

SUNDARAM FINANCE HOLDINGS LIMITED
(Formerly Sundaram Finance Distribution Limited)

23rd ANNUAL REPORT 2016-17

BOARD OF DIRECTORS

S Viji

S Prasad

R Venkatraman

Shobhana Ramachandhran

T T Srinivasaraghavan

Harsha Viji

Bankers

State Bank of India

ICICI Bank

Auditors

M/s. Brahmayya & Co., Chennai

Chartered Accountants

Registered Office

21, Patullos Road

Chennai 600 002

CIN: U65100TN1993PLC025996

SUNDARAM FINANCE HOLDINGS LIMITED
(Formerly Sundaram Finance Distribution Limited)

A wholly-owned subsidiary of



SUNDARAM FINANCE LIMITED

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Boards Report

Your Directors present the Twenty Third Annual Report and Audited Accounts for the year ended 31st March, 2017.

FINANCIAL RESULTS

(₹ in cr.)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Income from Operations	3.62	7.42
Other Income	1.22	0.72
Total Income	4.84	8.14
Less: Total Expenditure	4.04	6.90
Profit before Tax	0.80	1.24
Profit after Tax	0.48	1.00
Surplus brought forward	0.33	0.63
Amount available for appropriation	0.81	1.63
Appropriations have been made as under:		
Transfers to General Reserve	-	0.10
Dividend	0.37	1.00
Dividend Tax	0.08	0.20
Surplus carried to balance sheet	-	0.33

CHANGE IN NAME OF THE COMPANY

During the year, your Company changed its main objects for entering into the business of making all types of investments and changed its name as 'Sundaram Finance Holdings Limited'.

BUSINESS REVIEW

During the year, your Company earned revenue from operations of ₹3.62 cr. as against ₹7.42 cr. in the previous year. The profit after tax for the year was at ₹0.48 cr. as against ₹1.00 cr. in the previous year.

DIVIDEND

Your directors are happy to recommend a dividend of 10% pro-rata on the paid-up share capital of ₹20.00 cr. (i.e. ₹1. per share on the 5,00,000 equity shares originally held and ₹0.1667 per share for two months entitlement on the 1,95,00,000 equity shares subscribed in February 2017) as against ₹20/- per share (200% on the face value of ₹10/-) on the paid-up capital of ₹0.50 cr. during the previous year. The dividend together with dividend tax of ₹0.08 cr. absorbs a sum of ₹0.45 cr.

SUBSIDIARY

During the year under review, your Company had sold the entire investments held in Infreight Logistics Solutions Limited (Infreight) to Sundaram Finance Limited, its holding Company, hence Infreight ceases to be a subsidiary of your Company.

DIRECTORS

Sri S Venkatesan and Sri K Sankarakumar, Directors of your Company, resigned their directorship effective 25th January 2017. Sri A N Raju, Director, resigned his directorship effective 16th February 2017. Your directors place on record the significant contribution made by them to the deliberations of the Board.

Sri Harsha Viji, Director was co-opted as Non-Independent Director on 25th January 2017. Sri S Viji and Sri T T Srinivasaraghavan, Directors, were co-opted as Non-Independent Directors on 16th February 2017 and hold office as Additional Directors up to the date of the ensuing Annual General Meeting.

Sri S Prasad, Sri R Venkatraman, Ms Shobhana Ramachandhran were co-opted as Independent Directors on 16th February 2017 and hold office as Additional Directors up to the date of the ensuing Annual General Meeting.

The Company has received notice u/s. 160 of the Companies Act, 2013, from a member proposing the appointment of all Additional Directors as Non-Independent / Independent Directors of the Company respectively. Necessary resolution is submitted for your approval.

COMMITTEES OF THE BOARD

The Audit Committee of the Company was constituted on 16th February 2017 and met once during the year.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, 12 meetings of the Board of Directors were held.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
3. Proper and sufficient care has been exercised for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis; and
5. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

SCHEME OF ARRANGEMENT AND AMALGAMATION

The Board of Directors of your Company, at the meeting held on 17th February 2017, approved the draft Composite Scheme of Arrangement and Amalgamation for the De-merger of the non-core business activities of Sundaram Finance Limited in to the Company effective from 1st April 2016 subject to approval of various regulatory authorities. Sundaram Finance Limited had filed applications with the National Stock Exchange of India Limited

had Competition Commission of India for the approval of the transactions contemplated in Composite Scheme of Arrangement and Amalgamation

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Your Company has the following investments as on 31st March 2017.

