

# Board's Report & Management Discussion and Analysis

*Dear Shareholders,*

The Directors take pleasure in presenting the 69<sup>th</sup> Annual Report together with the audited financial statements of the Company for the year ended March 31, 2018.

## Scheme of Arrangement (Demerger)

The year 2017-18 marked a major structural shift in the history of the Company consequent to the Demerger. The Scheme of arrangement for Demerger of the manufacturing business undertaking of the Company was approved by the shareholders at the meeting held on April 24, 2017. Following approval of shareholders, the scheme was sanctioned by the National Company Law Tribunal (NCLT), Chennai, vide its Order dated July 17, 2017.

Pursuant to the Scheme, the manufacturing business of the Company was segregated and transferred 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 Shanthi Gears Limited, Financiere C10 SAS, Sedis SAS, Sedis Co Limited, SEDIS GmbH, TI Tsubamex Private Limited and TI Absolute Concepts Private Limited. The appointed date for the transfer and vesting of manufacturing business was April 1, 2016 and the Scheme came into effect on August 1, 2017, being the date of filing of the aforementioned order with the Registrar of Companies, Chennai.

Post demerger, the Company is now a non banking financial company (NBFC), classified as a Core Investment Company. Consequently, the name of the Company stands changed from Tube Investments of India Limited to TI Financial Holdings Limited. Approval of Ministry of Corporate Affairs for change of name has been obtained and the new name reflects the present nature of business of the Company.

The Company holds substantial investments in the following three key financial sector businesses of Murugappa Group and serves large number of customers by providing loans for asset acquisition through financing, asset and family protection through general insurance and risk management services.

- Cholamandalam Investment and Finance Company Limited (CIFCL), engaged in non-banking financial business;

- Cholamandalam MS General Insurance Company Limited (CMSGICL) engaged in general insurance business;
- Cholamandalam MS Risk Services Limited (CMSRSL) engaged in risk management and engineering solutions business.

Besides the above, the Company has invested in Cholamandalam Health Insurance Limited (Chola Health) during the year. Chola Health has become a subsidiary of the company. Chola Health is in the process of obtaining regulatory approvals from the Insurance Regulatory and Development Authority of India (IRDA) for registration as a standalone health insurance company.

During the year, pursuant to the demerger, the face value of equity shares of the Company was reduced from ₹ 2/- each to ₹ 1/- each. Regulatory formalities with regard to capital reduction and other requirements including relisting of the shares in stock exchanges, credit of the new Equity Shares of ₹ 1/- face value to the demat account of shareholders and dispatch of share certificates to shareholders holding the shares in physical form, were completed. Further, the shareholders were allotted equal number of equity shares of ₹ 1/- each in the Resulting Company for every share held by them in the Company.

## Share Capital

The paid up equity share capital as on March 31, 2018 was ₹ 18.75 Cr. During the year, 85825 equity shares were allotted upon exercise of stock options by erstwhile employees of the company under the company's employees stock option scheme 2007.

## Business Environment

The Indian financial sector is a highly diversified one undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises of commercial banks, insurance companies, non-banking financial companies, cooperatives, pension funds, mutual funds and other smaller financial entities. 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 a collective thrust by the Government as well as the private sector, Indian financial services market is fast becoming one of the most dynamic and vibrant capital markets across the globe. During the first half of the year, Indian economy witnessed challenge due to demonetisation effect and implementation of GST (Goods and Service Tax), however, gained momentum in the second half of the year. GDP grew at its fastest rate in the fourth quarter and recorded a growth of 7.7%.

The Company holds sizeable shareholding in businesses engaged in non-banking financial services (NBFCs), general insurance, and risk management services.

