014-15
- Interim	2016-17	2015-16

\* The above excludes remittances amounting to ₹2.97Cr. (Previous Year ₹0.97 Cr.) to Global Depository Receipt (GDR) holders through the custodian of GDR holders (Refer Note 4d).

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

₹ in Crores

Particulars	2016-17	2015-16
Travel	-	1.86
Interest on Foreign Currency Loans	-	0.61
Royalty	-	1.46
Others	-	5.84
	-	<b>9.77</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.

₹ in Crores

Particulars	2016-17	2015-16
<b>Change in Benefit Obligation</b>		
Projected Benefit Obligation as at Year Beginning	42.25	38.62
Adjustment pursuant to the Scheme of Arrangement (Refer Note 44)	(42.25)	-
Service Cost	-	3.71
Interest Cost	-	2.91
Actuarial Loss	-	1.61
Benefits Paid	-	(4.60)
<b>Projected Benefit Obligation as at Year End</b>	-	<b>42.25</b>

## NOTES TO FINANCIAL STATEMENTS

₹ in Crores

Particulars	2016-17	2015-16
<b>Change in Plan Assets</b>		
Fair Value of Plan Assets as at Year Beginning	42.40	39.13
Adjustment pursuant to the Scheme of Arrangement (Refer Note 44)	(42.40)	-
Expected/Actual Return on Plan Assets	-	3.26
Employer's Contribution	-	5.10
Benefits Paid	-	(4.60)
Actuarial (Loss) / Gain	-	(0.49)
<b>Fair Value of Plan Assets as at Year End</b>	<b>-</b>	<b>42.40</b>

<b>Amounts Recognised in the Balance Sheet</b>		
Projected Benefit Obligation at the Year End	-	42.25
Fair Value of the Plan Assets at the Year End	-	42.40
<b>Asset Recognised in the Balance Sheet</b>	<b>-</b>	<b>0.15</b>

<b>Cost of the Defined Benefit Plan for the Year</b>		
Current Service Cost	-	3.71
Interest on Obligation	-	2.91
Expected/Actual Return on Plan Assets	-	(3.26)
Net Actuarial Loss Recognised in the Year	-	2.10
<b>Net Cost Recognised in the Statement of Profit and Loss</b>	<b>-</b>	<b>5.46</b>

<b>Assumptions</b>		
Discount Rate	-	8.00%
Future Salary Increase (%)	-	5.00%
Attrition Rate	-	1 to 3%
Expected Rate of Return on Plan Assets	-	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	2016-17	2015-16	2014-15	2013-14	2012-13
Present value of defined benefit obligation	-	42.25	38.62	36.46	32.17
Fair value of plan assets	-	42.40	39.13	36.91	32.95
Balance Sheet (Liability) / Asset	-	0.15	0.51	0.45	0.78
Experience adjustment on Plan Liabilities (Gain) / Loss	-	1.61	1.18	1.38	0.15
Experience adjustment on Plan Assets Gain / (Loss)	-	(0.49)	0.19	0.11	0.25



## NOTES TO FINANCIAL STATEMENTS

### (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. The Actuary has provided a valuation for Provident Fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions provided below, the Company does not have additional obligation. Pursuant to the Scheme of Arrangement (Refer Note 44), all the employees have been transferred to the Resulting Company and the related provident fund balances have been transferred to the Resulting Company.

The details of fund and plan assets are given below:

₹ in Crores

Particulars	31-Mar-17	31-Mar-16
Surplus in Plan Assets	-	2.14
Present value of Defined Benefit Obligation	-	1.43
<b>Net Excess</b>	<b>-</b>	<b>0.71</b>

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

₹ in Crores

Assumptions	31-Mar-17	31-Mar-16
Discount Rate	-	8.00%
Average remaining tenure of Investment Portfolio	-	5.97
Average Interest Rate expected to be declared	-	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	31-Mar-17	31-Mar-16
Discount Rate	-	8.00%
Future Salary Increase (%)	-	5.00%
Attrition Rate	-	1 to 3%
Expected Rate of Return on Plan Assets	-	8.00%

### d) Contributions to Defined Contribution Plans

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

## 38. Segment Information

Pursuant to the Scheme of Arrangement (Refer Note 44), the 3 primary segments of Previous Year— Cycles and Accessories, Engineering and Metal Formed Products, have been transferred to the Resulting Company.

In the Current Year, the Company is engaged in a single business segment i.e., investment and operated only in one geographical segment. Accordingly, there are no separate reportable segments as per the Accounting Standard 17 on Segmental reporting.

## NOTES TO FINANCIAL STATEMENTS

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

#### (a) List of Related Parties

##### I. Subsidiary Companies

- a. Cholamandalam MS General Insurance Company Limited
- b. Shanthi Gears Limited \*
- c. Financiere C10 SAS and its Subsidiaries namely: \*
  - i. Sedis SAS
  - ii. Societe De Commercialisation De Composants Industriels – SARL (S2CI) (merged with Sedis SAS)
  - iii. Sedis Co. Ltd.
  - iv. Sedis Gmbh
- d. TI Tsubamex Private Limited \*

##### II. Company having Significant Influence

- a. Murugappa Holdings Limited

##### III. Associate Company

Cholamandalam Investment and Finance Company Limited and its Subsidiaries namely

- a. Cholamandalam Distribution Services Limited
- b. Cholamandalam Securities Limited
- c. White Data Systems India Private Limited

##### IV. Joint Venture Companies

- a. Cholamandalam MS Risk Services Limited
- b. TI Absolute Concepts Private Limited \*

##### V. Key Management Personnel

Mr. L Ramkumar	-	Managing Director
Mr. K Mahendrakumar	-	Chief Financial Officer from 15 <sup>th</sup> December 2016 (Pursuant to Companies Act, 2013)
Mr. S Suresh	-	Company Secretary (Pursuant to Companies Act, 2013)
Mr. Arjun Ananth	-	Chief Financial Officer (till 29 <sup>th</sup> February 2016) (Pursuant to Companies Act, 2013)
Mr. N Ganesh	-	Manager from 9 <sup>th</sup> August 2017 (Pursuant to Companies Act, 2013)
Mr. AN Meyyappan	-	Chief Financial Officer (from 9 <sup>th</sup> August 2017) (Pursuant to Companies Act, 2013)
Ms. E Krithika	-	Company Secretary (from 9 <sup>th</sup> August 2017) (Pursuant to Companies Act, 2013)

\* Pursuant to the Scheme of Arrangement (Refer Note 44), investments in the companies have been transferred to the resulting company and hence cease to be the subsidiaries / Joint venture of the Company.

## NOTES TO FINANCIAL STATEMENTS

### Notes:

- Pursuant to Scheme of Arrangement (Refer Note 44), Mr. L Ramkumar, Managing Director of the Company, has been moved to the Resulting Company and appointed as Managing Director from 1<sup>st</sup> August 2017.
- Pursuant to Scheme of Arrangement (Refer Note 44), Mr. K. Mahendrakumar, Chief Financial Officer of the Company, has been moved to the Resulting Company and appointed as Chief Financial Officer from 1<sup>st</sup> August 2017.
- Pursuant to Scheme of Arrangement (Refer Note 44), Mr. S. Suresh, Company Secretary of the Company, has been moved to Resulting Company and appointed as Company Secretary from 1<sup>st</sup> August 2017.

Pursuant to the Scheme of Arrangement (Refer Note 44), all the Employee Benefit expense have been transferred to the Resulting Company. Hence the disclosure relating to remuneration of Key Management Personnel has been made in the Resulting Company.

- (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	2016-17	2015-16
Dividend Received	Cholamandalam Investment and Finance Company Limited	39.73	25.28
	Cholamandalam MS Risk Services Limited	0.20	0.15
	Shanthi Gears Limited	-	2.86
Dividend Paid	Murugappa Holdings Limited	30.43	12.81
	Mr. L. Ramkumar	0.07	0.03
Interest on Debentures	Cholamandalam MS General Insurance Company Limited	-	0.88
Claims Received	Cholamandalam MS General Insurance Company Limited	-	2.77
Premium Paid	Cholamandalam MS General Insurance Company Limited	-	4.90
Rentals Paid	Cholamandalam Investment and Finance Company Limited	-	0.17
Sales and Services rendered	Shanthi Gears Limited	-	1.58
	Financiere C10 SAS	-	4.82
	Sedis SAS	-	14.46
	S2CI	-	4.24
Purchases	Shanthi Gears Limited	-	0.55
	Sedis SAS	-	0.08

## NOTES TO FINANCIAL STATEMENTS

₹ in Crores

Transaction	Related Party	2016-17	2015-16
Remuneration to Key Management Personnel	Mr. L. Ramkumar (Refer note c below)	-	3.35
	Mr. S. Suresh	-	0.66
	Mr. Arjun Ananth	-	0.88
Reimbursement of Expenses Paid	Cholamandalam MS General Insurance Company Limited	-	0.02
Reimbursement of Expenses Received	Shanthi Gears Limited	-	0.95
	TI Tsubamex Private Limited	-	0.46
Sale of Fixed Assets	TI Tsubamex Private Limited	-	0.05
Payable	Shanthi Gears Limited	-	0.05
	Cholamandalam Investment and Finance Company Limited	-	0.01
	Cholamandalam MS General Insurance Company Limited	-	10.82
	Mr. L. Ramkumar	-	0.82
Receivable	Cholamandalam MS General Insurance Company Limited	-	0.02
	Sedis SAS	-	4.71
	S2CI	-	0.79
Final Dividend - Proposed	Murugappa Holdings Limited	-	22.42
	Mr. L. Ramkumar	-	0.05

(c) Details of remuneration to Managing Director is given below:

₹ in Crores

Particulars	2016-17	2015-16
Managing Director's Remuneration		
- Salaries and Allowances	-	2.14
- Provident Fund and Super Annuation	-	0.27
- Perquisites	-	0.12
- Incentive	-	0.82
	-	<b>3.35</b>

Pursuant to the Scheme of Arrangement (Refer Note 44), the Company has transferred Managing Directors' Remuneration of ₹3.74 Cr. to the Resulting Company.

- (d) Transactions between Resulting Company and the related parties of the Company are disclosed in the financial statements of Resulting Company.
- (e) There are no transactions with Related Parties of Resulting Company.

## NOTES TO FINANCIAL STATEMENTS

### 40. Operating Leases

In 2015-16, the Company had 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. has been recognised in the Statement of Profit and Loss of the previous year.

### 41. Earnings Per Share

#### Total Operations

Particulars	2016-17	2015-16
Profit after Tax - ₹ in Crores	36.29	729.89
Weighted Average Number of Shares		
- Basic	18,73,89,646	18,72,26,587
- Diluted	18,75,31,277	18,74,32,905
Earnings per Share of ₹1 (Previous Year ₹2) each		
- Basic	1.94	38.98
- Diluted	1.94	38.94

#### Continuing Operations

Particulars	2016-17	2015-16
Profit after Tax - ₹ in Crores	36.29	677.86
Weighted Average Number of Shares		
- Basic	18,73,89,646	18,72,26,587
- Diluted	18,75,31,277	18,74,32,905
Earnings per Share of ₹1 (Previous Year ₹2) each		
- Basic	1.94	36.21
- Diluted	1.94	36.17

#### Weighted Average Number of Equity Shares

Particulars	2016-17	2015-16
Weighted average number of Equity Shares in calculating Basic Earnings Per Share	18,73,89,646	18,72,26,587
Dilution - Stock options granted under ESOP	1,41,631	2,06,318
Weighted average number of Equity Shares in calculating diluted EPS	18,75,31,277	18,74,32,905

#### Stock Options

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

## 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:

### Employee Stock Option Plan 2007

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-Oct-08	7.71	2.50	39.11	3.43	62.85	16.43
Grant 2	30-Jan-09	7.44	2.50	42.02	3.43	66.10	18.11
Grant 3	31-Oct-09	8.25	1.62	31.56	1.86	56.80	107.13
	31-Oct-10	8.23	2.12	32.28	1.86	56.80	107.73
	31-Oct-11	8.22	2.62	37.07	1.86	56.80	108.53
Grant 4	31-Jul-09	0.00	0.00	0.00	1.86	44.45	117.15
	31-Jul-10	8.24	1.99	32.37	1.86	44.45	118.02
	31-Jul-11	8.22	2.49	34.22	1.86	44.45	118.13
	31-Jul-12	8.22	2.99	39.82	1.86	44.45	118.38
Grant 5	31-Oct-09	8.31	0.12	32.98	1.86	24.25	137.33
	31-Oct-10	8.23	2.12	32.28	1.86	24.25	135.00
	31-Oct-11	8.22	2.62	37.07	1.86	24.25	134.38
	31-Oct-12	8.21	3.24	42.55	1.86	24.25	133.62
Grant 6	30-Jan-10	8.31	0.24	28.04	1.86	31.05	130.44
	30-Jan-11	8.23	2.24	33.96	1.86	31.05	129.19
	30-Jan-12	8.22	2.74	38.52	1.86	31.05	128.82
	30-Jan-13	8.21	3.49	43.77	1.86	31.05	128.32
Grant 7	29-Jan-12	8.26	1.24	31.69	1.86	140.05	39.45
	29-Jan-13	8.21	3.48	43.79	1.86	140.05	67.57
	29-Jan-14	8.21	4.48	46.73	1.86	140.05	76.34
	29-Jan-15	8.22	5.48	45.74	1.86	140.05	80.72
Grant 8	29-Jan-12	8.26	1.24	31.69	1.86	140.05	39.45
	29-Jan-13	8.21	3.48	43.79	1.86	140.05	67.57
	29-Jan-14	8.21	4.48	46.73	1.86	140.05	76.34
Grant 9	29-Jan-12	8.26	1.24	31.69	1.86	140.05	39.45
	29-Jan-13	8.21	3.48	43.79	1.86	140.05	67.57
Grant 10	02-May-12	8.25	1.37	31.38	1.86	140.45	40.44
	02-May-13	8.21	3.74	42.99	1.86	140.45	68.54
	02-May-14	8.21	4.74	47.27	1.86	140.45	78.10
	02-May-15	8.22	5.74	45.12	1.86	140.45	81.25
Grant 11	01-Aug-12	8.25	1.49	31.76	1.86	159.75	31.78
	01-Aug-13	8.21	3.99	46.63	1.86	159.75	66.76
	01-Aug-14	8.22	4.99	47.01	1.86	159.75	73.58
	01-Aug-15	8.23	5.99	44.83	1.86	159.75	76.81
Grant 12	02-Nov-12	8.24	1.74	32.74	1.86	143.10	43.55
	02-Nov-13	8.21	4.24	46.93	1.86	143.10	74.06
	02-Nov-14	8.22	5.24	46.20	1.86	143.10	79.03
	02-Nov-15	8.23	6.24	46.36	1.86	143.10	83.69

### Employee Stock Option Plan 2016

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	15-Mar-18	6.75	3.50	31.49	0.25	604.15	194.43



## 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		₹ in Crores	
Particulars	2016-17	2015-16	
Profit for the year (As reported)	36.29	729.89	
Stock based employee compensation expense included in net profit	-	-	
Stock based employee compensation reversal determined under fair value based method (Pro forma)	-	-	
<b>Profit for the year (Pro forma)</b>	<b>36.29</b>	<b>729.89</b>	

Impact on Earnings per Share		₹ in Crores	
Particulars	2016-17	2015-16	
Basic Earnings per Share of ₹1 (Previous Year ₹2) each (As reported)	1.94	38.98	
Basic Earnings per Share of ₹1 (Previous Year ₹2) each (Pro forma)	1.94	38.98	
Diluted Earnings per Share of ₹1 (Previous Year ₹2) each (As reported)	1.94	38.94	
Diluted Earnings per Share of ₹1 (Previous Year ₹2) each (Pro forma)	1.94	38.94	

### Effect of ESOP, pursuant to the Scheme of Arrangement (Refer Note 44)

Pending completion of the listing of the shares of the Resulting Company, the Nomination and Remuneration Committee (NRC) has not decided on the manner of adjustment of the exercise price of the existing options of the Company as required under the Scheme. Once this is determined by the Company's NRC consequential effect would be given to related disclosures in the financial statements of the Company in subsequent periods.

