

# 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, Tamil Nadu.

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 1959, the name was changed to "Tube Investments of India Limited".

Pursuant to the Scheme of Arrangement ("the Scheme") the details relating to which are more elaborately provided under Note 1.1 below, the name of the Company has been changed from "Tube Investments of India Limited" to "TI Financial Holdings Limited" (CIN: L65100TN1949PLC002905).

The Company is engaged in Financial Services Businesses through its Subsidiaries, Joint Venture and Associate Company viz., Insurance Business (through its Subsidiary - Cholamandalam MS General Insurance Company Limited for its General Insurance business, and has incorporated Cholamandalam Health Insurance Limited ("CHIL") for the purpose of undertaking Health Insurance business on receipt of regulatory approvals), 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).

### 1.1 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"), their Share holders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, was approved by the Board of Directors of both the Companies on November 03, 2016 and National Company Law Tribunal, Chennai ("NCLT") vide its

order 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 August 1, 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. April 1, 2016.

The salient features of the Scheme of Arrangement are as under:

- a) The Company and Resulting 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 has become effective from the Appointed Date i.e. April 1, 2016 but operative from the Effective Date i.e. August 1, 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.

## 2. Basis of Preparation

The Company is a Core Investment Company (CIC) as per the regulations prescribed by the Reserve Bank of India. 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.

# Notes to Financial Statements

## 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.

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 advances, 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 and Cash Equivalents for the purpose of cash flow statement comprise Cash at Bank and Short Term Investments with an original maturity of 3 months or less.

### 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. 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.

### 3.6. 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.

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.

# Notes to Financial Statements

Brand fee income is recognised as and when the services are rendered in accordance with the terms and conditions of the relevant agreement.

### 3.7. 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.

Deferred Tax is recognised on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax is measured using the tax rates and tax laws enacted or substantively enacted as at the reporting date.

Deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets. However, if there are unabsorbed depreciation and carry forward of losses, 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.

### 3.8. 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.

### 3.9. 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.

### 3.10. 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 31.03.2018		As at 31.03.2017	
	Nos.	Amount	Nos.	Amount
<b>AUTHORISED</b>				
43,00,00,000 Equity Shares of ₹ 1/- each (Previous year 43,00,00,000 Equity Shares of ₹ 1/- each)	430,000,000	43.00	430,000,000	43.00
		43.00		43.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
18,75,33,696 Equity shares of ₹ 1/- each (Previous year 18,74,47,871 Equity Shares of ₹ 1/- each)	187,533,696	18.75	187,447,871	18.75
		18.75		18.75

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

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
At the beginning of the year	187,447,871	18.75	187,346,537	37.47
Shares allotted on exercise of Employee Stock Options (Refer Note below)	85,825	–	101,334	0.02
Capital Reduction pursuant to Scheme of Arrangement	–	–	–	(18.74)
At the end of the year	<b>187,533,696</b>	<b>18.75</b>	<b>187,447,871</b>	<b>18.75</b>

Note : The Company has received an amount of ₹ 0.009 Cr. (31.03.2017 ₹ 0.02 Cr.) on allotment of shares under Employee Stock Options.

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 ₹ 1/- 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 March 31, 2018

Particulars	As at 31.03.2018		As at 31.03.2017		
	Name of the Shareholder	% against No. of shares of shares	total number	% against No. of shares of shares	No. of shares
Ambadi Investments Limited (formerly known as Murugappa Holdings Limited)		70,066,595	37.36%	64,054,680	34.17%

Pursuant to the Scheme of Amalgamation of Murugpppa Holdings Limited and Pressmet Private Limited with Ambadi Investments Private Limited, Murugappa Holdings Limited and Pressmet Private Limited has been merged with Ambadi Investments Limited. Subsequent to this amalgamation, Ambadi Investments Private Limited has become a Public Limited Company.

d) Status on Global Depository Receipts (GDR)

The aggregate number of GDRs outstanding as at March 31, 2018 is 42,30,630 (as at March 31, 2017 - 42,30,630) each representing one Equity Share of ₹ 1/- face value (Previous Year ₹ 1/- face value). GDR % against total number of shares is 2.26% (as at March 31, 2017 - 2.26%). The GDRs carry the same terms / rights attached to Equity Shares of the Company.