NBFCs have continuously played a critical role in encouraging growth of the Indian economy and have made commendable contribution towards the Government's agenda of financial inclusion. Due to surge in demand for funding, the SME segment has become prominent over the last few years. The sector made a dawdling start in FY 18 but managed to stabilise during the second half of the year. In automotive industry, capacity utilisation of passenger vehicle increased to 77% in FY 2017-18 from 68% in FY 2015-16. The Loan against property (LAP) business slowed down due to Government's structural reforms and gradually recovered during the year. The business is expected to improve in FY 2018-19. The Indian Housing finance market recorded a rapid growth of around 18% CAGR from fiscal 2011 to 2017, and is expected to grow at 16-18% in FY 2018-19, aided by higher finance penetration and demand for affordable housing. With strategic assessment models and adoption of digital methodologies NBFC industry is expected to 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.

Cholamandalam Investment and Finance Company Limited (CIFCL) is a non banking finance company and one of the leading financial service provider. The business prospect for FY 2018 -19 is expected to be positive. Overall upward trend is projected in both passenger vehicle segment and commercial vehicle segment in auto sector. Key drivers for vehicle finance segment include good penetration in tier 2 &

tier 3 towns, income growth and lower cost of capital. The growth drivers in home loans segment, include increasing urbanisation, increase in supply of affordable homes, tax benefits on home loans for both principal and interest repayment and credit linked subsidy scheme to end users.

Indian general insurance industry is one of the highly under-penetrated financial services in India. For FY 2017-18, the Gross Direct Premium of non-life insurers (excluding Standalone Health) is reported at around ₹ 1333 billion, a growth of around 17% over the previous year. The market share of public sector companies was 51% and the private sector companies with a year-on-year growth of 22% constituted 49%. The new Crop Insurance Scheme launched by Government of India called "Pradhan Mantri Fasal Bima Yojana" (PMFBY) has resulted in significant increase in Crop insurance premium to ₹ 230 billion (including Agricultural Insurance Corporation), a growth of 12% over previous year. Motor, Health and Fire segments continued to constitute a significant portfolio at about 70%. The growth in health insurance lines of business (including standalone health insurers' volume) was at 18% in FY 2017-18 compared to 14% in FY 17.

Cholamandalam MS General Insurance Company Limited (CMSGICL), engaged in general insurance business, the business outlook remains very positive as it seeks to geographically grow through phased building of its distribution reach with the aid of digitally enabled model across the country. The industry is expected to grow faster with revival in the agriculture and auto sector and penetration of health insurance awareness in rural areas. The growth is expected to be augmented by various Government's initiative including the launch of NHPS (National Health Protection Scheme) which would be the world's largest healthcare initiative by the number of beneficiaries.

Cholamandalam MS Risk Services Limited (CMSRSL), 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 of CMSRSL is bright as it looks at constantly strengthening its consultancy portfolio through the launch of newer services.

**Standalone Financial Highlights**

₹ in Crores

Particulars	2017-18	2016-17
Total Income	64.64	40.07
Total Expenses	3.23	3.78
<b>Profit Before Tax</b>	<b>61.41</b>	<b>36.29</b>
Tax Expense	2.05	–
<b>Profit After Tax</b>	<b>59.36</b>	<b>36.29</b>
Surplus at the beginning of the Year	371.18	776.45
Transfer pursuant to the scheme of arrangement	–	(406.05)
Profit for the year	59.36	36.29
Transfer to Reserve Fund	(11.90)	(7.30)
Interim Dividend ₹ 0.60 (Previous year ₹ 1.25) per Equity Share of ₹ 1/- each	(11.25)	(23.43)
Dividend distribution tax	(0.10)	(4.78)
<b>Balance carried to Balance Sheet</b>	<b>407.29</b>	<b>371.18</b>

**Performance Overview**

During the year, the Company earned revenue of ₹ 64.62 Cr. mainly through dividend income received on its strategic long-term investments in the companies engaged in financial services business as stated above. Profit before tax for the year was at ₹ 61.41 Cr. and profit after tax was at ₹ 59.36 Cr.

The Company has a portfolio of strategic investments which are long-term in nature in the financial service companies. These companies performed well during the year and their performance summary is furnished below.