### 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<sup>st</sup> March are as follows:

		₹ in Crores	
Particulars	31.03.2017	31.03.2016	
Current assets	10.84	11.54	
Non-current assets	1.51	2.22	
Current liabilities	(4.35)	(6.57)	
Non-current liabilities	(0.29)	(0.28)	
<b>Equity and Reserves</b>	<b>7.71</b>	<b>6.91</b>	
Revenue	19.40	16.05	
Depreciation	(0.24)	(0.23)	
Employee benefit expense	(5.88)	(4.68)	
Other expense	(11.99)	(9.74)	
<b>Profit Before Tax</b>	<b>1.29</b>	<b>1.40</b>	
Income-tax expense	(0.50)	(0.41)	
<b>Profit After Tax</b>	<b>0.79</b>	<b>0.99</b>	
Contingent Liability	-	-	
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, till 31<sup>st</sup> March 2016. From 1<sup>st</sup> April 2016, the Company accounts for Derivative Instruments based on Guidance note issued by ICAI on accounting for Derivative contracts.

Consequently, as at 31<sup>st</sup> March 2017, the Company has recognised a net Mark to Market (MTM) Loss of Nil (Previous Year Loss ₹0.87 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	
	2016-17	2015-16
Balance as at Beginning of the Year	(0.87)	2.01
Adjustment pursuant to the Scheme	0.87	-
Net Movement for the Year	-	(2.88)
<b>Balance as at End of the Year</b>	<b>-</b>	<b>(0.87)</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 31.03.2017		As at 31.03.2016	
			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	-	-	-	-
	Future Export	EUR	-	-	24	2.40
	Future Import	USD	-	-	54	4.00
	Future Import	EUR	-	-	2	0.10
	Future Import	JPY	-	-	2	107.46
	Borrowings	USD	-	-	2	13.00
Other Derivatives (including currency swaps)	Borrowings	USD	-	-	5	4.99

Details of Unhedged Foreign Currency Exposures are as under:

Currency	As at 31.03.2017		As at 31.03.2016	
	Exports	Imports	Exports	Imports
USD	-	-	4.59	4.05
EUR	-	-	0.71	0.66
JPY	-	-	-	2.50
SGD	-	-	-	0.01

## NOTES TO FINANCIAL STATEMENTS

Rupee Equivalent of above unhedged exposure is given below:

Currency	As at 31.03.2017		As at 31.03.2016	
	Exports	Imports	Exports	Imports
Equivalent INR	-	-	35.76	32.05

₹ in Crores

#### 44. Scheme of Arrangement

The Scheme of Arrangement (“the Scheme”) between the Company (“Demerged Company”) and Tube Investments of India Limited, formerly known as TI Financial Holdings Limited (“Resulting Company”) and their Shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 dated 3rd November 2016, was approved by the Board of Directors of both the Companies on 3<sup>rd</sup> November 2016.

The Company was engaged in multiple businesses broadly classified into the following categories:

- Manufacturing of tubes, strips, tubular components, bicycles and fitness products, chains for automobile sector and industrial applications, roll-formed sections, other metal formed products, industrial gears, designing and manufacturing of dies (“Manufacturing Business Undertaking”). The Manufacturing Business is also carried out through subsidiaries and Joint Venture Companies (Shanthi Gears Limited, Financiere C10 SAS, Sedis SAS, Sedis GmbH, SEDIS Co Limited, TI Tsubamex Private Limited and TI Absolute Concepts Private Limited).
- “Financial Services Businesses” through its Subsidiary, Joint Venture and Associate Companies viz., Insurance Business (through its Subsidiary, Cholamandalam MS General Insurance Company Limited), Risk Services (through its Joint Venture Company, Cholamandalam MS Risk Services Limited), Non-Banking Financial Business (through its Associate Company, Cholamandalam Investment and Finance Company Limited).

The Scheme provided for the demerger of the Manufacturing Business Undertaking of the Company into the Resulting Company, on a going concern basis, with effect from the appointed date of 1<sup>st</sup> April 2016.

The salient features of the Demerger are as under:

- a. The Resulting Company and the Company has made applications and/or petitions under Section 230 read with Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 to the National Company Law Tribunal, Chennai (“Tribunal” or “NCLT”) for sanction of this Scheme and all matters ancillary or incidental thereto.
- b. The whole of the undertaking and assets and properties of the Manufacturing Business Undertaking of the Company, shall stand transferred to and vested in the Resulting Company with all the rights, title and interest pertaining to the Manufacturing Business Undertaking.
- c. The Scheme of Arrangement would become effective from the Appointed Date i.e. 1<sup>st</sup> April 2016 but shall be operative from the Effective Date i.e. 1<sup>st</sup> August 2017 being the date of filing of a certified copy of the Order of NCLT by the Company and the Resulting Company with the Registrar of Companies, Tamil Nadu, Chennai.
- d. Equity Share Capital of the Company
  - i. Face Value of the Equity Shares of the Company is reduced to ₹1 (Rupee One Only) per Equity Share.
  - ii. Equity Share Capital of ₹0.11 Cr. of the Resulting Company as on the Appointed Date shall stand cancelled and credited to Capital Reserve.
  - iii. The Resulting Company shall issue and allot 1 (One) fully paid up Equity Share of ₹1 (Rupee One Only) each for every 1 (One) fully paid up equity share of ₹2 (Rupees Two) each held in the Company.
- e. All legal proceedings by or against the Company relating to Manufacturing Business Undertaking were transferred to the Resulting Company.

## NOTES TO FINANCIAL STATEMENTS

- f. All staff and employees of the Company pertaining to Manufacturing Business Undertaking in service on the Effective Date shall be deemed to have become staff and employees of the Resulting Company and the terms and conditions of their employment with the Resulting Company shall not be less favourable than those applicable to them with reference to their employment in the Company.
- g. Employees Stock Option Schemes
- The Resulting Company shall take necessary steps to formulate stock option schemes by adopting the Existing Stock Option Schemes of the Company.
  - With respect to the stock options granted by the Company to the employees of the Company under the Existing Stock Option Schemes and upon the Scheme becoming effective, the said employees shall be issued one stock option by the Resulting Company under the new scheme(s) for every stock option held in the Company, whether the same are vested or not on terms and conditions similar to the relevant Existing Stock Option Schemes.
  - The existing exercise price of the stock options of the Company shall stand suitably adjusted in an appropriate manner as determined by the Nomination and Remuneration Committee of the Company and the balance of the exercise price shall become the exercise price of the stock options issued by the Resulting Company.
- h. All the contracts, deeds, bonds, agreements, arrangements, assurances and other instruments of whatsoever nature of Manufacturing Business Undertaking of Company was transferred to the Resulting Company.
- i. All debts, liabilities, duties and obligations of relating to Manufacturing Business Undertaking of Company were transferred to the Resulting Company.
- j. Pursuant to the Scheme, Net Assets of ₹979.37 Cr. was transferred to the Resulting Company on 1<sup>st</sup> April 2016 and the details of which are given in Note 45.

### 45. Discontinued Operations

As highlighted in Note 1 and 44 the Company has demerged the Manufacturing Business undertaking. Such demerger constitutes a “discontinuing operation” in accordance with AS 24 –“Discontinuing Operations”and accordingly the disclosures as required by AS 24 are as follows:

#### Assets and Liabilities transferred

In accordance with the Scheme, the Company has transferred the following Assets and Liabilities on appointed date 1<sup>st</sup> April 2016 at Book Values stated in the table below:

Particulars	₹ in Crores
	As at 31.03.2016
<b>EQUITY AND LIABILITIES</b>	
<b>Shareholders' Funds</b>	
(a) Share Capital	-
(b) Reserves and Surplus	979.37
<b>Non-Current Liabilities</b>	
(a) Long Term Borrowings	375.00
(b) Deferred Tax Liabilities (Net)	41.96
<b>Current Liabilities</b>	
(a) Short Term Borrowings	265.82
(b) Trade Payables	612.44
(c) Other Current Liabilities	824.22
(d) Short Term Provisions	38.70
<b>TOTAL</b>	<b>3137.51</b>

## NOTES TO FINANCIAL STATEMENTS

Particulars	₹ in Crores
	As at 31.03.2016
<b>ASSETS</b>	
<b>Non-Current Assets</b>	
(a) Fixed Assets	
(i) Property, Plant and Equipment	831.60
(ii) Capital Work-in-Progress	56.06
(b) Non-Current Investments	547.48
(c) Long Term Loans and Advances	51.92
<b>Current Assets</b>	
(a) Inventories	458.31
(b) Trade Receivables	490.85
(c) Cash and Bank balances	607.54
(d) Short Term Loans and Advances	93.63
(e) Other current assets	0.12
<b>TOTAL</b>	<b>3137.51</b>

### Statement of Revenue and Expenses of Discontinued Operations

Particulars	₹ in Crores
	Year Ended 31.03.2016
<b>Revenue from Operations</b>	
Sale of Products - Gross	4057.57
Excise Duty	(267.52)
<b>Sale of Products - Net</b>	<b>3790.05</b>
Income from Investments	6.36
Other Operating Revenues	150.92
	<b>3947.33</b>
Other Income	2.62
<b>Total Revenue</b>	<b>3949.95</b>
<b>Expenses</b>	
Cost of Raw materials and Components Consumed	2364.56
Purchase of Stock-in-Trade - Cycles/Accessories and Metal Formed Products	79.31
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(12.40)
Employee Benefits Expense	357.91
Finance Costs	135.11
Depreciation and Amortisation Expense	110.60
Other Expenses	796.99
<b>Total Expenses</b>	<b>3832.08</b>
<b>Profit Before Exceptional Items and Tax</b>	<b>117.87</b>
Exceptional Items (Refer Note 29b and 29c)	(35.80)
<b>Profit Before Exceptional Items and Tax</b>	<b>82.07</b>
Income tax expense	30.04
<b>Profit After Tax</b>	<b>52.03</b>

## NOTES TO FINANCIAL STATEMENTS

### Cashflows attributable to Discontinued Operations

₹ in Crores

Particulars	Year Ended 31.03.2016
Cash Flow from Operating Activities	303.46
Cash Used in Investing Activities	(114.57)
Cash Used in Financing Activities	(179.40)
<b>Net Cash Inflow</b>	<b>9.49</b>

### 46. Previous Year's Figures

The Company has reclassified/regrouped previous year figures to conform to this year's classification. The financial statements of the current year pertain only to the financial services business. Hence, the figures for the current year are not comparable with those of the previous year.

Signatures to Notes to Standalone Financial Statements

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

**On behalf of the Board**  
**For TI Financial Holdings Limited**

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

**N Ganesh**  
Manager

**A Vellayan**  
Chairman

Chennai  
9<sup>th</sup> August 2017

**E Krithika**  
Company Secretary

**AN Meyyappan**  
Chief Financial Officer

**N Srinivasan**  
Director



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TI FINANCIAL HOLDINGS LIMITED  
(FORMERLY KNOWN AS TUBE INVESTMENTS OF INDIA LIMITED)

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of TI Financial Holdings Limited (formerly known as Tube Investments of India Limited) (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiary together referred to as "the Group") its associate and jointly controlled entity, comprising of the Consolidated Balance Sheet as at March 31, 2017, 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 of 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 including its associate and jointly controlled entity 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 and Companies (Accounting Standards) Amendment Rules, 2016. The respective Board of Directors of the companies included in the Group and of its associate and jointly controlled entity 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 of its associate and jointly controlled entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, 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 paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiary, associate and jointly controlled entity, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associate and jointly controlled entity as at March 31, 2017, 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, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary, associate and jointly controlled entity as noted in the 'other matter' paragraph 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 and Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary company, associate companies and jointly controlled company incorporated in India, none of the directors of the Group's companies, its associate and jointly controlled company incorporated in India is disqualified as on March 31, 2017 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 company, associate companies and jointly

controlled company 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 associate and jointly controlled entities – Refer Note 39 to the Consolidated Financial Statements;
  - ii. The Group and its jointly controlled entity did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2017. 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 subsidiary, associate and jointly controlled company incorporated in India during the year ended March 31, 2017.
  - iv. As per books of accounts of the Holding Company, and as represented by the management, the Holding Company did not have cash balance as on November 8, 2016 and December 30, 2016 and have no cash dealings during this period. As per books of accounts of the subsidiary incorporated in India and represented by the management of these entities, the disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30<sup>th</sup> March 2017 are not applicable to the Subsidiary - Refer Note 24 to the consolidated financial statements.

### Other Matter

- (a) We did not audit the financial statements and other financial information, in respect of 1 subsidiary, and 1 jointly controlled entity, whose financial statements include total assets of ₹5,791.27 Crores and net assets

of ₹1,103.17 Crores as at March 31, 2017, and total revenues of ₹2,687.71 Crores and net cash outflows of ₹3.17 Crores for the year ended on that date. These financial statement and other financial information 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 ₹332.52 Crores for the year ended March 31, 2017, as considered in the Consolidated Financial Statements, in respect of 1 associate, 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 subsidiary, jointly controlled entity and associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, jointly controlled entity and associate, is based solely on the report(s) of such other auditors, which includes in respect of a subsidiary, reliance placed by the auditor on the appointed actuary's certificate on the estimate of claims Incurred But Not Reported (IBNR) and claims

Incurred But Now Enough Reported (IBNER). The appointed actuary has certified to this subsidiary that the assumptions used for such are appropriate and are in accordance with the requirements of the Insurance Regulatory and Development Authority (IRDA) and Actuarial Society of India in concurrence with IRDA. Our opinion is not modified in respect of this matter.

Our opinion above 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: 9<sup>th</sup> August 2017

## **Annexure to the Independent Auditor's Report of even date on the Consolidated Financial Statements of TI Financial Holdings Limited (Formerly known as 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 TI Financial Holdings Limited (formerly known as Tube Investments of India Limited)**

In conjunction with our audit of the Consolidated Financial Statements of TI Financial Holdings Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of TI Financial Holdings Limited (hereinafter referred to as the "Holding Company") and its subsidiary company, its associate companies and jointly controlled company, 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 company, its associate companies and jointly controlled company, 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 company, its associate companies and jointly controlled company 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, 2017, 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, associate, and jointly controlled company, incorporated in India, and audited by other auditors, is based on the corresponding reports of the auditors of such subsidiary, associate and jointly controlled company 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: 9<sup>th</sup> August 2017

## CONSOLIDATED BALANCE SHEET

Particulars	Note No.	₹ in Crores	
		As at 31.03.2017	As at 31.03.2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share Capital	6	18.75	37.47
(b) Reserves and Surplus	7	2744.92	3286.70
		<b>2763.67</b>	<b>3324.17</b>
<b>Minority Interest</b>		<b>438.18</b>	<b>430.76</b>
<b>Non-Current Liabilities</b>			
(a) Long Term Borrowings	8	-	404.91
(b) Deferred Tax Liabilities (Net)	9	-	41.96
(c) Other Long Term Liabilities	10	2075.94	1497.77
(d) Long Term Provisions	11	149.92	141.19
		<b>2225.86</b>	<b>2085.83</b>
<b>Current Liabilities</b>			
(a) Short Term Borrowings	12	-	312.97
(b) Trade Payables {Includes amounts due to Micro, Small and Medium Enterprises - Nil. (Previous year - ₹0.42 Cr.)}	13	222.57	696.64
(c) Other Current Liabilities	14	804.52	1615.42
(d) Short Term Provisions	15	1437.62	1241.44
		<b>2464.71</b>	<b>3866.47</b>
<b>TOTAL</b>		<b>7892.42</b>	<b>9707.23</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Property, Plant and Equipment	16	58.95	1013.76
(ii) Intangible Assets	16	10.18	11.72
(iii) Capital Work-in-Progress		-	56.42
Fixed Assets - Share in Jointly Controlled Entity		0.40	0.49
(b) Goodwill on Consolidation	3 (a)	3.64	310.32
(c) Non-Current Investments			
- Investment in Associate (includes Goodwill on Consolidation of Associate - ₹39.08 Cr)		2038.40	1736.68
- Other Non-Current Investments	17	4090.06	3036.21
(d) Deferred Tax Assets (Net)	18	69.32	53.40
Deferred Tax Assets (Net) - Share in Jointly Controlled Entity		0.38	0.61
(e) Long Term Loans and Advances	19	208.37	207.94
(f) Other Non-Current Assets	20	5.46	6.23
		<b>6485.16</b>	<b>6433.78</b>
<b>Current Assets</b>			
(a) Current Investments	21	436.39	368.31
(b) Inventories	22	-	603.23
(c) Trade Receivables	23	236.49	684.95
(d) Cash and Cash Equivalents	24	397.19	1318.01
(e) Short Term Loans and Advances	25	128.67	167.91
(f) Other Current Assets	26	208.52	131.04
		<b>1407.26</b>	<b>3273.45</b>
<b>TOTAL</b>		<b>7892.42</b>	<b>9707.23</b>
Summary of Significant Accounting Policies	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