# Notes to Financial Statements

## 5. Reserves and Surplus

₹ in Crores

Particulars	As at 31.03.2018	As at 31.03.2017
<b>Capital Reserve</b>	<b>19.97</b>	<b>19.97</b>
<b>Capital Redemption Reserve</b>	<b>6.15</b>	<b>6.15</b>
<b>Securities Premium Account</b>		
Balance at the beginning of the year	199.05	198.25
Add: Premium on ESOPs exercised	0.67	0.80
<b>Closing balance at the end of the year</b>	<b>199.72</b>	<b>199.05</b>
<b>Statutory Reserve (Refer Note (a) below)</b>		
Balance at the beginning of the year	7.30	–
Amount transferred from surplus in the Statement of Profit and Loss	11.90	7.30
	<b>19.20</b>	<b>7.30</b>
<b>General Reserve</b>		
Balance at the beginning of the year	346.30	346.30
<b>Closing balance at the end of the year</b>	<b>346.30</b>	<b>346.30</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	371.18	370.40
Profit for the year	59.36	36.29
Less:		
Dividend		
Equity Interim	(11.25)	(23.43)
Distribution tax on Equity Dividend	(0.10)	(4.78)
Transfer to Statutory Reserve	(11.90)	(7.30)
<b>Net surplus in the Statement of Profit and Loss at the end of the year</b>	<b>407.29</b>	<b>371.18</b>
<b>Total Reserves and Surplus</b>	<b>998.63</b>	<b>949.95</b>

- a) 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 ₹ 11.90 Cr. (March 31, 2017 ₹ 7.30 Cr.) out of the profit after tax for the year ended March 31, 2018 as Reserve Fund.
- b) The Board of Directors of the Company have recommended a final dividend of 65% being ₹ 0.65 per share on the equity shares of the Company, for the year ended March 31, 2018 (Nil - March 31, 2017) which is subject to approval of shareholders. Consequently, the proposed dividend has not been recorded in the books in accordance with AS-4 (Revised).

# Notes to Financial Statements

## 6. Trade Payables

₹ in Crores

Particulars	As at 31.03.2018	As at 31.03.2017
Trade Payables		
- Dues to Micro, Small & Medium Enterprises	–	–
- Others	0.36	–
	<b>0.36</b>	<b>–</b>

## 7. Other Current Liabilities

₹ in Crores

Particulars	As at 31.03.2018	As at 31.03.2017
Unpaid Dividends	2.15	2.47
Other Liabilities		
- Statutory Liabilities	0.47	–
- Other Payables	0.02	–
	<b>2.64</b>	<b>2.47</b>
Amounts to be credited to Investor Education and Protection Fund towards Unpaid Dividends	–	–

## 8. Non-Current Investments

(valued at cost unless stated otherwise)