**Cholamandalam Investment and 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, business finance, home loans, home equity loans and provides stock broking & distribution of financial products through its subsidiaries. CIFCL is an Associate Company. CIFCL presently operates from around 870 branches spread across 27 states in India with assets under management above ₹ 42879 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 in FY 18. The company's aggregate loan disbursements grew by 35% from ₹ 18591 Cr. in FY 17 to ₹ 25114 Cr. in FY 18, contributed by 42% growth in vehicle finance disbursements. CIFCL's consolidated profit before tax at ₹ 1483 Cr. increased by 30% (previous year: ₹ 1107 Cr.) and consolidated profit after tax at ₹ 975 Cr. grew by 35% (previous year: ₹ 719 Cr.).

CIFCL paid an interim dividend of ₹ 4.50 per share and further, recommended a final dividend of ₹ 2/- on equity share of face value of ₹ 10/- each for the financial year 2017-18.

**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, Travel, Health, Accident Insurance and Home Insurance. For SMEs and Corporate clients, CMSGICL offers customized insurance services such as Property & Engineering Insurance, Liability Insurance, Marine Insurance etc.,

CMSGICL achieved a Gross Written Premium (including reinsurance remittance) of ₹ 4103 Cr. during the financial year 2017-18 (previous year: ₹ 3143 Cr.), a growth of 31%. The profit before tax at ₹ 347 Cr. increased by 17% (previous year: ₹ 297 Cr.) and profit after tax at ₹ 243 Cr. grew by 17% (previous year: ₹ 208 Cr.).

CMSGICL recommended a dividend of ₹ 0.60 per share on its equity share of face value of ₹ 10/- each for FY 2017-18.

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

The Company holds about 49.5% of the paid up and subscribed equity share capital of CMSRSL, a 50:50 joint venture with Mitsui Sumitomo Insurance Company Ltd., Japan and has a technical collaboration with Inter Risk, a group company of Mitsui Sumitomo Insurance Group. CMSRSL offers comprehensive risk management and engineering solutions in the field of Safety, Health and Environment.

CMSRSL achieved revenue of ₹ 56.16 Cr. during the financial year, 2017-18 (previous year: ₹ 36.53 Cr.). During the year, the profit before tax was ₹ 3.83 Cr. (previous year: ₹ 2.61 Cr.) and profit after tax was ₹ 2.65 Cr. (previous year: ₹ 1.60 Cr.).

CMSRSL recommended a dividend of ₹ 2.50 per share on its equity share of face value of ₹ 10/- each for FY 2017-18.

#### Cholamandalam Health Insurance Limited (Chola Health)

Chola Health was incorporated in July 2017 to offer health insurance services and the Company has invested about 99.9% in its paid up capital. Chola Health is in the process of seeking regulatory approval from the Insurance Regulatory and Development Authority of India (IRDA) for registering as a standalone health insurance company.

#### Dividend

The Company paid an interim dividend on the equity shares at the rate of 60% (₹ 0.60 per share) as approved by the Board of Directors on February 5, 2018 for the year ended March 31, 2018.

The Board recommends a final dividend of 65% on the equity shares of the Company. With this, the total dividend will be ₹ 1.25 per equity share of ₹ 1/- each for the year ended March 31, 2018.

#### Transfer to Reserves

The Company has transferred a sum of ₹ 11.9 Cr. to statutory reserve as required under RBI regulations.

#### Registration with Reserve Bank of India(RBI)

The Company being an investment company, satisfies the criteria specified for being a Core Investment Company (CIC) under RBI regulations. Pursuant to the provisions of Section 45-IA of RBI Act, 1934, though registration under RBI regulations is not required, the Company had opted to seek registration with RBI, considering its prospective intent to access public funds. The application for registration of the Company as CIC has been filed with RBI.

