

# Report on Corporate Governance

## ANNEXURE B

Corporate Governance is about transparency, accountability and reliability of any organisation. It is about how an organization is managed and defines the relationships between its corporate and business structure, its culture, policies and its various stakeholders. Key elements in corporate governance are timely and adequate disclosure, establishment of internal controls and high standards of accounting fidelity, product and service quality.

The Company, being a part of Murugappa Group, has always believed in and practised various elements of corporate governance. It operates on well defined policies and procedures to maintain highest standards of governance and is committed to uphold the core values Murugappa Group viz., integrity, passion, responsibility, quality and respect. The Company also believes that good corporate governance practices help to enhance performance of the Company. The Company will continue to focus its efforts in maintaining its standards in corporate governance.

### Demerger of Manufacturing Business Undertaking

The 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, was approved by the shareholders at the court convened meeting held on April 24, 2017.

The Scheme was then sanctioned by the National Company Law Tribunal vide its Order dated July 17, 2017. The Scheme became effective on August 1, 2017, being the date of filing of the aforementioned order with the Registrar of Companies, Chennai with the appointed date as April 1, 2016.

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, TI Absolute Concepts Private Limited.

Consequent to the said demerger, the Company has become a core investment company. Post demerger, the Board was

re-constituted with effect from August 1, 2017 by induction of eminent persons from financial services industry.

### Board of Directors

The Board provides strategic guidance on the affairs of the Company. The Company's Board comprises of eminent professionals from diverse fields viz., insurance, finance, investments and general management. The Company's independent directors possess several decades of experience in financial services and banking industry. They provide independent judgment, external perspective and objectivity on the issues which are placed before them. The composition of the Board is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

### Composition

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 and the Board was reconstituted comprising of Mr. A Vellayan, Mr. M B N Rao, Ms. Shubhalakshmi Panse and Mr. N Srinivasan. The Board members possess knowledge and varied experience in banking and financial services industry. Mr. A Vellayan was the promoter & non executive director and Mr. N Srinivasan is a non-executive director on the Board 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. Mr. M M Murugappan, was appointed as an additional director at the meeting held on November 11, 2017. None of the Directors are related to each other.

Mr. A Vellayan stepped down from the Board with effect from close of business hours on February 5, 2018. The Board elected Mr. M M Murugappan as Chairman with effect from February 5, 2018.

During the year, the Independent Directors had a separate meeting on February 5, 2018 without the presence of non-independent directors and management personnel.

Details of Directorships/Committee memberships held by directors in other entities and their shareholding in the Company, as on March 31, 2018 is given below:

Name of the Director	Category	No. of directorships including TIFHL* (Out of which as Chairman)	No. of committee memberships including TIFHL <sup>§</sup> (Out of which as Chairman)	No. of shares held in the Company
Mr. M M Murugappan	Chairman, Promoter & Non Executive Director	14(7)	8(5)	1730535 equity shares of ₹ 1/- each
Mr. M B N Rao	Non-Executive Independent Director	13(3)	12(6)	–
Ms. Shubhalakshmi Panse	Non-Executive Independent Director	11	6	–
Mr. N Srinivasan	Non Executive Director	6(1)	4	69467 equity shares of ₹ 1/- each

\*includes directorships in public/private/section 8 companies and excludes foreign companies

<sup>§</sup> includes only memberships in Audit Committee and Stakeholders Relationship Committee

## Meetings

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 four Board meetings are held each year. Evolving strategy, annual business plans and review of performance constitute the primary business of the Board besides reviewing the compliance matters.

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.

During the year ended March 31, 2018, 5 Board meetings were held on the following dates, May 15, 2017, July 20, 2017, August 9, 2017, November 11, 2017 and February 5, 2018.