₹ in Crores

Particulars	Number		Amount	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
<b>Trade Investments</b>				
<b>Investment in Subsidiary Companies:</b>				
<b>Equity Shares (Fully Paid) - Unquoted</b>				
- Cholamandalam MS General Insurance Company Limited	179,282,861	179,282,861	265.24	265.24
- Cholamandalam Health Insurance Limited	49,930	–	0.05	–
<b>Investment in Associate:</b>				
<b>Equity Shares (Fully Paid) - Quoted</b>				
- Cholamandalam Investment and Finance Company Limited	72,233,019	72,233,019	645.83	645.83
<b>Investment in Joint Venture:</b>				
<b>Equity Shares (Fully Paid) - Unquoted</b>				
- Cholamandalam MS Risk Services Limited - Non Trade	989,979	989,979	0.99	0.99
<b>Non Trade Investments:</b>				
<b>Equity Shares (Fully Paid) - Quoted</b>				
- Carborundum Universal Limited (Cost ₹ 23,574 only)	6,000	6,000	–	–
- Kartik Investments Trust Limited	33,790	33,790	0.04	0.04
- Coromandel Engineering Company Limited	433,481	433,481	0.82	0.82
<b>Equity Shares (Fully Paid) - Unquoted</b>				
- Indo Oceanic Shipping Company Limited (Cost ₹ 1 only)	50,000	50,000	–	–
- Murugappa Management Services Limited	42,677	42,677	0.78	0.78
- Chennai Willingdon Corporate Foundation (Cost ₹ 100 only)	10	10	–	–
			<b>913.75</b>	<b>913.70</b>
<b>Quoted</b>				
Cost			646.69	646.69
Market value			10479.31	6972.75
<b>Unquoted</b>				
Cost			267.06	267.01

# Notes to Financial Statements

## 9. Long-term loans and advances

₹ in Crores

Particulars	As at 31.03.2018	As at 31.03.2017
Advance tax (net of provision for taxation)	0.02	–
	<b>0.02</b>	–

## 10. Current Investments

(valued at lower of cost and fair value, unless stated otherwise)

₹ in Crores

Particulars	As at 31.03.2018	As at 31.03.2017
Investments in Mutual Funds - Unquoted		
L&T Liquid Fund Direct Plan - Growth	6.00	–
UTI Money Market Fund - Institutional Plan - Direct Plan - Growth	6.00	–
Aditya Birla Sunlife Cash plus-Growth-Direct Plan	6.00	–
Reliance Liquid Fund-Treasury Plan-Direct Growth Plan	6.00	–
	<b>24.00</b>	–
Market value	24.03	–

## 11. Cash and Bank balances

₹ in Crores

Particulars	As at 31.03.2018	As at 31.03.2017
<b>Cash and Cash Equivalents</b>		
Balances with banks:		
- In Current Accounts	0.07	–
- In Deposits with original maturity less than 3 months	55.00	–
- In Unpaid Dividend Warrant Accounts	2.15	2.47
	<b>57.22</b>	<b>2.47</b>
Other Bank balances:		
- Deposits with original maturity of more than 3 months but less than 12 months	25.00	–
	<b>82.22</b>	<b>2.47</b>

## 12. Short Term Loans and Advances

₹ in Crores

Particulars	As at 31.03.2018	As at 31.03.2017
<b>Unsecured - considered good</b> (unless otherwise stated)		
Other deposits	0.01	–
Prepaid Expenses	0.02	–
Other advances	0.05	–
	<b>0.08</b>	–

# Notes to Financial Statements

## 13. Other Current Assets

₹ in Crores

Particulars	As at 31.03.2018	As at 31.03.2017
<b>Unsecured - considered good</b> (unless otherwise stated)		
Receivable from Tube Investments of India Limited (Resulting Company)	–	55.00
Interest accrued on Fixed Deposits	0.28	–
Other accruals and receivables	0.03	–
	<b>0.31</b>	<b>55.00</b>

## 14. Revenue from Operations

₹ in Crores

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
<b>a) Dividend Income from</b>		
- Subsidiaries	10.76	–
- Joint Venture	0.20	0.20
- Associate	46.95	39.73
<b>b) Interest Income</b>		
- Fixed Deposits with Banks	0.31	0.14
<b>Total (A)</b>	<b>58.22</b>	<b>40.07</b>
<b>c) Other Operating Income</b>		
- Brand Fee	3.02	–
- Profit on Sale of Current Investments	3.38	–
<b>Total (B)</b>	<b>6.40</b>	<b>–</b>
<b>Total Revenue from Operations (A)+(B)</b>	<b>64.62</b>	<b>40.07</b>

## 15. Other Income

₹ in Crores

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Other Income	0.02	–
	<b>0.02</b>	<b>–</b>