### Consolidated Financial Highlights

₹ in Crores

Particulars	2017-18	2016-17
Total Income	3,345.82	2,689.15
Total Expenses	2,993.82	2,394.41
<b>Profit Before Tax</b>	<b>352.00</b>	<b>294.74</b>
Tax Expense	(106.64)	(89.43)
<b>Profit After Tax</b>	<b>245.36</b>	<b>205.31</b>
Minority Interest	(97.04)	(83.26)
Share of profit from Associate	450.70	332.52
<b>Net Profit for the Year</b>	<b>599.02</b>	<b>454.57</b>

## Business Review - Subsidiary, Associate and Joint Venture Companies

The Company's subsidiary companies are Cholamandalam MS General Insurance Company Limited and Cholamandalam Health Insurance Limited. Cholamandalam Investment and Finance Company Limited is an associate and Cholamandalam MS Risk Services Limited is a joint venture of the Company.

Business review of the aforementioned companies are detailed in earlier paragraphs of this report.

The statement containing salient features of the financial statements of the Company's associate, subsidiary and joint venture company is annexed to this report (**refer Annexure A**). The Consolidated financial statements of the Company, prepared in accordance with the Companies Act, 2013 and the relevant Accounting Standards, forms part of the Annual Report.

## Directors

Consequent to the demerger of manufacturing business, M/s. M M Murugappan, Hemant M Nerurkar, Madhu Dubhashi, Pradeep V Bhide, S Sandilya and L Ramkumar resigned from the Board with effect from August 1, 2017. The Board places on record its appreciation for the contributions made by them during their term as Chairman / Directors of the Company.

Post demerger, Mr. A Vellayan, Mr. M B N Rao and Ms. Shubhalakshmi Panse were appointed as additional directors of the Company with effect from August 1, 2017 and Mr. Vellayan was elected as the Chairman. At the 68<sup>th</sup> Annual General Meeting (AGM) of the Company held on September 25, 2017, Mr. A Vellayan was appointed as a director retiring by rotation and Mr. M B N Rao and Ms. Shubhalakshmi Panse were appointed as Independent Directors for a term of 1 year and 5 years respectively.

Mr. Vellayan stepped down from the Board on February 5, 2018. The Board places on record its appreciation for the contribution made by him during his tenure in the Company.

Mr. M M Murugappan, was appointed as an additional director by the Board on November 11, 2017 and holds office till the date of the forthcoming AGM. The Board at its meeting held on February 5, 2018, elected Mr. M M Murugappan as the Chairman. Resolution

proposing the appointment of Mr. M M Murugappan as a director liable to retire by rotation, under Section 152 of the Companies Act, 2013 ('the Act'), forms part of the notice for AGM.

Mr. N Srinivasan, retires by rotation at the forthcoming Annual General Meeting under Section 152 of the Companies Act, 2013, and being eligible, offers himself for re-appointment.

The information as required to be disclosed under regulation 36(3) of the SEBI Listing Regulations, 2015, for appointment / reappointment of directors is provided in the notice for AGM.

The Board recommends the appointment of Mr. M M Murugappan and the re-appointment of Mr. N Srinivasan at the forthcoming AGM for approval of the shareholders.

## Declaration from Independent Directors

The Independent Directors, Mr. M B N Rao and Ms. Shubhalakshmi Panse, have submitted declaration of independence as required under Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in the said Act.

## Key Managerial Personnel

Post demerger, Mr. L Ramkumar, Managing Director, Mr. K Mahendra Kumar, Chief Financial Officer and Mr. S Suresh, Company Secretary resigned from the Company with effect from August 1, 2017.

The following Key Managerial Personnel (KMPs) of the Company were appointed by the Board at its meeting held on August 9, 2017.

- a) Mr. N Ganesh - Manager;
- b) Mr. AN Meyyappan - Chief Financial Officer (CFO); and
- c) Ms. E Krithika - Company Secretary.