9<sup>th</sup> August 2017

On behalf of the Board  
For TI Financial Holdings Limited

**N Ganesh**

Manager

**A Vellayan**

Chairman

**E Krithika**  
Company Secretary

**AN Meyyappan**  
Chief Financial Officer

**N Srinivasan**  
Director



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

				₹ in Crores	
Particulars	Note No.	Year Ended 31.03.2017	Year Ended 31.03.2016		
<b>Revenue from Operations</b>					
Sale of Products - Gross		-	4451.16		
Less: Excise Duty on Sales		-	284.42		
Sale of Products - Net	27	-	4166.74		
Income from Financing Operations	28	-	1628.83		
Revenue from Operations - Share in Jointly Controlled Entity		18.08	15.51		
Premium Earned		2248.37	1680.13		
Income from Investments	29	421.23	370.14		
Other Operating Revenues	30	0.17	143.03		
<b>Total</b>		<b>2687.85</b>	<b>8004.38</b>		
Other Income	31	1.30	7.55		
<b>Total Revenue</b>		<b>2689.15</b>	<b>8011.93</b>		
<b>Expenses</b>					
Cost of Materials Consumed		-	2434.78		
Purchase of Stock-in-Trade		-	125.83		
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	32	-	0.70		
Employee Benefits Expense	33	127.71	680.87		
Finance Costs	34	0.31	137.84		
Depreciation and Amortisation Expense	16	17.04	162.72		
Depreciation and Amortisation Expense - Share in Jointly Controlled Entity		0.24	0.23		
Other Expenses	35	610.15	1506.93		
Claims Incurred (Net of Recovery)		1638.96	1220.97		
Business Origination Outsourcing		-	83.15		
Provisions, Loan Losses and Other Charges	36	-	174.55		
Financing Charges	37	-	835.80		
<b>Total Expenses</b>		<b>2394.41</b>	<b>7364.37</b>		
<b>Profit Before Exceptional Items and Tax</b>		<b>294.74</b>	<b>647.56</b>		
Exceptional Items	38	-	726.62		
<b>Profit Before Tax</b>		<b>294.74</b>	<b>1374.18</b>		
<b>Tax Expense</b>					
Income Tax					
- Current Year		107.50	443.87		
- Prior Years (Net)		-	(2.95)		
MAT Credit Entitlement		-	0.22		
Deferred Tax (Net)		(18.58)	(74.36)		
Provision for Tax Expense - Share in Jointly Controlled Entity		0.51	0.29		
		<b>89.43</b>	<b>367.07</b>		
<b>Profit for the Year before Share of Profit attributable to Minority Interest</b>		<b>205.31</b>	<b>1007.11</b>		
Less: Share of Profit attributable to Minority Interest		(83.26)	(142.04)		
Add: Share of Profit from Associate		332.52	173.84		
<b>Net Profit for the Year attributable to the Shareholders of the Company</b>		<b>454.57</b>	<b>1038.91</b>		
<b>Net Profit from Continuing Operations (A)</b>		<b>454.57</b>	<b>978.29</b>		
<b>Net Profit from Discontinuing Operations (B)</b>		<b>-</b>	<b>60.62</b>		
<b>Net Profit for the Year (A+B)</b>		<b>454.57</b>	<b>1,038.91</b>		
Earnings per Equity Share of ₹1 each (Previous Year ₹2 each)	46				
Basics					
Computed on the basis of profit from continuing operations		24.26	52.25		
Computed on the basis of total profit for the year		24.26	55.49		
Diluted					
Computed on the basis of profit from continuing operations		24.24	52.19		
Computed on the basis of total profit for the year		24.24	55.43		
Summary of Significant Accounting Policies	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  
9<sup>th</sup> August 2017

**E Krithika**  
Company Secretary

**AN Meyyappan**  
Chief Financial Officer

**N Srinivasan**  
Director

On behalf of the Board  
For **TI Financial Holdings Limited**

**N Ganesh**  
Manager

**A Vellayan**  
Chairman



## CONSOLIDATED CASH FLOW STATEMENT

Particulars	₹ in Crores	
	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>A. Cash Flow from Operating Activities:</b>		
<b>Net Profit Before Tax</b>	<b>294.74</b>	<b>1374.18</b>
Adjustments for :		
Depreciation and Amortisation Expense	17.28	162.95
Provision for Impairment	-	37.05
Financing Charges	-	835.80
Finance Costs	0.13	137.84
Profit on Property Plant and Equipment Sold / Discarded (Net)	(0.11)	(1.00)
Profit on Sale of Investments (Net)	(68.36)	(30.55)
Profit on Sale of Non-current Investments (Net)	-	(762.42)
Provision / (Reversal of Provision) for Doubtful Debts And Advances (Net)	-	1.89
Provision for Standard Assets (Net)	-	8.69
Provision for Non Performing Assets under Financing Activity (Net)	-	84.29
Reversal of Provision for Credit Enhancement and Servicing Costs on Assets De-recognised (Net)	-	(5.66)
Provision for doubtful debts	0.53	1.74
Provision / (Reversal of Provision) for Others	-	24.01
Trade Receivables Written off	0.74	1.17
Loss on Repossessed Assets (Net)	-	84.97
Loss Assets Written Off	-	1.10
Liabilities no longer payable written back	(1.17)	(0.63)
Unrealised Losses on Foreign Currency Borrowings (Net)	-	(2.09)
Interest Income	(350.73)	(328.07)
Dividend Income	(2.00)	(6.26)
<b>Operating Profit before Working Capital</b>	<b>(108.95)</b>	<b>1619.00</b>
Adjustments for :		
Increase in Liabilities and Provisions	1129.27	618.20
(Increase) / Decrease in Loans and Advances	(247.53)	(107.76)
(Increase) / Decrease in Inventories	-	5.46
Increase in Trade Receivables	(1.26)	(22.62)
(Increase) / Decrease in Other Current Assets	(54.98)	-
Increase in Receivable Under Financing Activity (including Repossessed Assets)	-	(1369.20)
<b>Cash Generated From Operations</b>	<b>716.55</b>	<b>743.08</b>
Financing Charges Paid	-	(868.09)
Direct Taxes Paid (Net)	(122.42)	(374.98)
<b>Net Cash Flow Used in Operating Activities</b>	<b>594.13</b>	<b>(499.99)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Capital Expenditure (Including Capital Work-in-Progress and Capital Advances)	(26.30)	(177.22)
Sale of Property, Plant and Equipment	0.33	3.21
Proceeds from sale of shares of Non Current Investment	-	882.67
Purchase of Other Investments	(1068.52)	(628.70)
Sale / Redemption of Other Investments	127.66	23.15
Interest Received	311.74	305.94
Dividend Received	2.00	34.55
<b>Net Cash Used in Investing Activities</b>	<b>(653.09)</b>	<b>443.60</b>
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds from exercise of Employees Stock Option	0.81	2.44
Increase in Equity Share Capital and Securities Premium (Net of Expenses)	-	1.38
Increase in Long Term Borrowings	-	1030.11
Increase / (Decrease) in Short Term Borrowings	(2.47)	(86.29)
Decrease in Fixed Deposits	-	(0.04)
Finance Costs Paid (Including Exchange Differences on Foreign Currency Loans)	(0.12)	(134.25)
Dividends Paid (Including Net Dividend Distribution Tax)	(67.43)	(65.40)
<b>Net Cash From Financing Activities</b>	<b>(69.21)</b>	<b>747.95</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents [A+B+C]</b>	<b>(128.17)</b>	<b>691.56</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>793.04</b>	<b>352.16</b>
<b>Transferred to the Resulting Company pursuant to Scheme of Arrangement (Refer Note 49)</b>	<b>(609.65)</b>	<b>-</b>
<b>Cash and Cash Equivalents on conversion of a Subsidiary into Associate during the Year</b>	<b>-</b>	<b>(250.68)</b>
<b>Cash and Cash Equivalents as at End of the Year (Refer Note 24)</b>	<b>55.22</b>	<b>793.04</b>

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

On behalf of the Board  
For TI Financial Holdings Limited

per Subramanian Suresh  
Partner  
Membership No:083673

N Ganesh  
Manager

A Vellayan  
Chairman

Chennai  
9<sup>th</sup> August 2017

E Krithika  
Company Secretary

AN Meyyappan  
Chief Financial Officer

N Srinivasan  
Director

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. Corporate Information

TI Financial Holdings Limited (“the Company”) was formerly known as Tube Investments of India Limited and is a Public Limited Company domiciled in India. The Company is listed on Bombay Stock Exchange and National Stock Exchange. The Registered Office of the Company is located at 234, NSC Bose Road, Chennai, Tamilnadu.

The Company was originally incorporated as “T.I. Cycles of India Limited” on 9<sup>th</sup> September 1949 under the Companies Act, 1913. On 15<sup>th</sup> September 1958, the name was changed to “Tube Investments of India Limited” (CIN: L65100TN1949PLC002905).

The Company had multiple businesses broadly classified into Manufacturing Business and Financial Services Business. In order to segregate the Manufacturing Business and Financial Service Business, it was decided to demerge the Manufacturing Business Undertaking on a going concern basis into a separate entity with mirror image shareholding.

Pursuant to the Scheme of Arrangement (“the Scheme”) the details relating to which are more elaborately provided under Note 49 below, the Manufacturing Business Undertaking of the Company was vested in/transferred to Tube Investments of India Limited (“Resulting Company”, formerly known as TI Financial Holdings Limited) vide the Order of the National Company Law Tribunal, Chennai (“NCLT”) dated 17<sup>th</sup> July 2017 sanctioning the Scheme (“Order of NCLT”). The Scheme was given effect by filing of a certified copy of the Order of NCLT on 1<sup>st</sup> August 2017 by the Company and the Resulting Company with the Registrar of Companies, Tamil Nadu, Chennai. The Scheme is effective from the Appointed Date i.e. 1<sup>st</sup> April 2016.

The Company continues to engage in Financial Services Businesses through its Subsidiary, Joint Venture and Associate Companies viz., Insurance Business (through its Subsidiary, Cholamandalam MS General Insurance Company Limited), Risk Services (through its Joint

Venture Company, Cholamandalam MS Risk Services Limited), Non-Banking Financial Business (through its Associate Company, Cholamandalam Investment and Finance Company Limited).

Pursuant to the Scheme, the Name of the Company is being changed to “TI Financial Holdings Limited”.

The Consolidated Financial Statements were authorised for issue in accordance with a resolution of the directors on 9<sup>th</sup> August 2017.

## 2. Principles of Consolidation

The Consolidated Financial Statements (CFS) relate to TI Financial Holdings Limited (“the Company”), its Subsidiary Company (hereinafter collectively referred to as ‘the Group’), Jointly Controlled Entity and Associate.

The Financial Statements of the Subsidiary, 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<sup>st</sup> March. However in the Previous year, consolidation are drawn up to the same reporting date as that of the Company except for foreign subsidiaries indicated in Note 3 below for which the financial statements as on the reporting date were not available and hence, the same have been consolidated based on the latest available audited financial statements as at 31<sup>st</sup> December. No significant transactions or events had 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 Consolidated 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 Company 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 Subsidiary 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 is credited to Reserves and Surplus in the Consolidated Financial Statement.

### b) **Jointly controlled entity**

Share of profit / loss, assets and liabilities in the jointly controlled entity, have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income 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 company has been accounted under the equity method as per Accounting Standard 23 – 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23). 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 associates is applied from the date of obtaining significant influence by the Group, till the date when the Group loses significant influence.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 3. Particulars of Consolidation

The list of Subsidiary Company, Jointly Controlled Entity and Associate and the Company's holding as on 31<sup>st</sup> March 2017 therein are as under:

Company	Relationship	Country of Incorporation	Proportion of Ownership
Cholamandalam MS General Insurance Company Limited (MSGICL)	Subsidiary	India	60.00%
Cholamandalam Investment and Finance Company Limited (CIFCL)	Associate	India	46.22%
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		
Cholamandalam MS Risk Services Limited (CMSRSL)	Jointly Controlled Entity	India	49.50%

The list of Subsidiary Companies, Jointly Controlled Entity and Associate and the Company's holding as on 31<sup>st</sup> March 2016 therein are as under:

Company	Relationship	Country of Incorporation	Proportion of Ownership
Cholamandalam MS General Insurance Company Limited (MSGICL)	Subsidiary	India	60.00%
Tube Investments of India Limited (formally known as TI Financial Holdings Limited)	Subsidiary	India	100.00%
Financiere C10 SAS (FC 10)	Subsidiary		100.00%
Subsidiaries of FC 10			
<ul style="list-style-type: none"> <li>• Sedis SAS</li> <li>• Societe De Commercialisation De Composants Industriels – SARL (S2CI)</li> <li>• Sedis Co. Ltd</li> </ul>		} France } United Kingdom	
Cholamandalam Investment and Finance Company Limited (CIFCL)	Subsidiary upto 1 <sup>st</sup> September 2015 and Associate w.e.f. 2 <sup>nd</sup> September 2015	India	46.26%
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	India	70.12%
Cholamandalam MS Risk Services Limited (CMSRSL)	Jointly Controlled Entity	India	49.50%
TI Tsubamex Private Limited (TTPL)	Subsidiary	India	75.00%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Notes:

a) The Movement of Goodwill on consolidation is given below:

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
<b>Opening Balance</b>	<b>310.32</b>	<b>354.30</b>
Addition/ (Deletion) on account of share holding and foreign currency translation		
- CIFCL	-	(42.43)
- CMSGICL	-	(0.85)
- Financiere C10 SAS (FC10)	-	(0.70)
Deletion pursuant to Scheme of Arrangement (Refer Note 49)		
- TI Tsubamex Private Limited (TTPL)	(0.87)	-
- Financiere C10 SAS (FC10)	(21.51)	-
- SGL	(284.30)	-
<b>Closing balance</b>	<b>3.64</b>	<b>310.32</b>

#### 4. Basis of Preparation

As referred to in Note 1 above, upon the Scheme coming into effect and with effect from the appointed date of 1<sup>st</sup> April 2016, the Company has become a Core Investment Company (CIC). Consequently, the Ministry of Corporate Affairs (MCA) notification dated 16<sup>th</sup> February 2015 announcing the Companies (Indian Accounting Standards) Rules, 2015 as amended (Ind AS) is currently not applicable to the Company. Accordingly, these financial statements have been prepared on the basis of Generally Accepted Accounting Principles in India ("Indian GAAP") and by applying the historical cost convention on an accrual basis, 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 and Companies (Accounting Standards) Amendment Rules 2016. The accounting policies adopted in the preparation of 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 Insurance Regulatory Development Authority (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-SI).

Financiere C10 SAS (FC 10) 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;

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

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 revenue, 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.

### 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.

### 5.5 Property, Plant and Equipment

Property, Plant and Equipment (PPE) 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 Property, Plant and Equipment 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.

All machinery spare parts, stand-by and servicing equipment qualify as Property, Plant and Equipment if they meet the definition of PPE i.e. if the company intends to use these during more than a period of 12 months. The spare parts capitalized in this manner are depreciated as per AS 10 (Revised). Subsequent expenditure relating to Property, Plant and Equipment is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Property, Plant and Equipment 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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

Impairment including impairment on inventories, are recognized in the Consolidated 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 Consolidated 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 Consolidated 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 Bombay Stock Exchange (BSE) is adopted.
- (iv) Units of Mutual Funds are valued at the Net Asset Value (NAV). The change in the value is credited/ (debited) to the "Fair Value Change Account".



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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) Impairment Policy:

a. 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 tested for permanent impairment by applying the following tests:

- i. CMSGICL has been continuously incurring losses during the three preceding years (or)
- ii. CMSGICL's net worth has been fully eroded (or)
- iii. CMSGICL's audited annual accounts are not available for the last two preceding years.

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

- i. Equity shares which are actively traded to their market value.
  - ii. Equity shares other than which are actively traded or unlisted, to the book value and where the book value is negative, to ₹1.
- b. 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 recognized as an expense in the Consolidated Statement of Profit and Loss. Any reversal

of impairment loss earlier recognized in Consolidated Statement of Profit and Loss, shall be recognized in the Consolidated Statement of Profit and Loss.

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

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

In the case of CIFCL:

Investments which are long-term in nature are stated at cost. Provision is made for diminution in value if it is of nature other than temporary.

Current investments are individually valued at the lower of cost and fair value.

Costs of investments include acquisition charges such as brokerage, fees and duties.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 recognized to the extent that it is probable that the economic benefits will flow to the Group 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.