The attendance of each Director at the Board meetings and the last Annual General Meeting is provided in the table below:

Name of the Director	Board meetings attended (no. of meetings held)	Attendance at last AGM
Mr. M M Murugappan #	4(4)	Not applicable
Mr. Pradeep V Bhide *	1(2)	
Mr. S Sandilya *	2(2)	
Mr. Hemant M Nerurkar *	1(2)	
Ms. Madhu Dubhashi *	2(2)	
Mr. L Ramkumar *	2(2)	

Name of the Director	Board meetings attended (no. of meetings held)	Attendance at last AGM
Mr. A Vellayan @	3(3)	Present
Mr. M B N Rao <sup>§</sup> (includes attendance through video conference)	3(3)	Not Present
Ms. Shubhalakshmi Panse <sup>§</sup>	3(3)	Present
Mr. N Srinivasan	5(5)	Present

# Till August 1, 2017 and from November 11, 2017

\* Till August 1, 2017

@ From August 1, 2017 till February 5, 2018

<sup>§</sup> From August 1, 2017

## Board Training and Induction

At the time of appointment of a director on the Board, the incumbent director is provided with a directors' handbook comprising the compendium of the role, powers, duties and responsibilities of a director including code of conduct of the Company, the compliance obligations and disclosure requirements under the Companies Act and SEBI Listing Regulations. The handbook also provides the Directors with an insight into the Group's practices. A formal letter of appointment is given to independent directors at the time of appointment which includes the role and duties of an independent director. The terms and conditions of appointment of independent directors are posted on the website of the Company at <http://www.tifhl.com/images/siteimages/Appt-of-Ind-Dirs-Terms-Condns.pdf>.

The Company has in place familiarisation programme for directors with regard to their roles, duties, rights, responsibilities in the Company, nature of the industry in which the Company operates, etc. The details of familiarisation programme are posted on the Company's website at [http://www.tifhl.com/images/siteimages/Appt-of-Ind-Dirs-Familiarization\\_Prog.pdf](http://www.tifhl.com/images/siteimages/Appt-of-Ind-Dirs-Familiarization_Prog.pdf)

Further, with dynamic regulatory scenario, regulatory changes impacting the Company are updated at every quarterly meetings of the Board.

### Committees of the Board

Various committees have been constituted as per regulatory requirement and to support the Board in discharging its duties efficiently. The Committees of the Board are, Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The Board at the time of Committee constitution, approves the terms of reference of each committee.

### 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 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 SEBI Listing Regulations.

Consequent to the demerger and re-constitution of the Board, the Audit Committee was also re-constituted with effect from August 3, 2017. The Committee consists of three members, viz., Mr. M B N Rao, Ms. Shubhalakshmi Panse and Mr. N Srinivasan. The Independent Director, Mr. M B N Rao is the Chairman of the Committee. All Committee members have excellent financial and accounting knowledge. In order to acquaint the members of the Audit Committee of their roles, and responsibilities, a handbook on Audit Committee is provided to the members at the time of appointment.

The financial results, report of internal auditors, related party transactions and Ombudsman report under Whistleblower policy / Vigil mechanism are reviewed by the Committee at its quarterly meetings. The statutory and internal auditors are invited for the Committee meetings. The Committee also tracks the implementation of its

guidelines/suggestions through review of action taken reports.

During the year ended March 31, 2018, the Committee met five times. On February 5, 2018, Independent directors of the Committee had separate meeting with statutory auditors without the presence of the management. The details of Committee members and the attendance of each member at the Committee meetings held during their tenure is provided in the table below:

Name of the Member	No. of meetings attended (no. of meetings held)
Mr. S Sandilya*	1(1)
Mr. Hemant M Nerurkar*	1(1)
Mr. Pradeep V Bhide*	1(1)
Mr. M B N Rao (includes attendance through video conference)	4(4)
Ms. Shubhalakshmi Panse	4(4)
Mr. N Srinivasan	5(5)

\* Ceased to be a member w.e.f. August 1, 2017

### Nomination & Remuneration Committee

The role of the Nomination & Remuneration Committee is 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, inter alia includes formulation of criteria for determining qualifications, positive attributes and independence of a Director, 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 the appointment/re-appointment of Directors to the Board.

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. Post demerger, the employees of the Company were transferred to the Resulting Company and 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). Further, as provided in the Scheme of Demerger, the Committee approved 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 revised and the balance of the exercise price becomes the exercise price of the stock options of the Resulting Company.

Consequent to the demerger and re-constitution of the Board, the Committee was also re-constituted with effect from August 3, 2017. The Committee comprises of Mr. M B N Rao, Mr. A Vellayan and Ms. Shubhalakshmi Panse as its members. Independent Director, Mr. M B N Rao is the Chairman of the Committee. Further to the retirement of Mr. Vellayan, the Board at its meeting held on February 5, 2018, inducted Mr. M M Murugappan in the Committee.