## 16. Employee Benefits Expense

₹ in Crores

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Salaries, Wages and Bonus	0.62	–
	<b>0.62</b>	<b>–</b>



# Notes to Financial Statements

## 17. Other Expenses

₹ in Crores

Particulars	As at 31.03.2018	As at 31.03.2017
Rates and Taxes	0.05	–
Communication Costs	0.11	0.03
Travelling and Conveyance	0.12	0.22
Advertisement Expenses	0.02	0.03
Insurance	0.02	–
Printing and Stationery	0.11	–
Information Technology Expenses	0.02	0.04
Auditors' Remuneration (Refer Note (a) below)	0.21	0.16
Professional & Legal Expenses	0.24	0.28
Commission to Directors	0.16	–
Sitting Fees to Directors	0.13	0.19
Corporate Social Responsibility Expenditure (Refer Note (b) below)	1.34	2.57
Miscellaneous Expenses	0.08	0.26
	<b>2.61</b>	<b>3.78</b>

### Notes:

#### a) Auditor's Remuneration

₹ in Crores

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
<b>As Auditor:</b>		
- Audit Fees	0.07	0.07
- Audit of Consolidated Financial Statements	0.04	0.04
- Tax Audit	0.01	0.01
- Limited Reviews	0.02	0.02
- Other Services / Certification	0.07	0.02
<b>Total</b>	<b>0.21</b>	<b>0.16</b>

### Notes:

#### b) Corporate Social Responsibility

₹ in Crores

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
(i) Gross amount required to be spent during the year	1.32	2.03
(ii) Amount spent during the year	1.34	2.57
- Education & Health	0.74	1.46
- Others	0.60	1.11

# Notes to Financial Statements

## 18. Disclosure in respect of Related Parties

### a) List of Related Parties

#### I. Subsidiary Companies

- a. Cholamandalam MS General Insurance Company Limited
- b. Cholamandalam Health Insurance Limited

#### II. Company having Significant Influence

Ambadi Investments Limited (formerly known as Murugappa Holdings Limited) (Also Refer Note 4 (c))

#### III. Associate Companies

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

#### V. Key Management Personnel (KMP) (Pursuant to Companies Act, 2013)

- Mr. N. Ganesh - Manager (from August 9, 2017 & Chief Financial Officer (from February 5, 2018))  
 Mr. AN. Meyyappan - Chief Financial Officer (from August 9, 2017 till February 5, 2018)  
 Ms. E. Krithika - Company Secretary (from August 9, 2017)

### 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	2017-18	2016-17
Dividend Received	Cholamandalam Investment and Finance Company Limited	46.95	39.73
	Cholamandalam MS General Insurance Company Limited	10.76	–
	Cholamandalam MS Risk Services Limited	0.20	0.20
Reimbursement of Expenses - Deputation charges for KMP	Cholamandalam MS General Insurance Company Limited	0.01	–
	Cholamandalam Investment and Finance Company Limited	0.38	–
Dividend Paid	Ambadi Investments Limited (formerly known as Murugappa Holdings Limited)	4.20	30.43
Remuneration to Key Management Personnel	Ms. E. Krithika	0.08	–
Brand fee Income	Cholamandalam MS General Insurance Company Limited	3.02	–

# Notes to Financial Statements

## 19. Earning Per Share

Particulars	As at 31.03.2018	As at 31.03.2017
Profit after Tax - ₹ in Crores	59.36	36.29
Weighted Average Number of Shares		
- Basic	18,74,92,370	18,73,89,646
- Diluted	18,76,48,994	18,75,31,277
Earnings per Share of ₹ 1/- each		
- Basic	3.17	1.94
- Diluted	3.16	1.94

## 20. Contingent Liabilities

Pursuant to the scheme of arrangement ("the scheme") the manufacturing business undertaking of the Company was vested in / transferred to Tube Investments of India Limited ("formerly known as TI Financial Holdings Limited", "Resulting Company") vide the order of the National Company Law Tribunal, Chennai ("NCLT") dated July 17, 2017 sanctioning the scheme. The scheme has an appointed date of April 1, 2016 and has come into effect from August 1, 2017.