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 3<sup>rd</sup> July 2013.

b. Inward Business from Pooling Arrangements:

- In the case of the inward premium from IMTPDRIP (DR Pool), in view of the "clean cut" arrangement, the entire inward premium is recognized as revenue.
- In the case of the inward premium from Terrorism Pool (Fire and Engineering lines of business), 50% of the premium advised by the Pool Manager for a 12-month period is considered as Reserve for Unexpired Risks.
- In the case of the inward premium from Nuclear Pool (Liability lines of business), 50% of the premium advised by the Pool Manager for a 12-month period is considered as Reserve for Unexpired Risks.

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

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

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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (ii) Interest income on bill discounting is recognised over the tenure of the instrument so as to provide a constant periodic rate of return.
  - (iii) Service Charges are recognised on issue of delivery instruction to the dealer/ manufacturer in respect of the assets financed or on release of disbursement amount, whichever is earlier, and when there is no uncertainty in receiving the same.
  - (iv) Additional Interest, 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) Income from business of providing freight data solution, revenue from transaction fees are charged from the transporter on accrual basis on initiation of trip and in certain cases on receipt of POD from the transporter.
  - (xi) Interest income on bonds and deposits and pass through certificates is recognised on accrual basis.
  - (xii) 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.
  - (xiii) Profit / loss on sale of investments is recognised at the time of sale or redemption.
  - (xiv) Dividend Income is recognised when the right to receive dividend is established.
- 5.10 Reinsurance Ceded and Commission Received (CMMSGICL):**
- a) Reinsurance premium ceded is accounted in the year of commencement of risk in accordance with the treaty arrangements with the reinsurers. Non-proportional reinsurance cost is recognised when incurred and included in the premium on reinsurance ceded.
  - b) Commission on reinsurance ceded is recognised as income on ceding of reinsurance premium. Profit commission under reinsurance treaties wherever applicable, is recognized in the year of determination of the profits as per the respective treaties and included in Commission on reinsurance ceded.
- 5.11 Acquisition Cost of New Insurance Contracts (CMMSGICL)**
- 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 (CMMSGICL)**
- 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) The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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<sup>th</sup> June 2006, IBNR Manual dated 22<sup>nd</sup> May 2008 and applicable provisions of the Actuarial Practice Standard 21 issued by the Institute of Actuaries in India. The Appointed Actuary has used alternative methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of businesses.

- d) In respect of incoming co-insurance, claims are accounted based on intimations received from co-insurers.
- e) In respect of Declined Risk Pool, in view of the "clean cut" arrangement, the reserving for claims is made on the entire premium recognized 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<sup>rd</sup> 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 recognized 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.

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:

- (i) Unearned income
- (ii) Instalments appropriated up to the Balance Sheet date.

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 the 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 the minimum provisioning requirements specified by the 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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

service providers. It is recognised in the Consolidated Statement of Profit and Loss in the period incurred.

### 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 the Contributions are invested in a Scheme with Life Insurance Corporation of India, as permitted by Indian Law. 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 the Contributions are invested in a Scheme with Life Insurance Corporation of India, as permitted by Indian Law. 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 Consolidated 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 Consolidated 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 recognized based on the eligible leave at credit on the Balance Sheet date, and the estimated cost is based on the terms of the employment contract.

#### e) Voluntary Retirement Scheme

Compensation to employees under Voluntary Retirement Schemes is expensed in the period in



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 Consolidated 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 Consolidated 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 Consolidated 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.

### 5.20 Derivative Instruments and Hedge Accounting

#### Company

The Company uses Cash Flow Hedges (forward contracts and currency swaps) to hedge its risks associated with foreign currency fluctuations relating to firm commitment or highly probable forecast transactions. Till 31<sup>st</sup> March 2016, the Company designated these in a hedging relationship by applying the hedge accounting principles set out in Accounting Standard 30 – “Financial Instruments – Recognition and Measurement”. From 1<sup>st</sup> April 2016, the Company accounts for Derivative Instruments based on Guidance note issued by ICAI on accounting for Derivative contracts.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 Consolidated Statement of Profit and Loss.

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

The amounts recognised in the Hedge reserve are transferred to the Consolidated 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 Consolidated 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 Consolidated Statement of Profit and Loss for the year.

### CIFCL

The Group 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 the policy stated for foreign currency transactions and translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge accounting. All other derivative contracts are marked-to-market and losses

are recognised in the Consolidated Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

The CIFCL uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The CIFCL designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement" issued by ICAI. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Consolidated Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Consolidated Statement of Profit and Loss in the same periods during which the forecasted transaction affects 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. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Consolidated Statement of Profit and Loss.

### 5.21 Depreciation and Amortisation

- a) The Company depreciates Property, Plant and Equipment over their estimated useful lives using the Straight-line method, as per Schedule II of Companies Act, 2013. The estimated useful lives are as follows:

Description of Assets	Useful life
Plant & Machinery	7.50 Years - 15 Years
Electrical Appliances	5 Years- 10 Years
Furniture & Fixtures	10 Years
Factory Buildings	30 Years
Other Buildings	60 Years
Vehicles	4 Years



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- b) The following category of Property, Plant and Equipment are not depreciated as per Schedule II of Companies Act, 2013. These category of Property, Plant and Equipment are depreciated based on the Company's estimate of their useful lives taking into consideration technical advise:

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

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.

- c) Certain Property, Plant and Equipment are treated as Continuous Process Plants based on technical evaluation done by the Management and are depreciated at the applicable rates.
- d) 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 Property, Plant and Equipment 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 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 recognized 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 recognized in the year in which the timing differences originate.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 Consolidated 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 recognized when an enterprise 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, 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 recognized 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 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 revised annually.

### 5.25 Segment Reporting

- a) The Group's operating businesses are organized and managed separately according 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 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 Consolidated 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 recognized as deferred employee compensation and is charged to the Consolidated 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 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 31<sup>st</sup> March 2016.

In the previous year (31<sup>st</sup> March 2016), the CIFCL had early adopted the provisioning for standard assets to the extent they are required to be complied by 31<sup>st</sup> March 2018 and the revised asset classification norms to the extent they are required to be complied by 31<sup>st</sup> March 2017. Further, on a prudent basis, the CIFCL had created a one-time additional provision of ₹54.80 Cr in previous year against standard assets.

In the current year (31<sup>st</sup> March 2017), the CIFCL has early adopted the revised norms / provisions to the extent they are required to be complied by 31<sup>st</sup> March 2018.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 6. Share Capital

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
<b>Authorised Capital</b>		
43,00,00,000 Equity Shares of ₹1 each (Previous Year 21,50,00,000 Equity Shares of ₹2 each)	43.00	43.00
<b>Issued, Subscribed and Paid-up Capital</b>		
18,74,47,871 Equity Shares of ₹1 each fully paid up (Previous Year 18,73,46,537 Equity Shares of ₹2 each fully paid up)	18.75	37.47
	<b>18.75</b>	<b>37.47</b>

a) The Reconciliation of Share Capital is given below:

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
At the beginning of the year	18,73,46,537	37.47	18,71,31,664	37.43
Shares allotted on exercise of employee stock options (Refer Note (e) below)	1,01,334	0.02	2,14,873	0.04
Capital Reduction pursuant to Scheme of Arrangement *		(18.74)		
At the end of the year	<b>18,74,47,871</b>	<b>18.75</b>	<b>18,73,46,537</b>	<b>37.47</b>

\* Pursuant to the scheme of Arrangement as mentioned in Note 49, the face value of the shares of the Company shall be reduced from ₹2 to ₹1 each. Accordingly, the revised Authorised Share Capital of the company is ₹43 Cr. divided into 43,00,00,000 shares of ₹1 each. The Issued, Subscribed and Paid up capital shall have also been reduced from ₹2 each to ₹1 each for 18,73,46,537 shares as at the appointed date and the difference has been credited to the capital reserve. Any shares allotted between the appointed date and effective date has also been reduced from ₹2 each to ₹1 each as per the Scheme.

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 ₹1 each (Previous year ₹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 31.03.2017		As at 31.03.2016	
	No. of Shares	% against total number of shares	No. of Shares	% against total number of shares
Murugappa Holdings Limited	6,40,54,680	34.17%	6,40,54,680	34.19%

d) Status on Global Depository Receipts (GDR)

The aggregate number of GDRs outstanding as at 31<sup>st</sup> March 2017 is 42,30,630 (As at 31<sup>st</sup> March 2016 46,30,630) each representing one Equity Share of ₹2 face value. GDR % against total number of shares is 2.26% (As at 31<sup>st</sup> March 2016 2.47%). The GDRs carry the same terms / rights attached to Equity Shares of the Company.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

e) Stock Options (Also refer Note 47)

i) Employee Stock Option Plan 2007

The Company has granted Stock Options under “Employee Stock Option Plan 2007” scheme to certain employees in accordance with the Employees Stock Option Scheme, the details of which are as follows:

Particulars	Date of Grant	Weighted Average Exercise Price (₹) (Refer Note 47)	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	15,33,659	40,553	-	31.10.09 – 25% 31.10.10 – 37.5% 31.10.11 – 37.5%	0.59
Grant 4	31-Jul-08	44.45	3,86,900	92,595	277,617	16,688	-	31.07.09 – 20% 31.07.10 – 20% 31.07.11 – 30% 31.07.12 – 30%	0.83
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	2,16,340	43,344	-	29.01.12 – 20% 29.01.13 – 20% 29.01.14 – 30% 29.01.15 – 30%	2.96
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%	2.33
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	19,680	-	-	02.05.12 – 20% 02.05.13 – 20% 02.05.14 – 30% 02.05.15 – 30%	-
Grant 11	01-Aug-11	159.75	33,600	33,600	-	-	-	01.08.12 – 20% 01.08.13 – 20% 01.08.14 – 30% 01.08.15 – 30%	-
Grant 12	02-Nov-11	143.10	1,26,800	27,136	43,148	56,516	-	02.11.12 – 20% 02.11.13 – 20% 02.11.14 – 30% 02.11.15 – 30%	3.72
			<b>46,76,940</b>	<b>18,34,856</b>	<b>26,67,871</b>	<b>1,74,213</b>	-		

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During the past 5 years, the Company has allotted 11,32,554 (Previous Year 16,79,606) 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<sup>st</sup> March 2017 is 1,74,213 (Previous Year 2,75,547) and each Option is exercisable into one equity share of ₹1 face value within three/six years from the date of vesting.

The movement in stock options under “Employee Stock Option Plan 2007” scheme during the year is given below:

Particulars	Date of Grant	Options Outstanding as at 01.04.2016	During the Year 2016-17			Options Outstanding as at 31.03.2017	Options vested but not exercised as at 01.04.2016	Options vested but not exercised as at 31.03.2017
			Options Granted	Options Cancelled / lapsed	Options Exercised & allotted			
Grant 3	24-Mar-08	96,721	-	-	56,168	40,553	96,721	40,553
Grant 4	31-Jul-08	31,294	-	-	14,606	16,688	31,294	16,688
Grant 7	29-Jan-11	52,344	-	-	9,000	43,344	52,344	43,344
Grant 8	29-Jan-11	17,112	-	-	-	17,112	17,112	17,112
Grant 10	02-May-11	5,904	-	-	5,904	-	5,904	-
Grant 12	02-Nov-11	72,172	-	-	15,656	56,516	72,172	56,516
<b>Total</b>		<b>2,75,547</b>	<b>-</b>	<b>-</b>	<b>1,01,334</b>	<b>1,74,213</b>	<b>2,75,547</b>	<b>1,74,213</b>

Particulars	Date of Grant	Options Outstanding as at 01.04.2015	During the Year 2015-16			Options Outstanding as at 31.03.2016	Options vested but not exercised as at 01.04.2015	Options vested but not exercised as at 31.03.2016
			Options Granted	Options Cancelled / lapsed	Options Exercised & allotted			
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 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 10	02-May-11	21,156	-	1,476	13,776	5,904	13,776	5,904
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>

### ii) Employee Stock Option Plan 2016

The Company has granted Stock Options under “Employee Stock Option Plan 2016” scheme to certain employees in accordance with the Employees Stock Option Scheme, the details of which are as follows:

Particulars	Date of Grant	Weighted Average Exercise Price (₹) (Refer Note 47)	Options Granted	Options Cancelled / lapsed	Options Exercised & allotted	Options vested and outstanding at the End of the Year	Options unvested and Outstanding at the End of the Year	Vesting Date	Weighted Average Remaining Contractual Life (In Years)
Grant 1	15-Mar-17	604.15	237,960	-	-	-	2,37,960	15-Mar-18	-



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The movement in stock options under “Employee Stock Option Plan 2016” scheme during the year is given below:

Particulars	Date of Grant	Options Outstanding as at 01.04.2016	During the Year 2016-17			Options Outstanding as at 31.03.2017	Options vested but not exercised as at 01.04.2016	Options vested but not exercised as at 31.03.2017
			Options Granted	Options Cancelled / lapsed	Options Exercised & allotted			
Grant 1	15-Mar-17	-	2,37,960	-	-	2,37,960	-	-

### 7. Reserves and Surplus

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
<b>Capital Reserve</b>		
Balance at the beginning of the year	1.34	1.36
Deletions during the year	-	(0.02)
Adjustment pursuant to Scheme of Arrangement (Refer Note a below)	18.63	-
Balance at the end of the year	<b>19.97</b>	<b>1.34</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	6.16	22.75
Adjustment pursuant to Scheme of Arrangement (Refer Note 49)	(0.01)	-
Deletions during the year	-	(16.59)
Balance at the end of the year	<b>6.15</b>	<b>6.16</b>
<b>Securities Premium Account</b>		
Balance at the beginning of the year	201.89	257.95
Additions during the year on exercise of Employee Stock Options	0.80	2.40
Deletions during the year	-	(58.46)
Balance at the end of the year	<b>202.69</b>	<b>201.89</b>
<b>Debenture Redemption Reserve</b>		
Balance at the beginning of the year	220.83	196.56
Adjustment pursuant to Scheme of Arrangement (Refer Note 49)	(220.83)	-
Additions during the year	-	111.77
Deletions during the year	-	(87.50)
Balance at the end of the year	-	<b>220.83</b>
<b>Hedge Reserve Account</b>		
Balance at the beginning of the year	(0.87)	2.01
Adjustment pursuant to Scheme of Arrangement (Refer Note 49)	0.87	-
Additions / (Deductions) during the year (Net)	-	(2.88)
Balance at the end of the year	-	<b>(0.87)</b>
<b>Reserve Fund (Refer note b below)</b>		
Balance at the beginning of the year	-	176.20
Additions during the year	7.30	-
Deletions during the year	-	(176.20)
Balance at the end of the year	<b>7.30</b>	-



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at	
	31.03.2017	31.03.2016
<b>Foreign Currency Translation Reserve</b>		
Balance at the beginning of the year	0.69	0.48
Additions during the year	-	0.21
Adjustment pursuant to Scheme of Arrangement (Refer Note 49)	(0.69)	-
Balance at the end of the year	-	<b>0.69</b>
<b>General Reserve</b>		
Balance at the beginning of the year	1885.29	1481.10
Additions / (Deductions) during the year (Net)	29.91	404.19
Adjustment pursuant to Scheme of Arrangement (Refer Note 49)	(369.95)	-
Balance at the end of the year	<b>1545.25</b>	<b>1885.29</b>
	<b>1781.52</b>	<b>2315.49</b>
<b>Surplus / (Deficit) in the Statement of Profit and Loss</b>		
Surplus at the beginning of the year	971.21	151.76
Adjustment pursuant to Scheme of Arrangement (Refer Note 49)	(426.87)	-
Profit for the year	454.57	1038.91
Transfer to General Reserve	-	(84.49)
Transfer to Reserve Fund	(7.30)	-
Transfer to Debenture Redemption Reserve	-	(24.27)
Interim Dividend @ ₹1.25 (Previous year ₹1.50) per Equity Share of ₹1 each	(23.43)	(28.09)
Final Dividend Proposed- Nil (Previous year ₹3.50 - Special Dividend Proposed) per Equity Share of ₹1 each	-	(65.57)
Dividend Distribution Tax (Net) - Current year	(4.78)	(18.49)
Earlier year's provision for dividend tax no longer required (Refer note c below)	-	1.45
Net Surplus in the Statement of Profit and Loss	<b>963.40</b>	<b>971.21</b>
<b>Total Reserves and Surplus</b>	<b>2744.92</b>	<b>3286.70</b>

### Notes:

- Represents the amount pertaining to cancellation of Share capital and cancellation of investments in Resulting Company, pursuant to the Scheme of Arrangement (Refer Note 49).
- As per Section 45 IC of the Reserve Bank of India Act, 1934, the Company is required to create a minimum Reserve Fund at the rate of 20% of the Profit After Tax. Accordingly, the Company has transferred an amount of ₹7.30 Cr. out of the Profit After Tax for the year ended 31<sup>st</sup> March 2017 as Reserve Fund.
- Represent 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	
	31.03.2017	31.03.2016
<b>Secured Borrowings</b>		
Non-Convertible Debentures (NCD)	-	375.00
Term Loans from Banks	-	29.91
	-	<b>404.91</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note:

- All NCDs were secured by a pari passu first charge on certain immovable properties of the Company/Subsidiaries.
- All Long Term Buyers Credit (LTBC) loans were secured by a pari passu first charge on all the Plant and Machinery of the Company.
- Term loan from Banks were secured by way of immovable properties of respective subsidiaries.
- All the NCDs are payable of 1-3 years bearing Rate of Interest from 8%-10%. 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 31.03.2017	As at 31.03.2016
<b>COMPANY</b>		
<b>Deferred Tax Liabilities</b>		
On account of depreciation	-	64.75
<b>Total (A)</b>	-	<b>64.75</b>
<b>Deferred Tax Assets</b>		
On Provision for Doubtful Trade Receivables	-	(4.07)
On Provision for Employee Benefits	-	(6.69)
On expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	-	(12.03)
<b>Total (B)</b>	-	<b>(22.79)</b>
<b>Net Deferred Tax Liability (A+B)</b>	-	<b>41.96</b>

### 10. Other Long Term Liabilities

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Claims Outstanding	2029.65	1471.24
Other Liabilities	46.29	26.53
	<b>2075.94</b>	<b>1497.77</b>

### 11. Long Term Provisions

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Provision for Compensated Absences	-	5.22
Provision for Warranty (Refer Note a below)	-	0.10
Reserve for Unexpired Risk	149.63	135.59
Share in Jointly Controlled Entity	0.29	0.28
	<b>149.92</b>	<b>141.19</b>

#### a) Provision for Warranty

₹ in Crores

Particulars	2016-17	2015-16
At the beginning of the year	0.10	0.10
Created during the year	-	0.07
Utilised during the year	-	(0.07)
Adjustment pursuant to the Scheme of Arrangement (Refer Note 49)	(0.10)	-
<b>At the end of the year</b>	<b>-</b>	<b>0.10</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 12. Short Term Borrowings

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
<b>Secured Borrowings</b> (Secured by Current Assets)		
From Banks		
Foreign Currency Loans	-	19.88
Cash Credit and Other Borrowings	-	29.69
Share in Jointly Controlled Entity	-	2.47
	-	<b>52.04</b>
<b>Unsecured Borrowings</b>		
From Banks		
Foreign Currency Loans	-	66.25
Cash Credit and Other Borrowings	-	44.68
Commercial Papers	-	150.00
	-	<b>260.93</b>
	-	<b>312.97</b>

Short Term Borrowings as at 31<sup>st</sup> March 2017 have a maturity of up to 6 months with an interest rate range of 8%-11%.

### 13. Trade Payables

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Other than Acceptances		
- Dues to Micro, Small & Medium Enterprises	-	0.42
- Others	219.66	694.25
Share in Jointly Controlled Entity	2.91	1.97
	<b>222.57</b>	<b>696.64</b>

### 14. Other Current Liabilities

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Current Maturities of Long Term Borrowings - Secured	-	723.00
Interest Accrued but Not Due	-	51.75
Unpaid Dividends	2.47	2.52
Advances and Deposits from Customers / Others	76.26	56.49
Claims Outstanding	525.38	611.05
Unallocated Premium	128.50	44.73
Statutory Liabilities	70.95	45.71
Capital Creditors	-	14.25
Other Liabilities	0.39	65.24
Share in Jointly Controlled Entity	0.57	0.68
	<b>804.52</b>	<b>1615.42</b>

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

- -

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 15. Short Term Provisions

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Provision for Compensated Absences (Net) (Refer Note a below)	24.91	32.79
Provision for Warranties (Refer Note b below)	-	1.64
Provision for Contingency / Others (Refer Note c below)	-	23.30
Proposed Dividend	-	65.57
Distribution Tax on Proposed Dividend	-	13.35
Reserve for Unexpired Risk	1412.10	1104.30
Share in Jointly Controlled Entity	0.61	0.49
	<b>1437.62</b>	<b>1241.44</b>

#### Notes:

#### a) Provision for Compensated absences

This refers to the amounts provided for Earned Leave and Sick Leave, which can be accumulated for use in future periods, or encashed at the time of resignation/retirement of the employee.

#### b) Provision for Warranties

₹ in Crores

Particulars	2016-17	2015-16
At the beginning of the year	1.64	1.28
Created during the year	-	2.19
Utilised during the year	-	(1.83)
Adjustment pursuant to the Scheme of Arrangement (Refer Note 49)	(1.64)	-
<b>At the end of the year</b>	<b>-</b>	<b>1.64</b>

A provision is recognised for expected warranty claims on products sold during the last one year (2 years in respect of certain components), based on past experience of the level of returns. It is expected that most of these costs will be incurred within one year after the reporting date. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the applicable warranty period for all products sold.

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

₹ in Crores

Particulars	2016-17	2015-16
At the beginning of the year	23.30	16.08
Created during the year (Net)	-	7.22
Adjustment pursuant to the Scheme of Arrangement (Refer Note 49)	(23.30)	-
<b>At the end of the year</b>	<b>-</b>	<b>23.30</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 31.03.2016	Exchange Fluctuation on Opening Block of Foreign Subsidiaries	Additions	Deletions	Deletion on Conversion of Subsidiary to Associate	Adjustment pursuant to the Scheme (Refer Note 49)	As at 31.03.2017	As at 31.03.2016	Exchange Fluctuation on Opening Block of Foreign Subsidiaries	For the Year (Note a)	On Deletions	On Deletions	For the Year (Note e)	As at 31.03.2017	As at 31.03.2016
Property, Plant and Equipment															
Land (Freehold)	142.23	-	-	-	-	136.43	5.80	-	-	-	-	-	5.53	-	136.70
	(140.17)	0.29	(6.99)	-	(4.64)	-	(142.23)	-	-	-	-	(5.53)	-	(136.70)	(140.17)
Land (Leasehold)	1.14	-	-	-	-	1.14	-	0.20	-	-	-	0.33	-	-	0.61
	(1.14)	-	-	-	-	-	(1.14)	(0.18)	(0.02)	-	-	(0.33)	-	(0.61)	(0.96)
Buildings (Note b)	377.06	-	2.40	-	-	342.88	36.58	120.02	0.62	-	-	12.37	-	33.34	244.67
	(405.08)	1.89	(8.79)	(0.88)	(34.64)	-	(377.06)	(119.39)	(11.04)	(0.57)	(8.07)	(12.37)	(12.37)	(244.67)	(286.29)
Plant & Machinery	1808.51	-	0.73	0.14	-	1804.02	5.08	1194.66	0.73	0.14	-	18.77	-	1.40	595.08
	(1783.17)	8.93	(81.17)	(8.53)	(38.37)	-	(1808.51)	(1122.40)	(119.03)	(10.56)	(29.38)	(18.77)	(18.77)	(595.08)	(660.77)
Railway Siding	0.21	-	-	-	-	0.21	-	0.20	-	-	-	-	-	-	0.01
	(0.21)	-	-	-	-	-	(0.21)	(0.20)	-	-	-	-	-	(0.01)	(0.01)
Office Equipment	72.86	-	9.72	0.05	-	38.61	43.92	57.40	5.90	0.05	-	-	-	11.49	15.46
	(85.39)	0.35	(11.12)	(5.49)	(17.81)	-	(72.86)	(64.92)	(11.00)	(6.33)	(12.00)	-	-	(15.46)	(20.47)
Improvement to Premises (Leasehold and Owned)	14.81	-	1.75	0.51	-	2.35	13.70	7.66	2.06	0.51	-	-	-	4.61	7.15
	(35.11)	-	(4.02)	(0.01)	(24.31)	-	(14.81)	(23.09)	(4.07)	(1.93)	(17.57)	-	-	(7.15)	(12.02)
Furniture & Fixtures	22.23	-	0.67	0.10	-	17.46	5.34	16.08	0.85	0.10	-	-	-	0.73	6.10
	(40.86)	-	(1.87)	(0.56)	(19.94)	-	(22.23)	(28.36)	(2.92)	(1.69)	(13.51)	(0.05)	(0.05)	(6.10)	(12.50)
Vehicles	16.09	-	0.84	0.88	-	13.22	2.83	8.11	0.69	0.67	-	-	-	1.58	7.98
	(22.94)	-	(5.05)	(2.69)	(9.21)	-	(16.09)	(10.43)	(3.73)	(2.76)	(3.29)	-	-	(7.98)	(12.51)
<b>Total</b>	<b>2455.14</b>	<b>11.46</b>	<b>(119.01)</b>	<b>(18.16)</b>	<b>(148.92)</b>	<b>-</b>	<b>(2455.14)</b>	<b>(1368.97)</b>	<b>8.79</b>	<b>(151.81)</b>	<b>(23.84)</b>	<b>(37.05)</b>	<b>(37.05)</b>	<b>58.95</b>	<b>1013.76</b>
	(2514.67)	11.46	(119.01)	(18.16)	(148.92)	-	(2455.14)	(1368.97)	8.79	(151.81)	(23.84)	(37.05)	(37.05)	(1013.76)	(1145.70)
Intangible Assets															
- Computer Software	63.43	-	10.03	-	-	17.33	56.13	51.71	6.19	-	33.37	-	-	10.18	11.72
	(96.84)	0.72	(4.44)	-	(37.13)	-	(63.43)	(76.58)	(10.89)	(2.09)	(33.37)	-	-	(11.72)	(20.26)
- Others	-	-	-	-	-	-	-	-	-	-	1.69	-	-	-	-
	(1.71)	-	-	-	(1.71)	-	-	(1.69)	(0.02)	(1.69)	-	-	-	-	(0.02)
<b>Total</b>	<b>63.43</b>	<b>-</b>	<b>10.03</b>	<b>-</b>	<b>-</b>	<b>17.33</b>	<b>56.13</b>	<b>51.71</b>	<b>6.19</b>	<b>-</b>	<b>35.06</b>	<b>-</b>	<b>-</b>	<b>10.18</b>	<b>11.72</b>
	(98.55)	0.72	(4.44)	-	(38.84)	-	(63.43)	(78.27)	(10.91)	(2.11)	(35.06)	-	-	(11.72)	(20.28)
<b>Grand Total</b>	<b>2518.57</b>	<b>-</b>	<b>26.14</b>	<b>1.68</b>	<b>(18.16)</b>	<b>-</b>	<b>(2518.57)</b>	<b>(1447.24)</b>	<b>9.09</b>	<b>(162.72)</b>	<b>(25.95)</b>	<b>(37.05)</b>	<b>(37.05)</b>	<b>69.13</b>	<b>1025.48</b>
	(2613.22)	12.18	(123.45)	(18.16)	(187.76)	-	(2518.57)	(1447.24)	9.09	(162.72)	(25.95)	(37.05)	(37.05)	(1025.48)	(1165.98)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Notes:

- a) Depreciation / Amortisation for the year includes depreciation amounting to Nil (Previous Year ₹1.39 Cr.) charged additionally on certain assets.
- b) Net Block of Buildings includes Improvement to Buildings Nil (Previous Year ₹10.66 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) In the previous year, on account of various market factors, changes in future project potential and expected usage, the Company has recognized an impairment loss based on recoverable amounts determined by considering estimated net selling price based on quotations from third party 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 crores 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 recognized in the Consolidated Statement of Profit and Loss under Exceptional items.

### 17. Non – Current Investments

(Valued at Cost unless stated otherwise)

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
<b>Trade Investments:</b>		
Government Securities - Quoted (Refer Note a)	1670.20	1226.90
Investment Property	28.83	28.83
<b>Other Investments:</b>		
Equity Shares (Fully paid) - Quoted (Refer Note a)	145.57	124.32
Equity Shares (Fully paid) - Unquoted	0.78	3.26
Debentures and Bonds - Quoted (Refer Note a)	2244.68	1646.90
Others	-	6.00
	<b>4090.06</b>	<b>3036.21</b>

### Note:

- a) Market Value of Quoted Investments is ₹4060.99 Cr. (Previous Year ₹3099.76 Cr.)

### 18. Deferred Tax Assets (Net)

₹ in Crores

Nature - (Liability) / Asset	As at 31.03.2017	As at 31.03.2016
<b>SUBSIDIARY - CMSGICL</b>		
<b>Deferred Tax Liabilities (A)</b>	-	-
<b>Deferred Tax Assets</b>		
Provision for Employee Benefits and Others	3.53	4.76
Unexpired Risk Reserve	(2.49)	(1.72)
On account of depreciation	68.28	47.71
<b>Total (B)</b>	<b>69.32</b>	<b>50.75</b>
<b>Net Deferred Tax Asset (A+B) - I</b>	<b>69.32</b>	<b>50.75</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

₹ in Crores

Nature - (Liability) / Asset	As at 31.03.2017	As at 31.03.2016
<b>SUBSIDIARY - TTPL</b>		
<b>Deferred Tax Liabilities (A)</b>	-	-
<b>Deferred Tax Assets</b>		
On account of depreciation	-	0.76
Incorporation Expenses	-	0.01
Depreciation Loss	-	(0.29)
<b>Total (B)</b>	-	<b>0.48</b>
<b>Net Deferred Tax Asset (A+B) - II</b>	-	<b>0.48</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>Deferred Tax Assets</b>		
Provision for Employee Benefits, Doubtful Debts & Others	-	2.57
<b>Total (B)</b>	-	<b>2.57</b>
<b>Net Deferred Tax Asset (A+B) - III</b>	-	<b>1.83</b>
<b>SUBSIDIARY - FINANCIERE C10 SAS</b>		
<b>Deferred Tax Liabilities</b>		
Others	-	(2.81)
<b>Total (A)</b>	-	<b>(2.81)</b>
<b>Deferred Tax Assets</b>		
Others	-	3.15
<b>Total (B)</b>	-	<b>3.15</b>
<b>Net Deferred Tax Asset (A+B) - IV</b>	-	<b>0.34</b>
<b>Total Deferred Tax Asset (Net) - I+II+III+IV</b>	<b>69.32</b>	<b>53.40</b>

### 19. Long Term Loans and Advances

(Considered Good, Unsecured unless stated otherwise)

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Capital Advances		
- Secured	-	8.93
- Unsecured	-	16.92
Loans and Advances		
- Receivable from Terrorism Pool/Nuclear Pool	101.71	87.10
- Electricity and Other Deposits	-	14.26
- Others	64.34	29.57
Deposits with Government, Public Bodies and Others	4.90	20.99
Advance Income Tax (Net of Provision for taxation)	34.97	30.12
Share in Jointly Controlled Entity	2.45	0.05
	<b>208.37</b>	<b>207.94</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 20. Other Non-Current Assets

(Unsecured, Considered Good unless otherwise stated)

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Other Deposits	4.95	5.17
Share in Jointly Controlled Entity	0.51	1.06
	<b>5.46</b>	<b>6.23</b>

### 21. Current Investments

(At lower of Cost and Fair Value)

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Debentures / Bonds	383.02	268.08
Mutual Funds and Money Market Instruments	28.26	75.32
Government Securities	25.11	24.91
	<b>436.39</b>	<b>368.31</b>

### 22. Inventories

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

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Raw Materials	-	214.12
Work-in-Progress	-	135.86
Finished Goods	-	176.06
Stock-in-Trade	-	33.85
Stores and Spare Parts	-	21.42
Goods-in-Transit		
- Raw Materials	-	18.82
- Stock-in-Trade	-	3.10
	-	<b>603.23</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 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
Raw Materials	-	77.92	-	54.64	-	49.85	-	31.48	-	0.24	-	214.13
Work-in-Progress	-	6.96	-	44.26	-	51.95	-	32.69	-	-	-	135.86
Finished Goods	-	82.59	-	48.37	-	42.56	-	2.54	-	-	-	176.06
Stock-in-Trade	-	32.11	-	-	-	1.74	-	-	-	-	-	33.85
Stores and Spare Parts	-	-	-	4.06	-	17.35	-	-	-	-	-	21.41
Goods-in-Transit												
- Raw Materials	-	12.86	-	4.25	-	1.71	-	-	-	-	-	18.82
- Stock-in-Trade	-	2.54	-	-	-	0.56	-	-	-	-	-	3.10
<b>Total Inventories</b>	-	<b>214.98</b>	-	<b>155.58</b>	-	<b>165.72</b>	-	<b>66.71</b>	-	<b>0.24</b>	-	<b>603.23</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 23. Trade Receivables

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Considered good	197.44	69.28
Doubtful	-	12.49
	<b>197.44</b>	<b>81.77</b>
Provision for Doubtful Debts	-	(12.49)
	<b>197.44</b>	<b>69.28</b>
<b>Other receivables</b>		
Considered good	32.15	609.93
Doubtful	-	0.79
	<b>32.15</b>	<b>610.72</b>
Provision for Doubtful Debts	-	(0.79)
	<b>32.15</b>	<b>609.93</b>
<b>Total Trade Receivables</b>		
Considered good	229.59	679.21
Doubtful	-	13.28
	<b>229.59</b>	<b>692.49</b>
Provision for Doubtful Debts	-	(13.28)
	<b>229.59</b>	<b>679.21</b>
Share in Jointly Controlled Entity	6.90	5.74
	<b>236.49</b>	<b>684.95</b>

### 24. Cash and Cash Equivalents

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
<b>Cash and Cash Equivalents</b>		
Balance with Banks		
- Current Accounts	41.75	63.59
- On Deposit Accounts		
- Free of Lien	-	718.82
Cheques on Hand	12.41	9.49
Cash on Hand	0.11	0.15
Share in Jointly Controlled Entity	0.95	0.99
	<b>55.22</b>	<b>793.04</b>
<b>Other Bank Balances</b>		
- Unpaid Dividend Accounts	2.47	2.52
- On Deposit Accounts		
- Under Lien	0.41	0.28
- In Deposit Accounts - Original maturity more than 3 months	339.09	522.17
Share in Jointly Controlled Entity	-	-
	<b>341.97</b>	<b>524.97</b>
	<b>397.19</b>	<b>1318.01</b>

**Note:** Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statements is

55.22      793.04

#### Details of Transactions in Specified Bank Notes and Other Denomination Notes

Particulars	Demonetised notes	Other notes	Total
<b>Closing Cash as on 8-Nov-16</b>	-	-	-
Add : Permitted Receipts	-	-	-
Less : Permitted Payments	-	-	-
Less : Deposited in Banks	-	-	-
<b>Closing Cash as on 30-Dec-16</b>	-	-	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- There are no Cash transactions in the Company.
- Cholamandalam MS General Insurance Company is not required to prepare its accounts in accordance with Schedule III of the Companies Act, 2013, and accordingly CMSGICL is not required to give details of Specified Bank Notes.