The Committee met four times during the year ended March 31, 2018. The details of Committee members and the attendance of each member at the Committee meetings held during their tenure is provided in the table below:

Name of the Member	No. of meetings attended (no. of meetings held)
Mr. Hemant M Nerurkar *	1(2)
Mr. M M Murugappan	2(2)
Mr. S Sandilya*	2(2)
Mr. M B N Rao (includes attendance through video conference)	2(2)
Mr. A Vellayan	2(2)
Ms. Shubhalakshmi Panse	2(2)

\* Ceased to be a member w.e.f. August 1, 2017

#### Policy - Board Diversity, Directors' appointment and Remuneration

The success of the organisation in achieving good performance and governance depends on its ability to attract quality individuals as Executive and Independent Directors. In compliance with the requirements of

Companies Act, 2013, the Board on recommendation of Nomination & Remuneration Committee, has framed following policies:

- Board Diversity policy;
- Policy on Board nominations;
- Remuneration policy for Directors, Key Managerial Personnel and other employees of the Company;

The Board Diversity Policy 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 Nomination & Remuneration Committee is responsible for identifying persons for nomination as directors and evaluating incumbent directors. The policy for Board nomination lays down qualifications, positive attributes and independence criteria for Board positions and re-appointment of directors.

The remuneration policy provides a framework to ensure reasonableness and sufficiency of remuneration so that the Company attracts, retains and motivates resources. The policy reflects remuneration philosophy of the group and considers factors to ensure pay structures are appropriately aligned.

The above policies are available on the Company's website at <http://www.tifhl.com/article/investors/600>.

#### Remuneration to Directors

The compensation of Executive Directors comprises of a fixed component and a performance incentive while that for 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. The Non-Executive Directors are also paid sitting fees as permitted by government regulations for all Board and Committee meetings attended by them.

The details of commission provided for / sitting fees paid to non-executive directors (NED) for the year ended March 31, 2018, are as follows:

₹ in lakhs

Name of the Director	Commission <sup>@</sup>	Sitting fees	Total
Mr. M M Murugappan <sup>^</sup>	1.93	1.30	<b>3.23</b>
Mr. Hemant M Nerurkar <sup>*</sup>	–	0.80	<b>0.80</b>
Ms. Madhu Dubhashi <sup>*</sup>	–	0.50	<b>0.50</b>
Mr. Pradeep V Bhide <sup>*</sup>	–	0.65	<b>0.65</b>
Mr. S Sandilya <sup>*</sup>	–	1.05	<b>1.05</b>
Mr. A Vellayan <sup>#</sup>	2.59	1.65	<b>4.24</b>
Mr. M B N Rao <sup>§</sup>	3.33	2.35	<b>5.68</b>
Mr. N Srinivasan	5.00	3.10	<b>8.10</b>
Ms. Shubhalakshmi Panse <sup>§</sup>	3.33	2.05	<b>5.38</b>
<b>TOTAL</b>	<b>16.18</b>	<b>13.45</b>	<b>29.63</b>

<sup>^</sup> Till August 1, 2017 and from November 11, 2017

<sup>\*</sup> Till August 1, 2017

<sup>#</sup> From August 1, 2017 to February 5, 2018

<sup>§</sup> From August 1, 2017

@ Payable for FY 18

### Criteria for appointment in senior management

The Nomination & Remuneration Committee is responsible for identifying persons who are qualified to be appointed in senior management. The Committee has formulated the charter in terms of the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, which inter alia, deals with the criteria for identifying persons who are qualified to be appointed in senior management. These attributes shall be considered for nominating candidates in senior management position.

### Performance Evaluation

Pursuant to the provisions of Section 134, Schedule IV and the Rules made thereunder of the Companies Act, 2013, the evaluation process of the Board as a whole, individual

directors and Board Committees for FY 2017-18, has been carried out. Based on SEBI Listing Regulations and guidance note on evaluation released by SEBI, a structured questionnaire covering various aspects of Board's functioning such as Board's structure, governance, dynamics & functioning and financial reporting process, was circulated to Board members. The duly filled in questionnaires were received from the Chairman and all other Directors.