The appointment of Mr. Ganesh as Manager for a term of 3 years, was approved by the shareholders at the 68<sup>th</sup> Annual General Meeting held on September 25, 2017. Mr. AN Meyyappan resigned as CFO in view of other assignments with effect from February 5, 2018. The Board appointed Mr. N Ganesh as CFO with effect from February 5, 2018, in addition to his current position as Manager.

## 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 subject to ratification by members 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. M/s. S R Batliboi & Associates LLP, have confirmed their eligibility under the provisions of the Companies Act, 2013.

Pursuant to the recent amendment of the Companies Act, 2013, the requirement of ratification of statutory auditors appointment at every AGM is no more required.

In view of the amendment, the Board recommends 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 69<sup>th</sup> Annual General Meeting till the conclusion of the 71<sup>st</sup> Annual General Meeting on the terms of remuneration as set out in the resolution contained in the notice for the Annual General Meeting.

## Finance

### 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 March 31, 2018.

### Particulars of Loans, Guarantees or Investments

During the year, the Company has not given any loans or guarantees under the provisions of Section 186 of the Companies Act, 2013. Information regarding investments made is furnished in the financial statements.

### Internal Financial Control Systems with reference to the Financial Statements

The Company has in place adequate internal financial controls to ensure 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. The internal financial control systems are monitored by internal auditors of the Company. The statutory auditors of the company have also certified on the adequacy

of the internal financial control systems over financial reporting and their operating effectiveness as on March 31, 2018.

## Risk Management and Internal Control Systems

Internal control systems in the organisation are looked at as the key to its effective functioning. The Company has a risk management framework which provides an integrated approach for identifying, monitoring and mitigating risks associated with the business of the Company. The risk and control matrices for financial operations have been put in place. The control measures, basis the matrices are tested by the internal auditor and reported to the Audit Committee.

The Audit Committee evaluates adequacy and effectiveness of the internal controls, recommend improvements and reviews corrective action taken to address gaps, if any, through the internal audit carried out as per plan approved by it. Further, being an investment company, all investments are subject to a detailed evaluation and approval by the Board of Directors.

These measures have helped in ensuring adequacy of risk management and internal control systems.

## Corporate Governance

The Company firmly believes in committing itself to maintaining high standards of corporate governance. A report on corporate governance of the Company together with a certificate from the Auditors in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) is annexed and forms part of the Board's Report (**refer Annexure B**). 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, whistle-blower policy / vigil mechanism etc.

A certificate from the Manager & CFO has been submitted to the Board regarding the financial statements and other matters as required under regulation 17(8) of the Listing Regulations.

## Corporate Social Responsibility (CSR)

The Company being part of the Murugappa Group, is known for its tradition of philanthropy and community service. The Company's philosophy is to reach out to the community by establishing service-oriented philanthropic

institutions in the field of education and healthcare as the core focus areas. With the enactment of CSR provisions in the Companies Act, 2013, the Company has put in place a CSR policy incorporating the requirements therein which is available on the Company's website at, <http://www.tifhl.com/article/investors/467>.

Pursuant to the provisions of section 135 of the Companies Act, 2013, atleast 2% of the average net profits of the Company shall be spent by the Company towards CSR activities. Accordingly, the Company spent an amount of ₹ 134 lakhs on CSR projects / programmes approved by the CSR Committee during the year ended March 31, 2018 as against the statutory requirement of ₹ 132 lakhs.

Detailed information on the CSR activities undertaken during the year is annexed to and forms part of this Report (refer **Annexure C**).

### Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and 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 Company has in place a policy on related party transactions as approved by the Board. The policy is available on the Company's website. None of the Directors had any pecuniary relationships or transactions vis-à-vis the Company.

### 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 (refer **Annexure D**).

### Prevention of sexual harassment at workplace

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 (sexual harassment act), the Company has a policy on prevention of sexual harassment at workplace. An Internal Complaints Committee (ICC) has been formed to redress complaints received regarding sexual harassment. The policy extends

to all employees (permanent, contractual, temporary and trainees). During the year, no complaints were made under the sexual harassment act.