### 25. Short Term Loans and Advances

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Advances Recoverable		
- Goods and Services	42.12	28.41
- Employee Related	1.66	14.27
- Prepaid Expenses	84.40	54.69
- Others	-	1.36
	<b>128.18</b>	<b>98.73</b>
Other Deposits	-	3.37
Balances with Customs, Excise and Sales Tax Authorities	-	39.18
MAT Credit Entitlement	-	22.54
Fringe Benefits Tax (Net of Provision)	-	0.01
Share in Jointly Controlled Entity	0.49	4.08
	<b>128.67</b>	<b>167.91</b>

### 26. Other Current Assets

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Interest and Other Income Accrued but Not Due		
- On Deposits and Investments	150.37	116.60
Other Accruals and Receivables	3.14	14.42
Receivable from Tube Investments of India Limited (Resulting Company)	55.00	-
Share in Jointly Controlled Entity	0.01	0.02
	<b>208.52</b>	<b>131.04</b>

### 27. Sale of Products

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>Sale of Products</b>		
- Finished Goods	-	4339.71
- Traded Goods	-	111.45
<b>Sale of Products - Gross</b>	-	<b>4451.16</b>
Excise Duty on Sales	-	(284.42)
<b>Sale of Products - Net</b>	-	<b>4166.74</b>
<b>Details of Product Sold</b>		
Finished Goods Sold		
- Cycles and Accessories	-	1389.50
- Steel Strips and Tubes	-	1565.81
- Metal Formed Products	-	1205.42
- Gears and Gear Products	-	178.76
- Others	-	0.22
Traded Goods Sold		
- Cycles and Accessories	-	102.23
- Metal Formed Products	-	9.22

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 28. Income from Financing Operations - CIFCL

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Automobile Financing	-	1104.23
Loans against Immovable Property	-	416.21
Loans against Securities	-	1.60
Consumer Loans	-	0.03
Other Loans	-	13.95
Bills Discounting	-	1.57
Interest spread on assignment/securitisation	-	83.19
Stock broking, Depository Operations and Allied Services	-	4.64
Retail Distribution Operations - Commission	-	3.41
	-	<b>1628.83</b>

### 29. Income from Investments

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Dividend Income from		
Non-Trade Investments	2.00	0.03
Current Investments	7.21	5.52
	<b>9.21</b>	<b>5.55</b>
Interest Income	343.53	336.25
Profit on Sale of Investments	68.36	28.34
Share in Jointly Controlled Entity	0.13	-
	<b>421.23</b>	<b>370.14</b>

### 30. Other Operating Revenue

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Scrap sales (Net of Excise Duty)	-	134.24
Conversion Income	-	0.24
Cash Discount	-	0.20
Export Benefits (Duty Drawback and Other Export Incentives)	-	7.91
Liabilities no longer payable written back	-	0.30
Others	0.17	0.14
	<b>0.17</b>	<b>143.03</b>

### 31. Other Income

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Royalty Income	-	0.44
Profit on Property, Plant and Equipment Sold / Discarded (Net)	0.11	2.78
Profit on Sale of Investments (Net)	-	0.84
Miscellaneous Income	-	2.95
Share in Jointly Controlled Entity	1.19	0.54
	<b>1.30</b>	<b>7.55</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Closing Stock / Inventories at the end of the year		
Work-in-Progress	-	135.86
Finished Goods	-	176.06
Stock-in-Trade	-	36.95
	-	<b>348.87</b>
Opening Stock / Inventories at the beginning 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>
Adjustment Pursuant to Scheme of Demerger (Refer Note 49)		
Work-in-Progress	(135.86)	-
Finished Goods	(176.06)	-
Stock-in-Trade	(36.95)	-
	<b>(348.87)</b>	-
Changes in Inventories		
Work-in-Progress	-	12.48
Finished Goods	-	(26.10)
Stock-in-Trade	-	14.32
<b>Changes in inventories of Work-in-Process, Finished Goods and Stock-in-Trade *</b>	-	<b>0.70</b>
* Includes Decrease/ (Increase) in Excise Duty on Finished Goods	-	0.27

### 33. Employee Benefits Expense

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Salaries, Wages and Bonus	104.67	562.15
Gratuity Expenses (Refer Note 43)	-	6.79
Contribution to Provident and Other Funds	9.79	48.89
Welfare Expenses	7.37	58.36
Share in Jointly Controlled Entity	5.88	4.68
	<b>127.71</b>	<b>680.87</b>

### 34 Finance Costs

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Interest Expense	0.19	122.62
Exchange difference on Foreign Currency Loans (Net)	-	14.94
Other Borrowing Costs	-	0.10
Share in Jointly Controlled Entity	0.12	0.18
	<b>0.31</b>	<b>137.84</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 35. Other Expenses

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Consumption of Stores and Spares	-	191.90
Conversion Charges	-	111.35
Power and Fuel	4.08	155.72
Rent (Net of Recoveries)	10.90	42.11
Repairs to Buildings	-	1.96
Repairs to Machinery	-	69.17
Repairs to Others	2.53	5.65
Insurance	0.07	1.09
Rates and Taxes	10.29	62.73
Travelling and Conveyance	0.22	38.42
Printing, Stationery and Communication	-	16.20
Freight, Delivery and Shipping Charges	-	137.03
Discounts / Incentives on Sales	-	27.21
Advertisement and Publicity	80.94	88.62
Bad Debts Written Off	-	0.97
Provision for Doubtful Debts	-	2.69
Loss on Property, Plant and Equipment Sold / Discarded (Net)	-	0.48
Auditors' Remuneration (Refer Note a below)	0.55	2.26
Commission and Sitting Fees to Non Whole Time Directors - (Refer Note b below)	0.19	1.57
Loss on Exchange Fluctuation (Net)	0.07	1.78
Marketing Expenses	308.61	205.86
Bank Charges	-	2.61
EDP Expenses	16.47	33.77
Donations to Charitable and other insitiutions	0.18	1.67
Expenditure on Corporate Social Responsibility	6.22	7.83
Administration Expenses	70.70	68.36
Insurance Commission (Net)	15.31	33.96
Recovery Charges	-	65.46
Other Expenses	70.96	118.94
Share in Jointly Controlled Entity	11.86	9.56
	<b>610.15</b>	<b>1506.93</b>

#### Notes:

#### (a) Auditors' Remuneration (Including for other Auditors)

₹ in Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Statutory Audit	0.47	1.83
Tax Audit & Other Services	0.07	0.42
Reimbursement of Expenses	0.01	0.01
	<b>0.55</b>	<b>2.26</b>
Share in Jointly Controlled Entity	-	0.03
	<b>0.55</b>	<b>2.29</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### (b) Commission and Sitting Fees to Non Whole Time Directors

Pursuant to the Scheme of Arrangement (Refer Note 49), the Commission and sitting fees aggregating to ₹1.62 Cr. has been transferred to Resulting Company

Particulars	₹ in Crores	
	Year Ended 31.03.2017	Year Ended 31.03.2016
Directors' Commission	1.62	1.38
Directors' Sitting Fees	0.19	0.19
	<b>1.81</b>	<b>1.57</b>
Transfer of expenses pursuant to Scheme of Arrangement (Refer Note 49)	(1.62)	-
	<b>0.19</b>	<b>1.57</b>

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

Particulars	₹ in Crores	
	Year Ended 31.03.2017	Year Ended 31.03.2016
Loss Assets Written Off	-	1.10
Loss on Repossessed Assets (Net)	-	84.97
Provision for Non Performing Assets	-	79.78
Provision for Standard Assets (Net)	-	8.69
Provision for other Doubtful Debts and Advances	-	0.01
	-	<b>174.55</b>

### 37. Financing Charges

Particulars	₹ in Crores	
	Year Ended 31.03.2017	Year Ended 31.03.2016
Interest Expense	-	760.10
Discount on Commercial Papers	-	64.17
Other Borrowing Costs	-	11.53
	-	<b>835.80</b>

### 38. Exceptional Items

Particulars	₹ in Crores	
	Year Ended 31.03.2017	Year Ended 31.03.2016
a. Profit on Sale of Non-Current Investment (Refer Note i below)	-	762.42
b. Provision for Impairment of Property, Plant and Equipment (Refer Note 16e)	-	(37.05)
c. Profit on Sale of Non Operating Property, Plant and Equipment (Refer Note ii below)	-	1.25
	-	<b>726.62</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note:

- (i) During the year ended 31<sup>st</sup> March 2016, 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 Limited (CMSGICL) to its joint venture partner, M/s Mitsui Sumitomo Insurance Company Limited, Japan (MS) for a consideration of ₹882.67 Cr on 31<sup>st</sup> March 2016. The excess of the sale consideration over the proportionate reduction in the Company's share of net assets and goodwill in CMSGICL aggregating ₹762.42 Cr. was recognised as a gain in the Consolidated Financial Statements.
- (ii) The Company sold certain Property, Plant and Equipment and earned profit of ₹1.25 Cr. This has been recognised as a gain during the year ended 31<sup>st</sup> March 2016.

### 39. Contingent Liabilities and Commitments

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
<b>1. Contingent Liabilities</b>		
a) Disputed Income-Tax demands from A.Y. 1993-94 to 2014-15 under appeal / remand pending before various appellate/ assessing authorities against which ₹33.99 Cr. (Previous Year ₹29.84 Cr.) has been deposited. The Balance of ₹5.37 Cr. (Previous Year ₹5.84 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. Less: Reimbursable from Tube Investments of India Limited (Resulting Company) - Refer Note e below.	39.36  (39.36)  -	35.68  -  <b>35.68</b>
b) Disputed Service Tax, Excise and Customs duty demand amounting to Nil (Previous Year ₹0.37 Cr.) and penalty of Nil (Previous Year ₹0.05 Cr.) pertaining to financial years 1999-2000 to 2013-14 under appeal pending before the Appellate Tribunal against which Nil (Previous Year ₹0.0035 Cr.) has been deposited. The Management is of the opinion that the above demands are arbitrary and are not sustainable	-	0.42
c) Counter Guarantees provided by the Subsidiary and Associate	132.19	86.92
d) Disputed claims against Associate lodged by various parties pending litigation (to the extent quantifiable)	29.12	25.77
e) Disputed Excise / Sales / Service Tax Demands in respect of the Subsidiary and Associate	151.02	57.42
f) Disputed Income Tax Demands in respect of the Subsidiaries and Associate	261.82	229.33
g) Income tax cases decided in favour of Associate by Appellate Authorities and for which the Department is in further appeal	0.06	2.61
h) Outstanding bank guarantees given to stock exchanges/stock holding corporation of India limited to meet margin requirements by Associate	7.51	-
i) Other Claims Against Company and one of the subsidiary not acknowledged as debts	-	1.43
<b>2. Commitments</b>		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for: - Capital Expenditure	7.47	67.73
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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Notes:

- a) The Group is of the opinion that the above demands are not sustainable and expects to succeed in its appeal / defence.
- b) Draft Assessment Orders received from Income Tax Authorities and Show Cause Notices received from various Government Authorities, pending adjudication, have not been considered as Contingent Liabilities.
- c) 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.
- d) The Group considers the Cash flow in each of the cases to be uncertain and hence considered as Contingent liabilities
- e) As per the Scheme of Arrangement, all taxes, duties, cess payable by the Company relating to the Manufacturing Business Undertaking including all advance tax payments, tax deducted at source or any refunds / credit / claims relating thereto shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds / credit / claims, as the case may be, of the Resulting Company, provided however that any direct and indirect taxes that cannot specifically be earmarked as the liability or refunds / credit / claims relating to the Manufacturing Business Undertaking shall continue to be borne by the Company. The Scheme further provides that if the Company or their successor(s) receives any refunds / credit / claims or incurs any liability in respect of the Manufacturing Business Undertaking, the same shall be on behalf of and as a trustee of the Resulting Company and the same shall be refunded to / paid by the Resulting Company.

### 40. Subsidiary - CMSGICL.

#### a) Terrorism Pool:

Premium received from customers on account of Terrorism cover has been ceded to General Insurance Corporation of India (GIC) Terrorism Pool Account. The Company's share in the Terrorism Pool Account with GIC, based on the statements of account received during the current year for the period upto 31<sup>st</sup> December 2016 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<sup>st</sup> March 2017) - under Interest and Dividends in the Revenue Accounts

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

The CMSGICL's share in the Terrorism Pool Account with GIC for the period 1<sup>st</sup> January 2017 to 31<sup>st</sup> March 2017 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) IRDA vide its circular IRDA/NL/CIR/MISC/051/03/2016 dated 15<sup>th</sup> March 2016 has dismantled DR Pool with effect from 1<sup>st</sup> April 2016.
- (ii) During the financial year ending 31<sup>st</sup> March 2016, the Cholamandalam MS General Insurance Company Limited (CMSGICL) had provided ₹4.56 Cr. under Motor segment in Miscellaneous Revenue Account (disclosed under "Claims Incurred" in the Consolidated Statement of Profit and Loss) based on Management estimate. The motor segment in Miscellaneous Revenue Account (disclosed under "Claims Incurred" in the Consolidated Statement of Profit and Loss) for the year ended 31<sup>st</sup> March 2017 includes writing back of excess provision of ₹2.80 Cr. based on the clean cut statement received from the Pool Manager for the financial year ended 31<sup>st</sup> March 2016.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### c) India Nuclear Insurance Pool (Nuclear Pool):

- (i) Premium received from customers towards Nuclear Policies has been ceded to General Insurance Corporation of India (GIC) - Nuclear Pool. The CMSGICL's share in the Nuclear Pool Account with GIC, based on the statements of account received during the current year for the period upto September 30, 2016 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 - under Interest and Dividends in the Revenue Accounts
- The resultant surplus/ deficit is reflected as RI Receivable/ Payable on Nuclear Pool.
- (ii) CMSGICL's share in the Nuclear Pool Account with GIC for the period 1<sup>st</sup> October 2016 to 31<sup>st</sup> March 2017 will be accounted on receipt of the relevant statements of account from GIC

### d) Encumbrances

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

- (i) Deposits under lien to banks amounting to ₹0.41 Cr. (Previous Year ₹0.28 Cr.)
- (ii) Garnishee orders by Motor Accidents Claims Tribunal (MACT) on bank balances amounting to ₹1.01 Cr. (Previous Year ₹1.15 Cr.) in respect of Motor Third Party Claims. These amounts duly provided for are included in the Outstanding Claims.