As part of the performance evaluation process, the Directors evaluated themselves, other board members, the overall Board as well as functioning of the Board Committees viz., Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee, on the basis of well-defined evaluation parameters as set out in the questionnaire.

The performance evaluation of non independent directors and the Board as a whole was carried out by the independent directors at their meeting held on May 10, 2018. The Chairman briefed the Board on the evaluation conducted at the meeting held on May 10, 2018.

### 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 made thereunder. Consequent to the demerger and re-constitution of the Board, the CSR Committee was also re-constituted with effect from August 3, 2017 with Mr. A Vellayan (Chairman), Mr. M B N Rao and Mr. N Srinivasan as its members. Further to the retirement of Mr. Vellayan, the Board at its meeting held on February 5, 2018, inducted Mr. M M Murugappan (Chairman) in the Committee.

The terms of reference of the CSR Committee inter alia includes formulation of CSR Policy as per Schedule VII of the Companies Act, 2013, recommendation of expenditure to be incurred on CSR activities to the Board and monitor the implementation of CSR Policy from time to time.

The Committee met twice during the year ended March 31, 2018. The composition of the Corporate Social

Responsibility Committee and the attendance of each member at the Committee meetings held during their tenure are given in the table below:

Name of the Member	No. of meetings attended (no. of meetings held)
Mr. A Vellayan	2(2)
Mr. M B N Rao	2(2)
Mr. N Srinivasan	2(2)

### Stakeholders Relationship Committee

The role of the Committee inter alia includes formulation of shareholders servicing plans and policies, approve share transfers and transmissions, monitor and review the mechanism of share transfers, dividend payments, demat / remat requests, etc. The Committee has prescribed norms for attending to the investors' grievances and reviews and monitors resolution of grievances of security holders of the Company including complaints, if any, relating to transfer of shares, non-receipt of annual reports and non-receipt of dividends etc.

Consequent to the demerger and re-constitution of the Board, the Stakeholders Relationship Committee was also re-constituted with effect from August 3, 2017 comprising, Mr. A Vellayan (Chairman) and Mr. N Srinivasan as its members. Further to the retirement of Mr. Vellayan, the Board at its meeting held on February 5, 2018, inducted Mr. M M Murugappan (Chairman) in the Committee.

During the year ended March 31, 2018, the Committee met twice. The composition of the Committee and the attendance of each member at the Committee meetings held during their tenure are given in the table below:

Name of the Member	No. of meetings attended (no. of meetings held)
Mr. A Vellayan	2(2)
Mr. N Srinivasan	2(2)

### Subsidiary Companies

Cholamandalam MS General Insurance Company Limited (CMSGICL) is an unlisted 'material subsidiary' of the Company as per regulation 16(1)(c) of the SEBI Listing Regulations, 2015. Pursuant to the said regulations, policy

on material subsidiaries has been formulated by the Board. The policy is available on the website of the Company at <http://www.tifhl.com/article/investors/475>.

The Board members, Ms. Shubhalakshmi Panse, Independent Director and Mr. N Srinivasan, Director of the Company are also on the Board of CMSGICL.

The Audit Committee reviewed the financial statements of and in particular, the investments made by the unlisted subsidiary companies to the extent applicable. Minutes of the board meetings of the subsidiary companies are placed before the Board of the Company along with a statement of significant transactions and arrangements entered into by these subsidiary companies, as applicable.

During the year, by virtue of the Company's holding of about 99.9% in paid up capital of Cholamandalam Health Insurance Limited (Chola Health), Chola Health has become a subsidiary of the Company.

### Related Party Transactions

All Related Party Transactions (RPTs), which were entered into by the Company during the year were on an arms' length basis and were in the ordinary course of business. During the year in terms of section 177 of the Companies Act, 2013 and regulation 23 of the SEBI Listing Regulations, 2015, all RPTs were placed before the Audit Committee for approval. There were no material transactions entered into with related parties, during the period under review, which may have had any potential conflict with the interests of the Company.

A statement showing the disclosure of transactions with related parties as required under Accounting Standard 18 is set out separately in this Annual Report.

In terms of Companies Act, 2013 and SEBI Listing Regulations, the Board has formulated a policy for related party transactions. The policy is available on the Company's website at <http://www.tifhl.com/article/investors/476>.