### Employee Stock Option Schemes

Further to the Company's Employee Stock Option Plan 2007 (ESOP 2007), the Company introduced and implemented Employee Stock Option Plan 2016 (ESOP 2016) with the approval of the shareholders obtained through a postal ballot process on January 11, 2017 for grant of 37,48,000 Stock Options to eligible employees of the Company. During the year, there have been no fresh grants under both the schemes.

Details in respect of ESOP 2007 and ESOP 2016 as required under the SEBI (Share Based Employee Benefits) Regulations, 2014 are displayed on the Company's website at <http://www.tifhl.com/article/investors/554>. Both the Schemes are in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

As per the Scheme of arrangement, the stock options granted by the Company under the Existing Stock Option Schemes would continue to be held by the employees concerned (irrespective of whether they continue to be employees of the Company or the Resulting Company). Post demerger, employees of the Company were transferred to the Resulting Company. Further, as provided in the Scheme, the Nomination & Remuneration Committee approved the adjustment of existing exercise price of the stock options of the Company at its meeting held on November 11, 2017. By virtue of this adjustment the exercise price of stock options of the Company stands reduced and the balance of the exercise price becomes the exercise price of the stock options of the Resulting Company.

During the year, upon exercise of unvested options by the erstwhile employees of the Company, 85825 equity shares were allotted under Employee Stock Options Scheme 2007.

### 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 ₹ 0.004 Cr. during the year (previous year ₹ 0.03 Cr.)

## Vigil Mechanism/Whistle Blower Policy

In compliance with the provisions of Section 177(9) of the Companies Act, 2013 read with the Rules made thereunder, the Company has instituted a whistle blower mechanism which inter alia facilitates its employees to report genuine concerns. The mechanism provides for adequate safeguards against victimisation of persons using the mechanism and make provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. The policy is available on the Company's website at <http://www.tifhl.com/article/investors/34>.

## Business Responsibility Reporting

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 endeavours to sustain and enhance itself as a responsible corporate citizen.

Regulation 34(2) of the SEBI Listing Regulations, 2015, inter alia, provides that the annual report of the top 500 listed entities based on market capitalisation, shall include a Business Responsibility Report (BRR). Accordingly, a BRR is attached and forms part of this Report (**refer Annexure E**).

## Annual Return

The extract of annual return as required under sub-section (3) of Section 92 of the Companies Act, 2013, in the prescribed form MGT-9 is annexed to this Report (**refer Annexure F**).

## Compliance with Secretarial Standards

The Company has complied with applicable secretarial standards issued by the Institute of Company Secretaries of India.

## Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013, and the Rules made thereunder, the Company appointed M/s Srinidhi Sridharan & Associates, Company Secretaries, to conduct the secretarial audit of the Company. The secretarial audit report for the year ended March 31, 2018 as issued by the auditor in the prescribed form MR-3 is annexed to this Report (**refer Annexure G**).

The said secretarial audit report does not contain any qualification, reservation or adverse remark or disclaimer made by the secretarial auditor.

## Directors' Responsibility Statement

The Board of Directors confirms 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 March 31, 2018, 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 adjustment 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 March 31, 2018 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 March 31, 2018; and
- f) proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended March 31, 2018.

### Declarations/Affirmations

During the year:

- the Company's manufacturing business was demerged pursuant to the Scheme of Arrangement as per details furnished in this report. 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., March 31, 2018 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.

### Acknowledgement

The Directors wish to thank all customers, investors, vendors, financial institutions, banks, central / state governments and joint venture partners for their continued support to the Company's performance and growth. The Directors also wish to place on record their appreciation for the contribution made by the employees of the Company resulting in good performance during the year.

**On behalf of the Board**

Place : Chennai  
Date : May 10, 2018

**M M Murugappan**  
Chairman