Pursuant to the scheme becoming effective, all taxes, duties, cess payable by the Company related to the Manufacturing business undertaking including all advance tax payments, tax deducted at source or any refunds / credits / claims relating thereto shall for all purposes, be treated as advance tax payments, tax deducted at source or refunds / credits / claims, as the case may be, of the Resulting Company, provided however that any direct or indirect taxes that cannot specifically be earmarked as the liability of 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 / credits / 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.

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

Particulars	2017-18	2016-17
Dividend * - ₹ in Crores (₹ 0.003 Crores in 2017-18)	0.00	0.03
Number of Non-Resident Shareholders	1	1
Number of equity shares held	56,700 of ₹ 1/- each	56,700 of ₹ 1/- each
Year for which Dividend Remitted	2017-18	2015-16
	Interim	2016-17

\* The above excludes remittances amounting to ₹ 0.25 Cr. (Previous Year ₹ 2.01 Cr.) to Global Depository Receipt (GDR) holders through the custodian of GDR holders (Refer Note 4 d).

# Notes to Financial Statements

## 22. Stock Options

### 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:

Grant No.	Date of Grant	Weighted Average Exercise Price (₹)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / lapsed	Options Outstanding at the end of the year		Weighted Average Remaining Contractual Life (in years)
							Vested	Yet to vest	
1	31-Oct-07	43.37	31-Oct-08	6,00,120	3,63,624	2,36,496	-	-	-
2	31-Jan-08	45.61	30-Jan-09	1,05,460	81,324	24,136	-	-	-
3									
Tr I	24-Mar-08	39.19	31-Oct-09	26,55,260	15,39,971	11,15,289	-	-	-
Tr II	24-Mar-08	27.04	31-Oct-09	34,241	34,241	-	-	-	-
4									
Tr I	31-Jul-08	30.67	31-Jul-09	3,86,900	2,84,961	1,01,939	-	-	-
Tr II	31-Jul-08	21.16	31-Jul-09	9,344	2,000	-	7,344	-	0.33
5	31-Oct-08	16.73	31-Oct-09	54,000	30,240	23,760	-	-	-
6	30-Jan-09	21.42	30-Jan-10	28,100	23,323	4,777	-	-	-
7									
Tr I	29-Jan-11	96.63	29-Jan-12	4,25,400	2,38,404	1,86,996	-	-	-
Tr II	29-Jan-11	66.67	29-Jan-12	21,280	4,864	-	16,416	-	1.57
Tr III	29-Jan-11	66.67	29-Jan-12	15,112	-	-	15,112	-	1.35
8	29-Jan-11	96.63	29-Jan-12	1,92,400	80,916	1,11,484	-	-	-
9	29-Jan-11	96.63	29-Jan-12	13,900	-	13,900	-	-	-
10	02-May-11	96.91	02-May-12	55,000	19,680	35,320	-	-	-
11	01-Aug-11	110.23	01-Aug-12	33,600	-	33,600	-	-	-
12									
Tr I	02-Nov-11	98.74	02-Nov-12	1,26,800	48,148	78,652	-	-	-
Tr II	02-Nov-11	68.13	02-Nov-12	51,516	2,000	-	49,516	-	2.18

## Notes to Financial Statements

### ii. Employee Stock Option Plan 2016

The Company has granted Stock Option 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:

Grant No.	Date of Grant	Exercise Price (₹)	Vesting Commences on	Options Granted	Options Exercised & allotted	Options Cancelled / lapsed	Options Outstanding at the end of the year		Weighted Average Remaining Contractual Life (in years)
							Vested	Yet to vest	
1									
Tr I	15-Mar-17	416.86	15-Mar-18	2,37,960	-	2,37,960	-	-	-
Tr II	15-Mar-17	416.86	15-Mar-18	2,32,270	-	9,660	2,22,610	-	4.96