### Means of Communication

The Company informs its unaudited as well as audited financial results to the Stock Exchanges, as soon as these are taken on record / approved by the Board. Financial results are normally published in 'Business Standard' and 'The New Indian Express' (English) and in 'Dinamani' (Tamil). A press release is given along with the publication of the quarterly / annual results, explaining the business environment and performance in order to enable the

investing community to understand the financial results better. The Company's financial results, shareholding pattern, corporate governance report and corporate announcements are displayed on its website.

The Company sends Annual Report, Intimation for dividend payment, Notices related to General Meetings and Postal Ballot by e-mail to those shareholders whose e-mail ids are registered with the Company / Depository Participants and in hard copies to those shareholders whose e-mail ids are not registered.

All filing, disclosures and communications to Stock Exchanges are made electronically through their specific web portals to disseminate such information and make such information publicly available.

### Investor Services

The Company attends to investors' queries/grievances in a timely manner and requests for share transfers and transmissions are processed within the regulatory time frame. Karvy Computershare Private Limited is the Company's registrar and share transfer agent. Share transfers, transmissions, issue of duplicate share certificate(s), etc., as well as requests for dematerialisation / rematerialisation are processed by Karvy at periodical cycles. One investor complaint received during the year was resolved and there are no complaints pending as at March 31, 2018.

In order to expedite the redressal of complaints, if any, investors are requested to register their complaints to the exclusive e-mail id: [investorsupport@tifhl.murugappa.com](mailto:investorsupport@tifhl.murugappa.com), for monitoring follow up action taken.

### Statutory Compliance

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 applicable statutes by the Compliance Officer is placed before the Board on a quarterly basis besides circulation of compliance highlights along with the agenda notes.

### Internal Controls

The Company is conscious of the importance of internal processes and controls. The Company has a business planning and review mechanism and 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 & CFO 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 March 31, 2018.

### 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.

### Dividend Distribution Policy

In terms of regulation 43A of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, dividend distribution policy has been framed and approved by the Board. Copy of the policy is available on the website of the company at <http://www.tifhl.com/article/investors/601>.

### Compliance with 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. Further major developments, if any are covered in the press releases issued by the Company and are also posted on the website.

The Board has laid down a code of conduct for all Board members and the senior management of the Company and the code has been posted on the Company's website at <http://www.tifhl.com/article/investors/33>. The Directors and

the senior management personnel have furnished their affirmation of compliance with the Code for the year ended March 31, 2018. A declaration of affirmation in this regard certified by the Manager & CFO, is annexed to this Report.

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, policy for preservation & archival of documents and policy for determination of materiality for disclosure of information / events to the Stock Exchanges have been formulated. Further, pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, code of conduct for insiders has been formulated. The aforesaid policies and the code are posted on the website of the Company at <http://www.tifhl.com/article/investors/538>, <http://www.tifhl.com/article/investors/527> and <http://www.tifhl.com/article/investors/493>.

### Auditors' Certificate on Corporate Governance

The certificate obtained from statutory auditors regarding compliance with the provisions relating to corporate governance as per Chapter IV of SEBI Listing Regulations, 2015, is annexed to this report.

### Other Disclosures

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

The Company has complied with all regulatory requirements. During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchange or Securities and Exchange Board of India or any statutory authority, on any matter relating to the capital markets.

### 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, means of communication etc., for shareholders' reference.

On behalf of the Board

Place : Chennai  
Date : May 10, 2018

**M M Murugappan**  
Chairman

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### Declaration on Code of Conduct

To the Members of  
TI Financial Holdings Limited (formerly, Tube Investments of India Limited)

This is to confirm that the Board has laid down a Code of Conduct for all Board members and Senior Management of the Company. The Code of Conduct has also been posted on the website of the Company.

It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2018, as envisaged in Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place : Chennai  
Date : May 10, 2018

**N Ganesh**  
Manager & Chief Financial Officer



## 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") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018. 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 March 31, 2018 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 April 1, 2017 to March 31, 2018:
    - (a) Board of Directors;
    - (b) Audit Committee;

- (c) Annual General Meeting;
- (d) Nomination and Remuneration Committee; and
- (e) Stakeholders Relationship 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 for the year ended March 31, 2018, referred to in paragraph 2 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 Number: 083673

Place of Signature: Chennai

Date: May 10, 2018

# General Shareholder Information

## Registration Details

### Registered Office:

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

### Corporate Identity Number (CIN)

L65100TN1949PLC002905

## Annual General Meeting

Day : Tuesday

Date : July 31, 2018

Time : 3.00 pm

Venue : T T K Auditorium, The Music Academy,  
No. 168 (Old No.306) T T K Road,  
Chennai 600 014.