### e) 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.

### f) Claims where the claim payment period exceeds four years

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

## 41. Segment Information

The Group's operations are organised into two primary product / service segments namely, Insurance and Allied Services and Other Financial Services. Insurance and Allied Services Segment represents Insurance Business and related risk services. Other financial services segment represents financial service business.

In the Previous Year, 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 and Allied Services, 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 sections for railway wagons and passenger coaches. The Gears and Gear Products segment comprises of industrial gears and Others represents die designing and manufacturing. Pursuant to the Scheme of Arrangement as mentioned in Note 49, these segments have been transferred to Resulting Company with effect from 1<sup>st</sup> April 2016.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## (A) Primary Segment

₹ in Crores

	CYCLES AND Accessories		ENGINEERING		METAL FORMED PRODUCTS		GEARS AND GEAR PRODUCTS		INSURANCE AND ALLIED SERVICES		OTHER FINANCIAL SERVICES		OTHERS		ELIMINATIONS		CONSOLIDATED TOTAL		CONTINUING OPERATIONS		DISCONTINUED OPERATIONS		
	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	Current Year	Previous Year	Current Year	Previous Year	
<b>REVENUE</b>																							
External Sales	1476.62	1405.16	1122.96	1122.96	161.79	2266.45	1695.64	1628.83	0.21									2266.45	7491.21	2266.45	3324.47	4166.74	
Inter-Segment Sales		128.59	0.48	0.48	0.63	-	10.37	15.96							(156.03)								
Other Operating Income	8.71	95.60	40.89	40.89	10.77	421.26	321.37	30.79	1.41									421.26	509.54	421.26	366.21	143.33	
Unallocated Corporate Income																		0.14	3.63	0.14	-	3.63	
<b>Total Revenue</b>	<b>1485.33</b>	<b>1629.35</b>	<b>1164.33</b>	<b>1164.33</b>	<b>173.19</b>	<b>2687.71</b>	<b>2027.38</b>	<b>1675.58</b>	<b>1.62</b>						<b>(156.03)</b>			<b>2687.85</b>	<b>8004.38</b>	<b>2687.85</b>	<b>3690.68</b>	<b>4313.70</b>	
Unallocated Corporate Expenses net of Income																		(3.64)	(14.99)	(3.64)	(4.50)	(10.49)	
<b>RESULT</b>																							
Operating Profit	79.29	94.70	85.56	85.56	23.46	298.58	213.79	303.92	(3.52)									294.94	782.21	294.94	513.25	268.96	
Profit / (Loss) on Sale of Assets		(0.13)	2.30	2.30		0.11	0.10	0.08										0.11	2.35	0.11	0.18	2.17	
<b>Net Operating Profit</b>	<b>79.29</b>	<b>94.57</b>	<b>87.86</b>	<b>87.86</b>	<b>23.46</b>	<b>298.69</b>	<b>213.89</b>	<b>304.00</b>	<b>(3.52)</b>									<b>295.05</b>	<b>784.56</b>	<b>295.05</b>	<b>513.43</b>	<b>271.13</b>	
Interest Expense			(3.34)	(3.34)		(0.31)	0.61											(0.31)	(137.84)	(0.31)	(0.27)	(137.57)	
Income Taxes			2.59	2.59	(5.22)	(89.43)	(65.57)	(105.11)	0.13									(89.43)	(367.07)	(89.43)	(334.53)	(32.54)	
Profit on Sale of Investments			0.05	0.05															0.84			0.84	-
Exceptional Item																							
- Profit on Sale of Non Current Investment																			762.42			762.42	-
- Provision for Impairment of Tangible Assets		(2.60)	(34.45)	(34.45)															(37.05)			(37.05)	
- Profit on Sale of Non Operating Assets																			1.25			1.25	
Minority Interest in Net Income																			(83.26)	(142.04)	(83.26)	(137.44)	(4.60)
Share of Profit from Associate																			332.52	173.84	332.52	173.84	-
<b>Net Profit</b>	<b>79.29</b>	<b>91.97</b>	<b>52.71</b>	<b>52.71</b>	<b>18.24</b>	<b>208.95</b>	<b>148.93</b>	<b>198.89</b>	<b>(3.39)</b>									<b>454.57</b>	<b>1038.91</b>	<b>454.57</b>	<b>978.29</b>	<b>60.62</b>	
<b>Other Information</b>																							
Segment Assets	526.12	868.58	699.80	699.80	316.13	5721.57	4369.25	0.05	25.29						(38.72)			5721.57	6766.50	5721.57	4180.09	2586.41	
Unallocated Corporate Assets																		2097.51	2576.40	2097.51	1736.67	839.73	
<b>Total Assets</b>	<b>526.12</b>	<b>868.58</b>	<b>699.80</b>	<b>699.80</b>	<b>316.13</b>	<b>5721.57</b>	<b>4369.25</b>	<b>0.05</b>	<b>25.29</b>						<b>(38.72)</b>			<b>7819.08</b>	<b>9342.90</b>	<b>7819.08</b>	<b>5916.76</b>	<b>3426.14</b>	
Segment Liabilities	261.50	277.59	210.55	210.55	33.90	4688.10	3558.37		6.81						(38.72)			4688.10	4310.00	4688.10	2913.14	1396.86	
Unallocated Corporate Liabilities																		2.47	159.46	2.47	2.01	157.45	
<b>Total Liabilities</b>	<b>261.50</b>	<b>277.59</b>	<b>210.55</b>	<b>210.55</b>	<b>33.90</b>	<b>4688.10</b>	<b>3558.37</b>	<b>6.28</b>	<b>6.81</b>						<b>(38.72)</b>			<b>4690.57</b>	<b>4469.46</b>	<b>4690.57</b>	<b>2915.15</b>	<b>1554.31</b>	
Capital Expenditure	51.10	44.01	32.91	32.91	10.69	26.30	14.65		14.32									26.30	173.96	26.30	35.25	138.71	
Unallocated Corporate Capital Expenditure																			3.26			3.26	
Depreciation	8.03	59.51	51.10	51.10	16.71	17.28	15.65	8.67	0.57									17.28	160.24	17.28	24.55	135.69	
Unallocated Corporate Depreciation																			2.71			2.71	
Impairment Provision		2.60	34.45	34.45															37.05			37.05	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### (B) Secondary Segment

₹ in Crores

Particulars	2016-17	2015-16
<b>Revenue by Geographic Market</b>		
India	2687.85	7564.07
Rest of the World	-	440.31
	<b>2687.85</b>	<b>8004.38</b>
<b>Segment Assets by Geographic Market</b>		
India	7819.06	9107.35
Rest of the World	-	235.55
	<b>7819.06</b>	<b>9342.90</b>
<b>Capital Expenditure by Geographic Market</b>		
India	26.30	169.94
Rest of the World	-	7.28
	<b>26.30</b>	<b>177.22</b>

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

#### a) List of Related Parties

##### I. Company having Substantial Interest in Voting Power

In Cholamandalam MS General Insurance Company Limited:

Mitsui Sumitomo Insurance Company Limited

##### II. Entity having Significant Influence

Murugappa Holdings Limited

##### III. Jointly Controlled Entity

Cholamandalam MS Risk Services Limited

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

In the Company

Mr. L Ramkumar - Managing Director

Mr. K Mahendrakumar - Chief Financial Officer (from 15<sup>th</sup> December 2016)  
(Pursuant to Companies Act, 2013)

Mr. S Suresh - Company Secretary  
(Pursuant to Companies Act, 2013)

Mr. Arjun Ananth - Chief Financial Officer (till 29<sup>th</sup> February 2016)  
(Pursuant to Companies Act, 2013)

Mr. N Ganesh - Manager (from 9<sup>th</sup> August 2017)  
(Pursuant to Companies Act, 2013)

Mr. AN. Meyyappan - Chief Financial Officer (from 9<sup>th</sup> August 2017)  
(Pursuant to Companies Act, 2013)

Ms. E Krithika - Company Secretary (from 9<sup>th</sup> August 2017)  
(Pursuant to Companies Act, 2013)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Notes:

- a. Pursuant to Scheme of Arrangement (Refer Note 49), Mr.L. Ramkumar, Managing Director of the Company, has been moved to the Resulting Company and appointed as Managing Director from 1<sup>st</sup> August 2017.
- b. Pursuant to Scheme of Arrangement (Refer Note 49), Mr. K. Mahendrakumar, Chief Financial Officer of the Company, has been moved to the Resulting Company and appointed as Chief Financial Officer from 1<sup>st</sup> August 2017.
- c. Pursuant to Scheme of Arrangement (Refer Note 49), Mr. S. Suresh, Company Secretary of the Company, has been moved to Resulting Company and appointed as Company Secretary from 1<sup>st</sup> August 2017.

Pursuant to the Scheme of Arrangement (Refer Note 49), all the Employee Benefit expense have been transferred to the Resulting Company. Hence the disclosure relating to remuneration of Key Management Personnel has been made in the Resulting Company.

### b) Additional Disclosures - List of Related Parties of Resulting Company

#### I. Subsidiary Companies

- a. Shanthi Gears Ltd.
- b. Financiere C10 SAS and its Subsidiaries namely:
  - Sedis SAS
  - Societe De Commercialisation De Composants Industriels – SARL (S2CI) (merged with Sedis SAS)
  - Sedis Co. Ltd.
  - Sedis Gmbh

#### II. Joint Venture Companies

- a. TI Tsubamex Private Ltd.
- b. TI Absolute Concepts Private Ltd.

#### III. Company having Significant Influence and other entities

- a. Murugappa Holdings Ltd.
- b. Ambadi Investments Pvt. Ltd.
- c. Parry Agro Industries Ltd.
- d. Parry Enterprises India Ltd.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- c) 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	2016-17	2015-16
Rentals Received / Recovered	Mitsui Sumitomo Insurance Company Limited.	1.34	0.92
Management Expenses	Mitsui Sumitomo Insurance Company Limited.		
(a) Paid/Payable		1.12	1.01
(b) Recovery		0.28	0.25
Reinsurance Ceded	Mitsui Sumitomo Insurance Company Limited.	54.92	49.27
Reinsurance Commission Received	Mitsui Sumitomo Insurance Company Limited.	7.94	6.82
Professional Fee	Tsubamex Company Limited	-	0.09
Reinsurance Recovery on claims	Mitsui Sumitomo Insurance Company Limited.	134.37	40.83
Dividend Paid	Murugappa Holdings Limited	30.43	12.81
	KMP of the Company	0.07	0.03
Remuneration	Mr. L. Ramkumar	-	3.35
	Mr. S. Suresh	-	0.66
	Mr. Arjun Ananth	-	0.88
<b>Balance at Year End</b>			
Receivable (Net) –Due from other Entities Carrying on Insurance Business	Mitsui Sumitomo Insurance Company Limited.	8.79	9.12
Receivable (Net) – Management expenses and rent	Mitsui Sumitomo Insurance Company Limited.	0.58	0.25
Payable	KMP of the Company	-	0.73
	Tsubamex Company Limited	-	0.02
Final Dividend - Proposed	KMP of the Company	-	0.05
	Murugappa Holdings Limited	-	22.42

- d) Additional Disclosures with respect to Transactions with Resulting Company and its related parties

		₹ in Crores	
Transaction	Related Party	2016-17	2015-16
Rentals Received / Recovered	TI Absolute Concepts Private Limited	0.01	-
	Tube Investments of India Limited	0.14	-
Premium Received	Tube Investments of India Limited	2.77	-
	Shanthy Gears Limited	0.41	-
	TI Tsubamex Private Limited	0.03	-
Claims Paid	Tube Investments of India Limited	8.57	-
Management expenses recovered	Tube Investments of India Limited	0.02	-
	Shanthy Gears Limited	0.05	-
Services availed	Tube Investments of India Limited	0.01	-
Investments redeemed	Tube Investments of India Limited	10.00	-
Interest Received	Tube Investments of India Limited	0.07	-
<b>Balance at Year End</b>			
Receivable (Net) – Management expenses and rent	Tube Investments of India Limited	0.04	-
Payable	Tube Investments of India Limited	0.02	-



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 43. 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 Consolidated Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet.

	₹ in Crores	
	2016-17	2015-16
<b>Details of Actuarial Valuation</b>		
<b>Change in Benefit Obligation</b>		
Projected Benefit Obligation as at Year Beginning	51.62	57.24
Adjustment pursuant to the Scheme of Arrangement (Refer Note 49)	(45.77)	-
Adjustment on account of conversion from Subsidiary to Associate	-	(10.66)
Service Cost	1.14	5.16
Interest Cost	0.43	3.51
Actuarial Loss	0.06	1.78
Benefits Paid	(0.55)	(5.41)
<b>Projected Benefit Obligation as at Year End</b>	<b>6.93</b>	<b>51.62</b>
<b>Change in Plan Assets</b>		
Fair Value of Plan Assets as at Year Beginning	50.30	54.98
Adjustment pursuant to the Scheme of Arrangement (Refer Note 49)	(46.73)	-
Adjustment on account of conversion from Subsidiary to Associate	-	(8.62)
Actual / Expected Return on Plan Assets	0.36	3.88
Employer's Contribution	2.22	5.75
Actuarial Gain	(0.33)	(0.28)
Benefits Paid	(0.55)	(5.41)
<b>Fair Value of Plan Assets as at Year End</b>	<b>5.27</b>	<b>50.30</b>
<b>Amounts Recognised in the Balance Sheet</b>		
Projected Benefit Obligation at the Year End	6.93	51.62
Fair Value of the Plan Assets at the Year End	5.27	50.30
<b>(Liability) / Asset Recognised in the Balance Sheet</b>	<b>(1.66)</b>	<b>(1.32)</b>
<b>Cost of the Defined Benefit Plan for the Year</b>		
Current Service Cost	1.14	5.16
Interest on Obligation	0.43	3.51
Actual / Expected Return on Plan Assets	(0.36)	(3.88)
Net Actuarial Loss Recognised in the Year	0.39	2.06
<b>Net Cost Recognised in the Statement of Profit and Loss</b>	<b>1.60</b>	<b>6.85</b>
<b>Assumptions</b>	<b>2016-17</b>	<b>2015-16</b>
Discount Rate	7.00%	7.75 to 8%
Future Salary Increase (%)	5 to 5.50%	5 to 8%
Attrition Rate	1 to 3%	1 to 3%
Expected Rate of Return on Plan Assets	8.50%	8 to 8.5%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Notes:

- i. The entire Plan Assets are managed by Life Insurance Corporation of India (LIC). In the absence of the relevant information from LIC / Actuary, the above details do not include the composition of plan assets.
- ii. The expected/actual return on Plan Assets is as furnished by LIC.
- iii. The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.
- iv. The details of experience adjustments 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. The Actuary has provided a valuation for Provident Fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions provided below, the Company does not have additional obligation as at 31<sup>st</sup> March 2017. Pursuant to the Scheme of Arrangement (Refer Note 49), all the employees have been transferred to the Resulting Company and the related provident fund balances have been transferred to the Resulting Company.

The details of fund and plan assets are given below:

₹ in Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Surplus in Plan Assets	-	2.14
Present value of Defined Benefit Obligations	-	1.43
<b>Net Excess</b>	-	<b>0.71</b>

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

Assumptions	As at 31.03.2017	As at 31.03.2016
Discount Rate	-	8.00%
Average remaining tenure of Investment Portfolio (in Years)	-	5.97
Average Interest Rate expected to be declared	-	9.00%

### c) Long Term Compensated Absences

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

Particulars	2016-17	2015-16
Discount Rate	-	7.75 to 8%
Future Salary Increase (%)	-	5 to 8%
Attrition Rate	-	1 to 3%
Expected Rate of Return on Plan Assets	-	8 to 8.5%

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 44. 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, till 31<sup>st</sup> March 2016. From 1<sup>st</sup> April 2017, the Company accounts for Derivative Instruments based on Guidance note issued by ICAI on accounting for Derivative contracts.