Pursuant to the scheme of arrangement ("the scheme") the manufacturing business undertaking of the Company was vested in / transferred to Tube Investments of India Limited ("formerly known as TI Financial Holdings Limited", "Resulting Company") vide the order of the National Company Law Tribunal, Chennai ("NCLT") dated July 17, 2017 sanctioning the scheme. The scheme has an appointed date of April 1, 2016 and has come into effect from August 1, 2017. Pursuant to the scheme becoming effective, all the employees of the demerged Company had become the employees of the Resulting 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 scheme(s) for every stock option held in the Company, whether the same has been vested or not on terms and conditions similar to the existing stock option schemes.

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 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-Apr-2017	During the year 2017-18			Options Outstanding as at 31-Mar-2018	Options vested but not exercised as at 01-Apr-2017	Options vested but not exercised as at 31-Mar-2018
			Options Granted	Options Cancelled / lapsed	Options Exercised & allotted			
Grant 3	24-Mar-08	40,553	-	-	40,553	-	-	
Grant 4	31-Jul-08	16,688	-	-	9,344	16,688	7,344	
Grant 7	29-Jan-11	43,344	-	-	26,928	43,344	16,416	
Grant 8	29-Jan-11	17,112	-	-	2,000	17,112	15,112	
Grant 12	02-Nov-11	56,516	-	-	7,000	56,516	49,516	
<b>Total</b>		<b>1,74,213</b>	<b>-</b>	<b>-</b>	<b>85,825</b>	<b>1,74,213</b>	<b>88,388</b>	

# Notes to Financial Statements

Particulars	Date of Grant	Options Outstanding as at 01-Apr-2016	During the year 2016-17			Options Outstanding as at 31-Mar-2017	Options vested but not exercised as at 01-Apr-2016	Options vested but not exercised as at 31-Mar-2017
			Options Granted	Options Cancelled / lapsed	Options Exercised & allotted			
Grant 3	24-Mar-08	96,721	-	-	40,553	96,721	40,553	
Grant 4	31-Jul-08	31,294	-	-	16,688	31,294	16,688	
Grant 7	29-Jan-11	52,344	-	-	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	-	
Grant 12	02-Nov-11	72,172	-	-	56,516	72,172	56,516	
<b>Total</b>		<b>2,75,547</b>	-	-	<b>1,74,213</b>	<b>2,75,547</b>	<b>1,74,213</b>	

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-Apr-2017	During the year 2017-18			Options Outstanding as at 31-Mar-2018	Options vested but not exercised as at 01-Apr-2017	Options vested but not exercised as at 31-Mar-2018
			Options Granted	Options Cancelled / lapsed	Options Exercised & allotted			
Grant 1	15-Mar-17	2,37,960	-	2,37,960	-	2,37,960	-	
Grant 1	15-Mar-17	-	2,32,270	9,660	-	2,22,610	-	

Particulars	Date of Grant	Options Outstanding as at 01-Apr-2016	During the year 2016-17			Options Outstanding as at 31-Mar-2017	Options vested but not exercised as at 01-Apr-2016	Options vested but not exercised as at 31-Mar-2017
			Options Granted	Options Cancelled / lapsed	Options Exercised & allotted			
Grant 1	15-Mar-17	-	2,37,960	-	-	2,37,960	-	