## Financial Year

April 1 to March 31

## Dates of Book Closure

Wednesday - July 25, 2018 to Tuesday - July 31, 2018

## Tentative Calendar for 2018-19

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, 2018 : 31<sup>st</sup> July, 2018

### Results for the second quarter / half-year ending

30<sup>th</sup> September, 2018: 31<sup>st</sup> October, 2018

### Results for the third quarter ending

31<sup>st</sup> December, 2018 : January / February, 2019

### Results for the fourth quarter ending / Annual Results for the FY 2018-19

31<sup>st</sup> March, 2019 : April / May, 2019

## Dividend

The Board at its meeting held on February 5, 2018, had approved payment of interim dividend on the equity shares at the rate of 60% (₹ 0.60 per equity share of ₹ 1/- each).

The Board at its meeting held on May 10, 2018, has further recommended payment of final dividend at the rate of 65% (₹ 0.65 per equity share of ₹ 1/- each) for the year ended March 31, 2018. The final dividend will be paid within 7 days from the date of declaration by the shareholders at the ensuing Annual General Meeting.

## Listing on Stock Exchanges

National Stock Exchange of India Limited	BSE Limited
Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051.	Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai- 400 001.
Stock Code TIFIN	Stock Code 504973

Listing fee for the year ended March 31, 2018 has been paid to the above Stock Exchanges in time.

## Registrar and Share Transfer Agent

Karvy Computershare Private Limited, is the Registrar and Share Transfer Agent (RTA) of the Company. The shareholders are requested to address their share related requests / queries to the RTA.

## Contact details of RTA

### Karvy Computershare Private Limited

(Unit : TI Financial Holdings Limited)

Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad - 500 032,  
Telangana

Phone : 040 67161514; Fax: 040-23420814

Toll free : 1800-345-4001

E-mail : einward.ris.karvy.com;

Website : www.karvycomputershare.com

## Payment of unclaimed / unpaid dividend

The details of dividend paid by the Company and the respective due dates of transfer of the unclaimed/unencashed dividend to the Investor Education & Protection

Fund ('IE&P Fund') of the Central Government are as below:

Financial year to which dividend relates	Date of declaration	Due date of transfer to IE&P Fund
2010-11 - Final	01.08.2011	06.09.2018
2011-12 - Interim - Final	01.02.2012 06.08.2012	08.03.2019 11.09.2019
2012-13 - Interim - Final	31.01.2013 02.08.2013	08.03.2020 07.08.2020
2013-14 - Interim - Final	04.02.2014 06.08.2014	12.03.2021 11.09.2021
2014-15 - Interim - Final	04.02.2015 10.08.2015	14.03.2022 17.09.2022
2015-16 - Interim - Final	04.02.2016 08.08.2016	13.03.2023 13.09.2023
2016-17 - Interim	06.02.2017	15.03.2024
2017-18 - Interim	05.02.2018	12.03.2025

In terms of the Companies Act, 2013, dividends remaining unclaimed for a period of seven years shall be transferred by the Company to the IE&P Fund. The Company sends periodic intimation to the shareholders concerned, advising them to claim dividend from the Company.

Unclaimed / unpaid dividends up to the interim dividend for FY 2010-11 have been transferred to the IE&P Fund. Details relating to unclaimed / unpaid dividend has been posted on the website of the company for the benefit of shareholders.

### Transfer of Equity Shares to IEPF Account

Pursuant to the provisions of Companies Act, 2013 read with Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016

("the Rules"), shares in respect of which dividend remains unpaid or unclaimed for a continuous period of seven years are required to be transferred to Investors Education and Protection Fund (IEPF).

As per the aforesaid Rules, during the year the Company has transferred 6,18,493 equity shares to the demat account of IEPF. The unclaimed dividend and corresponding shares transferred to IEPF, including benefits accruing on such shares, if any, can be claimed back from IEPF Authority following the procedure prescribed in the Rules.