Consequently, as at 31<sup>st</sup> March 2017, the Company has recognised a net Mark to Market (MTM) Loss of Nil (Previous Year Loss ₹0.87 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	2016-17	2015-16
Balance as at Beginning of the Year	(0.87)	2.01
Net Movement for the Year	-	(2.88)
Adjustment pursuant to the Scheme of Arrangement (Refer Note 49)	0.87	-
Balance as at End of the Year	-	(0.87)

The Contracts in Hedge Reserve Account are expected to be recognised in the Consolidated 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 31.03.2017		As at 31.03.2016	
			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	-	-	-	-
	Future Export	EUR	-	-	24	2.40
	Future Import	USD	-	-	54	4.00
	Future Import	EUR	-	-	2	0.10
	Future Import	JPY	-	-	2	107.46
	Borrowings	USD	-	-	2	13.00
Other Derivatives (including currency swaps)	Borrowings	USD	-	-	5	4.99

Details of Unhedged Foreign Currency Exposures are as under:

(Value in Mio)

Currency	As at 31.03.2017		As at 31.03.2016	
	Exports	Imports	Exports	Imports
USD	-	-	4.59	4.05
EUR	-	-	0.71	0.66
JPY	-	-	-	2.50
SGD	-	-	-	0.01

Rupee Equivalent of above unhedged exposure is given below:

₹ in Crores

Currency	As at 31.03.2017		As at 31.03.2016	
	Exports	Imports	Exports	Imports
Equivalent INR	-	-	35.76	32.05

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Details of Unhedged Foreign Currency Exposures – SGL

Particulars	Currency	As at 31.03.2017		As at 31.03.2016	
		Foreign Currency	₹ in Crores	Foreign Currency	₹ in Crores
Trade Receivables	USD	-	-	5710	0.03
Trade Receivables	GBP	-	-	29209	0.28
Trade Payables	EUR	-	-	10224	0.08

### 45. Lease Commitments

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

#### b) Operating Lease (CMSGICL)

The CMSGICL has operating lease agreements for:

₹ in Crores

Particulars	2016-17	2015-16
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.	10.90	9.21

#### c) Operating Lease (SGL)

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

### 46. Earnings Per Share (Refer Note 47)

Particulars	2016-17	2015-16
Consolidated Profit after Tax (₹ in Crores)	454.57	1038.91
Weighted Average Number of Shares		
- Basic	18,73,89,646	18,72,26,587
- Diluted	18,75,31,277	18,74,32,905
Earnings per Share of ₹1 each (Previous year ₹2 each)		
- Basic	24.26	55.49
- Diluted	24.24	55.43

### Continuing Operations

Particulars	2016-17	2015-16
Consolidated Profit after Tax (₹ in Crores)	454.57	978.29
Weighted Average Number of Shares		
- Basic	18,73,89,646	18,72,26,587
- Diluted	18,75,31,277	18,74,32,905
Earnings per Share of ₹1 each (Previous year ₹2 each)		
- Basic	24.26	52.25
- Diluted	24.24	52.19

### Weighted Average Number of Equity Shares

Particulars	2016-17	2015-16
Weighted average number of Equity Shares in calculating Basic Earnings Per Share	18,73,89,646	18,72,26,587
Dilution - Stock options granted under ESOP	1,41,631	2,06,318
Weighted average number of Equity Shares in calculating diluted EPS	18,75,31,277	18,74,32,905

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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:

#### Employee Stock Option Plan 2007

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-Oct-08	7.71	2.50	39.11	3.43	62.85	16.43
Grant 2	30-Jan-09	7.44	2.50	42.02	3.43	66.10	18.11
Grant 3	31-Oct-09	8.25	1.62	31.56	1.86	56.80	107.13
	31-Oct-10	8.23	2.12	32.28	1.86	56.80	107.73
Grant 4	31-Oct-11	8.22	2.62	37.07	1.86	56.80	108.53
	31-Jul-09	0.00	0.00	0.00	1.86	44.45	117.15
	31-Jul-10	8.24	1.99	32.37	1.86	44.45	118.02
	31-Jul-11	8.22	2.49	34.22	1.86	44.45	118.13
Grant 5	31-Jul-12	8.22	2.99	39.82	1.86	44.45	118.38
	31-Oct-09	8.31	0.12	32.98	1.86	24.25	137.33
	31-Oct-10	8.23	2.12	32.28	1.86	24.25	135.00
	31-Oct-11	8.22	2.62	37.07	1.86	24.25	134.38
Grant 6	31-Oct-12	8.21	3.24	42.55	1.86	24.25	133.62
	30-Jan-10	8.31	0.24	28.04	1.86	31.05	130.44
	30-Jan-11	8.23	2.24	33.96	1.86	31.05	129.19
	30-Jan-12	8.22	2.74	38.52	1.86	31.05	128.82
Grant 7	30-Jan-13	8.21	3.49	43.77	1.86	31.05	128.32
	29-Jan-12	8.26	1.24	31.69	1.86	140.05	39.45
	29-Jan-13	8.21	3.48	43.79	1.86	140.05	67.57
	29-Jan-14	8.21	4.48	46.73	1.86	140.05	76.34
Grant 8	29-Jan-15	8.22	5.48	45.74	1.86	140.05	80.72
	29-Jan-12	8.26	1.24	31.69	1.86	140.05	39.45
	29-Jan-13	8.21	3.48	43.79	1.86	140.05	67.57
Grant 9	29-Jan-14	8.21	4.48	46.73	1.86	140.05	76.34
	29-Jan-12	8.26	1.24	31.69	1.86	140.05	39.45
	29-Jan-13	8.21	3.48	43.79	1.86	140.05	67.57
Grant 10	29-Jan-14	8.21	4.48	46.73	1.86	140.05	76.34
	02-May-12	8.25	1.37	31.38	1.86	140.45	40.44
	02-May-13	8.21	3.74	42.99	1.86	140.45	68.54
	02-May-14	8.21	4.74	47.27	1.86	140.45	78.10
Grant 11	02-May-15	8.22	5.74	45.12	1.86	140.45	81.25
	01-Aug-12	8.25	1.49	31.76	1.86	159.75	31.78
	01-Aug-13	8.21	3.99	46.63	1.86	159.75	66.76
	01-Aug-14	8.22	4.99	47.01	1.86	159.75	73.58
Grant 12	01-Aug-15	8.23	5.99	44.83	1.86	159.75	76.81
	02-Nov-12	8.24	1.74	32.74	1.86	143.10	43.55
	02-Nov-13	8.21	4.24	46.93	1.86	143.10	74.06
	02-Nov-14	8.22	5.24	46.20	1.86	143.10	79.03
	02-Nov-15	8.23	6.24	46.36	1.86	143.10	83.69

#### Employee Stock Option Plan 2016

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	15-Mar-18	6.75	3.50	31.49	0.25	604.15	194.43

## 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	2016-17	2015-16
Consolidated Profit for the year (As reported)	454.57	1038.91
Stock based employee compensation expense included in net profit	-	-
Stock based employee compensation reversal determined under fair value based method (Pro forma)	-	-
Consolidated Profit for the year (Pro forma)	454.57	1038.91

### Impact on Earnings per Share in ₹

Particulars	2016-17	2015-16
Basic Earnings per Share of ₹2 each (As reported)	24.26	55.49
Basic Earnings per Share of ₹2 each (Pro forma)	24.26	55.49
Diluted Earnings per Share of ₹2 each (As reported)	24.24	55.43
Diluted Earnings per Share of ₹2 each (Pro forma)	24.24	55.43

### Effect of ESOP, pursuant to the Scheme of Arrangement (Refer Note 49)

Pending completion of the listing of the shares of the Resulting Company, the Nomination and Remuneration Committee (NRC) has not decided on the manner of adjustment of the exercise price of the existing options of the Company as required under the Scheme. Once this is determined by the Company's NRC consequential effect would be given to related disclosures in the financial statements of the Company in subsequent periods.

### 48. 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 entity	Net Assets		Share in profit or loss	
	As % of consolidated net assets	₹ in Crores	As % of consolidated profit or loss	₹ in Crores
TI Financial Holdings Limited (formerly known as Tube Investments of India Limited)	2%	60.28	-1%	(3.64)
<b>Subsidiaries</b>				
Cholamandalam MS General Insurance Company Limited	21%	657.28	23%	124.90
<b>Minority Interests in Subsidiary</b>	14%	438.18	15%	83.26
<b>Associates</b>				
Cholamandalam Investment Finance Company Limited	63%	2038.40	63%	332.52
<b>Joint Ventures</b>				
Cholamandalam MS Risk Services Limited	0%	7.71	0%	0.79
<b>Total Share of Holding and Minority</b>		<b>3201.85</b>		<b>537.83</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 49. Scheme of Arrangement

The Scheme of Arrangement (“the Scheme”) between the Company (“Demerged Company”) and Tube Investments of India Limited, formerly known as TI Financial Holdings Limited (“Resulting Company”) and their Shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 dated 3<sup>rd</sup> November 2016, was approved by the Board of Directors of both the Companies on 3<sup>rd</sup> November 2016.

The Company was engaged in multiple businesses broadly classified into the following categories:

- Manufacturing of tubes, strips, tubular components, bicycles and fitness products, chains for automobile sector and industrial applications, roll-formed sections, other metal formed products, industrial gears, designing and manufacturing of dies (“Manufacturing Business Undertaking”). The Manufacturing Business is also carried out through subsidiaries and Joint Venture Companies (Shanthi Gears Limited, Financiere C10 SAS, Sedis SAS, Sedis GmbH, SEDIS Co Limited, TI Tsubamex Private Limited and TI Absolute Concepts Private Limited).
- “Financial Services Businesses” through its Subsidiary, Joint Venture and Associate Companies viz., Insurance Business (through its Subsidiary, Cholamandalam MS General Insurance Company Limited), Risk Services (through its Joint Venture Company, Cholamandalam MS Risk Services Limited), Non-Banking Financial Business (through its Associate Company, Cholamandalam Investment and Finance Company Limited)

The Scheme provided for the demerger of the Manufacturing Business Undertaking of the Company into the Resulting Company, on a going concern basis, with effect from the appointed date of 1<sup>st</sup> April 2016.

The salient features of the Demerger are as under:

- a. The Resulting Company and the Company has made applications and/or petitions under Section 230 read with Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 to the National Company Law Tribunal, Chennai (“Tribunal” or “NCLT”) for sanction of this Scheme and all matters ancillary or incidental thereto.
- b. The whole of the undertaking and assets and properties of the Manufacturing Business Undertaking of the Company, shall stand transferred to and vested in the Resulting Company with all the rights, title and interest pertaining to the Manufacturing Business Undertaking.
- c. The Scheme of Arrangement would become effective from the Appointed Date i.e. 1<sup>st</sup> April 2016 but shall be operative from the Effective Date i.e. 1<sup>st</sup> August, 2017 being the date of filing of a certified copy of the Order of NCLT by the Company and the Resulting Company with the Registrar of Companies, Tamil Nadu, Chennai.
- d. Equity Share Capital of the Company
  - (i) Face Value of the Equity Shares of the Company is reduced to ₹1 (Rupee One Only) per Equity Share.
  - (ii) Equity Share Capital of ₹0.11 Cr. of the Resulting Company as on the Appointed Date shall stand cancelled and credited to Capital Reserve.
  - (iii) The Resulting Company shall issue and allot 1 (One) fully paid up Equity Share of ₹1 (Rupee One Only) each for every 1 (One) fully paid up equity share of ₹2 (Rupees Two) each held in the Company.
- e. All legal proceedings by or against the Company relating to Manufacturing Business Undertaking were transferred to the Resulting Company.



## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

- f. All staff and employees of the Company pertaining to Manufacturing Business Undertaking in service on the Effective Date shall be deemed to have become staff and employees of the Resulting Company and the terms and conditions of their employment with the Resulting Company shall not be less favourable than those applicable to them with reference to their employment in the Company.
- g. Employees Stock Option Schemes
  - (i) The Resulting Company shall take necessary steps to formulate stock option schemes by adopting the Existing Stock Option Schemes of the Company.
  - (ii) With respect to the stock options granted by the Company to the employees of the Company under the Existing Stock Option Schemes and upon the Scheme becoming effective, the said employees shall be issued one stock option by the Resulting Company under the new scheme(s) for every stock option held in the Company, whether the same are vested or not on terms and conditions similar to the relevant Existing Stock Option Schemes.
  - (iii) The existing exercise price of the stock options of the Company shall stand suitably adjusted in an appropriate manner as determined by the Nomination and Remuneration Committee of the Company and the balance of the exercise price shall become the exercise price of the stock options issued by the Resulting Company.
- h. All the contracts, deeds, bonds, agreements, arrangements, assurances and other instruments of whatsoever nature of Manufacturing Business Undertaking of Company was transferred to the Resulting Company.
- i. All debts, liabilities, duties and obligations of relating to Manufacturing Business Undertaking of Company were transferred to the Resulting Company.
- j. Pursuant to the Scheme, Net Assets of ₹1017.48 Cr. was transferred to the Resulting Company on 1<sup>st</sup> April 2016 and the details of which are given in Note 50.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 50. Discontinuing Operations

As highlighted in Note 1 and 49 the Company has demerged the Manufacturing Business undertaking. Such demerger constitutes a “discontinuing operation” in accordance with AS 24 –“Discontinuing Operations” and accordingly the disclosures as required by AS 24 are as follows:

#### Assets and Liabilities transferred

Particulars	₹ in Crores
	As at 31.03.2016
<b>EQUITY AND LIABILITIES</b>	
<b>Shareholders' funds</b>	
(a) Share Capital	-
(b) Reserves and Surplus	1017.48
<b>Minority Interest</b>	89.63
<b>Non-Current Liabilities</b>	
(a) Long Term Borrowings	414.91
(b) Deferred Tax Liabilities (Net)	41.96
(c) Other Long Term Liabilities	0.05
(d) Long Term Provisions	0.20
<b>Current Liabilities</b>	
(a) Short Term Borrowings	310.50
(b) Trade Payables	663.83
(c) Other Current Liabilities	850.73
(d) Short Term Provisions	39.50
<b>TOTAL</b>	<b>3428.79</b>
<b>ASSETS</b>	
<b>Non-Current Assets</b>	
(a) Fixed Assets	
(i) Property, Plant and Equipment	959.54
(ii) Intangible Assets	5.21
(iii) Capital Work-in-Progress	56.42
Fixed Assets - Share in Jointly Controlled Entity	0.49
(b) Goodwill on Consolidation	306.68
(c) Non-Current Investments	-
- Other Non-Current Investment	8.73
(d) Deferred Tax Assets (Net)	2.04
Deferred Tax Assets (Net) - Share in Jointly Controlled Entity	0.61
(e) Long Term Loans and Advances	69.94
<b>Current Assets</b>	
(a) Current Investments	56.30
(b) Inventories	603.23
(c) Trade Receivables	575.33
(d) Cash and Cash Equivalentents	666.46
(e) Short Term Loans and Advances	113.81
(f) Other Current Assets	4.00
<b>TOTAL</b>	<b>3428.79</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Statement of Revenue and Expenses of Discontinued Operations

₹ in Crores

Particulars	Year Ended 31.03.2016
<b>Revenue from Operations</b>	
Sale of Products - Gross	4451.16
Less: Excise Duty on Sales	284.42
Sale of Products - Net	<b>4166.74</b>
Other Operating Revenues	146.96
<b>Total</b>	<b>4313.70</b>
Other Income	22.89
<b>Total Revenue</b>	<b>4336.59</b>
<b>Expenses</b>	
Cost of Materials Consumed	2434.78
Purchase of Stock-in-Trade	125.83
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	0.70
Employee Benefits Expense	471.36
Finance Costs	137.57
Depreciation and Amortisation Expense	138.40
Other Expenses	894.39
<b>Total Expenses</b>	<b>4203.03</b>
<b>Profit Before Exceptional Items and Tax</b>	<b>133.56</b>
Exceptional Items (Refer 38b and 38c)	(35.80)
<b>Profit Before Tax</b>	<b>97.76</b>
<b>Tax Expense</b>	
Income Tax	
- Current Year	54.41
- Prior Years (Net)	(2.95)
Deferred Tax (Net)	(18.92)
	<b>32.54</b>
<b>Profit for the Year before Share of Profit attributable to Minority Interest</b>	<b>65.22</b>
Less: Share of Profit attributable to Minority Interest	(4.60)
<b>Net Profit for the Year attributable to the Shareholders of the Company</b>	<b>60.62</b>

### Cash Flow of Discontinuing Operations

₹ in Crores

Particulars	Year Ended 31.03.2016
Cash Flow from in Operating Activities	291.69
Cash Flow used in Investing Activities	(110.18)
Cash Flow used in Financing Activities	(216.64)
<b>Net Cash Outflow</b>	<b>(35.13)</b>

## 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 since only CIFCL, MSGICL, CMSRSL are only consolidated during the current year, whereas in the previous year, along with the above, TII, SGL, FC10, TTPL were also consolidated

Signatures to Notes to Consolidated Financial Statements

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

**On behalf of the Board  
For TI Financial Holdings Limited**

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

**N Ganesh**  
Manager

**A Vellayan**  
Chairman

Chennai  
9<sup>th</sup> August 2017

**E Krithika**  
Company Secretary

**AN Meyyappan**  
Chief Financial Officer

**N Srinivasan**  
Director



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