# 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

Grant No.	Vesting Commences on	Risk Free Interest Rate (%)	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 (₹)
1	31-Oct-08	7.71	2.50	39.11	3.43	43.37	11.34
2	30-Jan-09	7.44	2.50	42.02	3.43	45.61	12.50
3							
Tr I	31-Oct-09	8.22 - 8.25	1.62 - 2.62	31.56 - 37.07	1.86	39.19	73.92 - 74.89
Tr II	31-Oct-09	8.22 - 8.25	1.62 - 2.62	31.56 - 37.07	1.86	39.19	73.92 - 74.89
4							
Tr I	31-Jul-09	0.00 - 8.24	0.00 - 2.99	0.00 - 39.82	1.86	30.67	80.83 - 81.68
Tr II	31-Jul-09	0.00 - 8.24	0.00 - 2.99	0.00 - 39.82	1.86	30.67	80.83 - 81.68
5	31-Oct-09	8.21 - 8.31	0.12 - 3.24	32.28 - 42.55	1.86	16.73	92.20 - 94.76
6	30-Jan-10	8.21 - 8.31	0.24 - 3.49	28.04 - 43.77	1.86	21.42	88.54 - 90.00
7							
Tr I	29-Jan-12	8.21 - 8.26	1.24 - 5.48	31.69 - 46.73	1.86	96.63	39.45 - 80.72
Tr II	29-Jan-12	8.21 - 8.26	1.24 - 5.48	31.69 - 46.73	1.86	96.63	39.45 - 80.72
Tr III	29-Jan-12	8.21 - 8.26	1.24 - 5.48	31.69 - 46.73	1.86	96.63	39.45 - 80.72
8	29-Jan-12	8.21 - 8.26	1.24 - 4.48	31.69 - 43.79	1.86	96.63	27.22 - 52.67
9	29-Jan-12	8.21 - 8.26	1.24 - 3.48	31.69 - 43.79	1.86	96.63	27.22 - 46.62
10	02-May-12	8.21 - 8.25	1.37 - 5.74	31.38 - 47.27	1.86	96.63	27.90 - 56.06
11	01-Aug-12	8.21 - 8.25	1.49 - 5.99	31.76 - 47.01	1.86	110.23	21.93 - 53.00
12							
Tr I	02-Nov-12	8.21 - 8.24	1.74 - 6.24	32.74 - 46.93	1.86	98.74	30.05 - 57.75
Tr II	02-Nov-12	8.21 - 8.24	1.74 - 6.24	32.74 - 46.93	1.86	98.74	30.05 - 57.75

## Employee Stock Option plan 2016

Grant No.	Vesting Commences on	Risk Free Interest Rate (%)	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 (₹)
1							
Tr I	15-Mar-18	6.75	3.50	31.49	0.25	416.86	134.16
Tr II	15-Mar-18	6.75	3.50	31.49	0.25	416.86	134.16

## 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	2017-18	2016-17
Profit for the year (As reported)	59.36	36.29
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>59.36</b>	<b>36.29</b>

### Impact on Earnings per Share

Particulars	2017-18	2016-17
Basic Earnings per Share of ₹ 1/- each (As reported)	3.17	1.94
Basic Earnings per Share of ₹ 1/- each (Pro forma)	3.17	1.94
Diluted Earnings per Share of ₹ 1/- each (As reported)	3.16	1.94
Diluted Earnings per Share of ₹ 1/- each (Pro forma)	3.16	1.94

### 23. 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 March 31, 2018 are as follows:

₹ in Crores

Particulars	31.03.2018	31.03.2017
Current assets	14.52	10.84
Non-current assets	2.47	1.51
Current liabilities	(7.84)	(4.35)
Non-current liabilities	(0.38)	(0.29)
<b>Equity and Reserves</b>	<b>8.77</b>	<b>7.71</b>
Revenue	28.92	19.40
Depreciation	(0.23)	(0.24)
Employee benefit expense	(8.23)	(5.88)
Other expense	(18.57)	(11.99)
<b>Profit Before Tax</b>	<b>1.89</b>	<b>1.29</b>
Income-tax expense	(0.58)	(0.50)
<b>Profit After Tax</b>	<b>1.31</b>	<b>0.79</b>
Contingent Liability	5.38	–
Capital Commitments	0.03	–

### 24. Previous Year's Figures

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

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

Place : Chennai

Date : May 10, 2018

For and on behalf of the Board of Directors

**N Srinivasan**

Director

**M M Murugappan**

Chairman

**E Krithika**

Company Secretary

**N Ganesh**

Manager & Chief Financial Officer