### Instructions to Shareholders

#### (a) Shareholders holding shares in physical form

Requests for change of address shall be sent to the Company's Registrar & Transfer Agent (RTA) viz., M/s. Karvy Computershare Private Limited ("RTA"), for facilitating them to forward the dividend warrants to the latest address of members. Members are also advised to intimate their bank account details to RTA, 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 National Automated Clearing House (NACH) facility to receive dividends directly to their bank accounts thereby avoiding the hassles relating to handling of physical warrants besides elimination of risk of loss in postal transit/ fraudulent encashment of warrants. Shareholders are requested to provide bank mandate to depository participant / RTA, to enable the Company to effect the dividend payment through the ECS / NACH mode.

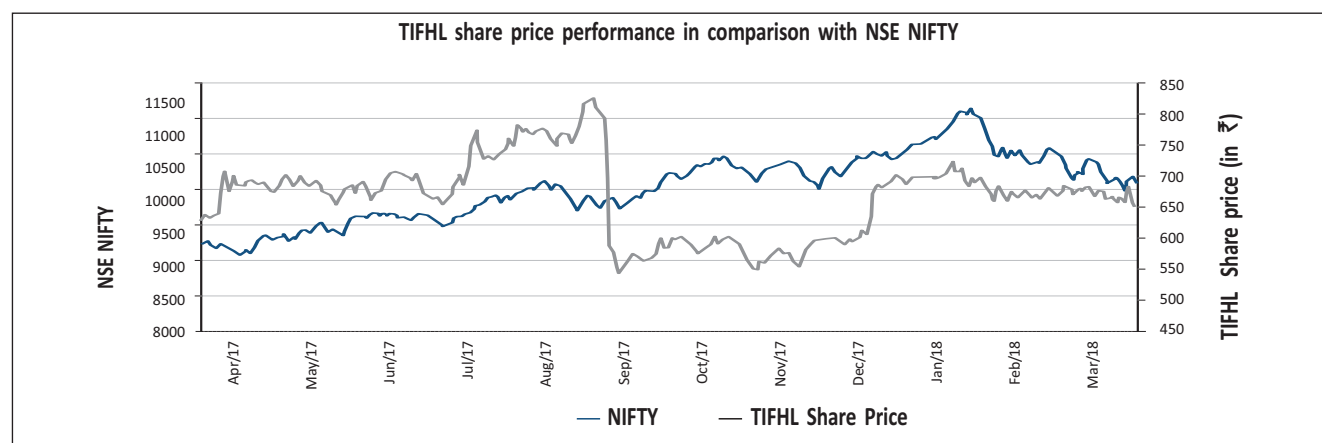
If there is any change in bank account details or addresses, shareholders are requested to advise their Depository Participant(s) / Company's RTA, as the case may be, immediately about the change.

## Share Price & Volume Data

Monthly high and low price of the Equity Shares of the Company during 2017-18 are as follows:

Month	National Stock Exchange of India Ltd			BSE Ltd		
	High (in ₹)	Low (in ₹)	Volume	High (in ₹)	Low (in ₹)	Volume
April 2017	709.20	623.75	2870088	705.85	625.60	153321
May 2017	700.80	654.00	1598575	701.65	656.35	340572
June 2017	706.15	654.35	1804388	707.90	653.90	354058
July 2017	782.05	685.65	3518262	779.15	686.80	1311896
August 2017	826.10	751.30	1660517	827.80	745.25	1175941
September 2017	589.55	546.00	293373	577.50	546.20	236365
October 2017	602.25	564.60	1766306	603.90	561.40	1639885
November 2017	603.05	550.15	2517284	605.85	548.80	1482667
December 2017	687.30	585.65	2162523	686.55	586.45	249355
January 2018	724.10	684.15	1255973	722.90	682.30	1047895
February 2018	697.95	660.25	925626	698.00	660.05	213934
March 2018	683.05	649.90	690894	682.90	649.25	1260293

Note: Post demerger, the equity shares of the Company at face value of Re.1/- each were relisted on the stock exchanges with effect from September 25, 2017



## Share Transfer and Investor Service System

Request for share transfers / transmission of shares and other requests from shareholders holding shares in physical form are processed by the Company's RTA, Karvy Computershare Pvt. Ltd. The Board has delegated the power to approve transfers and transmissions to the Stakeholders Relationship Committee. Requests for transfer and transmission of shares are processed within the regulatory time frame. Periodical confirmation / reports with regard to share transfers are obtained for monitoring investor service system.

