



TI Financial Holdings Limited



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

Annual Report 2016-17

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Cautionary Statement:

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



MOVING AHEAD IN A FOCUSED WAY

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

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

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

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

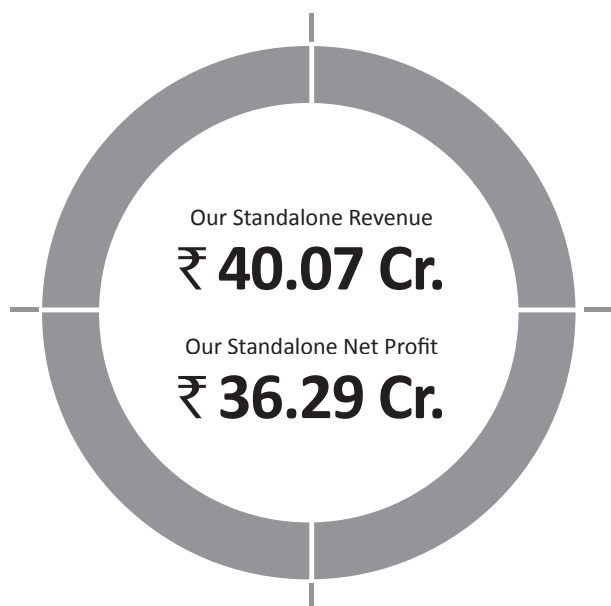
WE ARE TI FINANCIAL HOLDINGS LIMITED

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

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

Our Businesses

Chola mandalam Investment and Finance Company Limited	Chola mandalam MS General Insurance Company Limited	Chola mandalam MS Risk Services Limited
Vehicle Finance Home Equity Home Loans Corporate Finance Rural Finance Stock Broking Wealth Management	Motor Insurance Fire Insurance Marine Insurance Health Insurance Accident Insurance Travel Insurance	Process Safety Construction Safety Electrical Safety Energy & Environment Consulting Logistics Safety Insurance Support Services



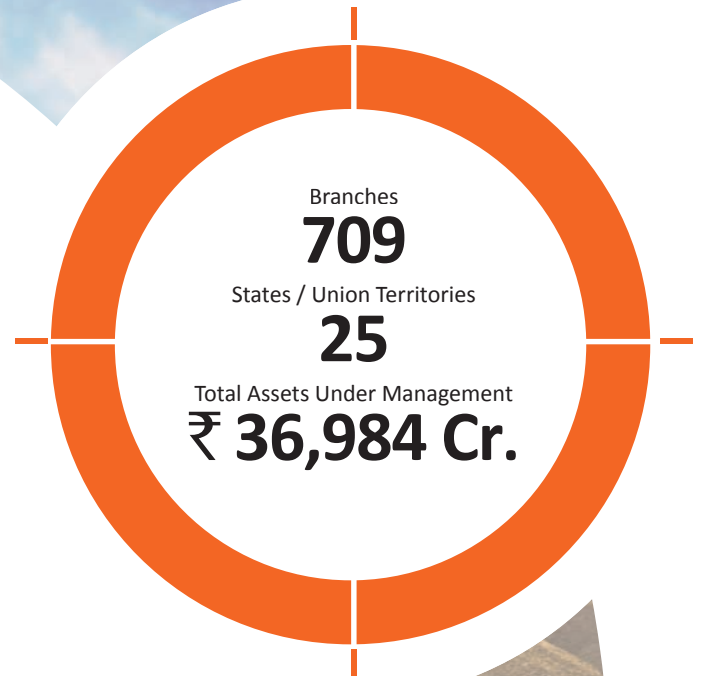
Cholamandalam Investment and Finance Company Limited (CIFCL)

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

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

Key Drivers

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





Branches
109
Agents
9,000+
Customers
67 Lakhs

Cholamandalam MS General Insurance Company Limited (CMSGICL)

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

Key Drivers

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

Cholamandalam MS Risk Services Limited (CMSRSL)

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

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

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

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

OUR PERFORMANCE IN FY17

Strategic Developments

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

Financial Highlights

Cholamandalam Investment and Finance Company Limited

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

Cholamandalam MS General Insurance Company Limited

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

Cholamandalam MS Risk Services Limited

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

Our Consolidated Revenue
₹ 2,689.15 Cr.

Our Consolidated Net Profit
₹ 454.57 Cr.

CHAIRMAN'S MESSAGE



Dear Shareholders,

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

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

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

Cholamandalam Investment and Finance Company Limited (CIFCL)

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

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

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

Cholamandalam MS General Insurance Company Limited (CMSGICL)

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

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

Cholamandalam MS Risk Services Limited (CMSRSL)

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

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

Yours sincerely,



A. Vellayan



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

BOARD OF DIRECTORS

Mr. A Vellayan

Chairman

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

Mr. M B N Rao

Independent Director

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

Ms. Shubhalakshmi Panse

Independent Director

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

Mr. N Srinivasan

Non-Executive Director

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

CORPORATE INFORMATION

Board of Directors

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

Company Secretary

E Krithika

Corporate Identity Number

L65100TN1949PLC002905

Registered Office

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

Auditors

S R Batliboi & Associates LLP
Chartered Accountants