## Shareholding Pattern as on March 31, 2018

Category	No. of shares held	% of shareholding
Promoter & Promoter Group	91509699	48.80
Mutual Funds /UTI	28667074	15.29
Banks, Financial Institutions, Insurance Companies	3871128	2.06
Foreign Institutional Investors	21986598	11.72
Bodies Corporate	9839738	5.25
Resident Individuals	23225916	12.38
Bank of New York Mellon (Depository for GDR holders)	4230630	2.26
NRI and Others	4202913	2.24
<b>Total</b>	<b>187533696</b>	<b>100.00</b>

## Distribution of Shareholding as on March 31, 2018

Category (Shares)	No. of holders	% to holders	No. of Shares	% to Equity
1 - 5000	22947	96.45	10286045	5.48
5001 - 10000	321	1.35	2330180	1.24
10001 - 20000	186	0.78	2677875	1.43
20001 - 30000	78	0.33	1914052	1.02
30001 - 40000	36	0.15	1271216	0.68
40001 - 50000	18	0.08	808423	0.43
50001 - 100000	60	0.25	4239475	2.26
100001 and above	146	0.61	164006430	87.45
<b>Total</b>	<b>23792</b>	<b>100.00</b>	<b>187533696</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, M/s. Karvy Computershare Pvt. Ltd.

## Dematerialisation of Shares

The Equity shares of the Company are compulsorily traded in dematerialised form. The code number allotted by the National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) to TI Financial Holdings Limited is ISIN INE149A01033.

## GDR Details

As at March 31, 2018, 42,30,630 Global Depository Receipts (GDRs) were outstanding representing an equal number of underlying Equity Shares. The GDRs stand delisted/ withdrawn for trading from Luxembourg Stock Exchange, effective May 18, 2011.

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

The Company is in financial services business and has no exposure to commodity price risk and commodity hedging activities. Foreign currency trade exposures are monitored regularly.

## 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. 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
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.
25.09.2017	No	–

The shareholders approved the said Special Resolutions with requisite majority.

## Details of Special Resolution proposed through Postal Ballot

No special resolution is proposed through postal ballot at the ensuing AGM to be held on July 31, 2018.

## Postal Ballot

During the year, no resolutions were passed through postal ballot.

## General Body Meeting

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

Year	Date	Time	Venue
2014-15	10.08.2015	4.00 P.M	T T K Auditorium, The Music Academy, No. 168 (Old No.306), T T K Road, Chennai 600 014
2015-16	04.08.2016	3.30 P.M	
2016-17	25.09.2017	11.30 A.M	

## 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 01.04.2017	2000	1811286
2	Number of Shareholders who approached the Company for transfer of their shares from the Unclaimed Suspense Account and transfers processed during the year 01.04.2017 to 31.03.2018	41	55245
3	Number of Shareholders to whom share were transferred from the Unclaimed Suspense Account during the the year 01.04.2017 to 31.03.2018	41	55245
4	Number of Shareholders' whose shares were transferred from the Unclaimed Suspense Account to Investor Education & Protection Fund during 01.04.2017 to 31.03.2018	804	579735
5	Aggregate number of Shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 31.03.2018	1155	1176306

Shareholders who continue to hold the Share Certificates with face value of ₹ 10/- or ₹ 2/- each are entitled to claim the Equity Shares with face value of ₹ 1/- from the Unclaimed Suspense Account. The voting rights on the shares outstanding in the suspense account as on March 31, 2018 shall remain frozen till the rightful owner of such share claims the shares. On receipt of the claim, the Company will, after verification, arrange to credit the Equity Shares to the demat account of the shareholder concerned or deliver the share certificate to the shareholder in physical mode after re-materialisation.

## Contact details

For assisting and handling investor grievances:

Ms. E Krithika

Company Secretary

'Dare House', No.234, NSC Bose Road,

Chennai - 600 001

e-mail : [investorservices@tifhl.murugappa.com](mailto:investorservices@tifhl.murugappa.com)

[krithikae@tifhl.murugappa.com](mailto:krithikae@tifhl.murugappa.com)

Phone : 044 3000 7638

Fax : 044 4211 0404