₹ in Cr.

Investment in Equity Instruments	2.83
Investment in Bonds	0.22

There were no loans made or guarantees given by the Company.

RELATED PARTY TRANSACTIONS

During the year, the Company has entered into materially significant transaction with related parties. All transactions entered into by the Company with the related parties were on an arm's length and were in the ordinary course of business. Form AOC-2 as required under Sec 134 (3) (h) of the Companies Act 2013, read with Rule 8(2) of the Companies (Accounts Rules) 2014, is attached as parts of this report vide Annexure A.

EXTRACT OF ANNUAL RETURN

As required under Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT 9 as on 31st March 2017, is enclosed vide Annexure B.

INFORMATION AS PER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS), RULES, 2014

Your Company has no activity relating to conservation of energy or technology absorption. Your Company did not have any foreign exchange earnings or outgo during the year.

DEPOSITS

Your Company has not accepted any public deposit during the period under review.

AUDITORS

M/s Brahmaya & Co., Chartered Accountants, Chennai, Statutory Auditors of your Company shall hold office up to the conclusion of the 23rd Annual General Meeting in accordance with the provisions of Section 139 of the Companies Act, 2013 read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014. Your Directors place on record the significant contribution made by M/s Brahmaya & Co., Chartered Accountants, Chennai as Statutory Auditors since the inception of the Company.

Your Directors recommend the appointment of M/s R.G.N. Price & Co, Chartered Accountants, Chennai (Registration number 002785S), as Statutory Auditors of the Company, in accordance with the provisions of Sections 139, 141 and other applicable provisions of the Companies Act, 2013, to hold office from the conclusion of 23rd Annual General Meeting until the conclusion of 28th Annual General Meeting, subject to the approval of the shareholders at the 23rd Annual General Meeting and ratification at every Annual General Meeting thereafter.

DISCLOSURE UNDER THE 'PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE POLICY'

The Company has in place a 'Prevention of Sexual Harassment at Workplace Policy' in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition &

Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the year 2016-17.

ACKNOWLEDGEMENT

Your Directors thank the holding company, Sundaram Finance Limited for its support. Your Directors also place on record their appreciation to the contribution made by the management team and the employees at all levels.

S. Viji

T T Srinivasaraghavan

Harsha Viji

R Venkatraman

Shobhana Ramachandhran

Chennai 600 002

Date: 28th April 2017

S Prasad

Directors

Form No. AOC-2

[Pursuant to clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8 (2)
of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

All transactions entered into by the Company during the year with related parties were on an arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

a) Name(s) of the related party and nature of relationship

Sundaram Finance Limited, Holding Company

b) Nature of contracts/arrangements/transactions

Sourcing Fees and Services Expenses incurred towards distribution and marketing of financial products.

c) Duration of the contracts / arrangements/transactions - **One Year**

d) Salient terms of the contracts or arrangements or transactions including the value, if any:

Service Expenses shall be paid subject to a minimum of ₹15,60,000/- per month.

e) Date(s) of approval, if any: **29th June 2016**

f) Amount paid as advances, if any: **Nil**

S. Viji

T T Srinivasaraghavan

Harsha Viji

R Venkatraman

Shobhana Ramachandhran

S Prasad

Directors

Chennai 600 002

Date: 28th April 2017

FORM NO.MGT-9**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31st March 2017

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1)
of the Companies (Management and Administration) Rules, 2014]**I. REGISTRATION AND OTHER DETAILS**

(i)	CIN	U67120TN1993PLC025996
(ii)	Registration Date	13-10-1993
(iii)	Name of the Company	Sundaram Finance Holdings Limited (Formerly Sundaram Finance Distribution Limited)
(iv)	Category / Sub-Category of the Company	Limited by Shares, Indian Non-Government Company
(v)	Address of the Registered Office and contact details	No. 21, Patullos Road, Chennai 600002 Sri T T Srinivasaraghavan 044 28514066 tt@sundaramfinance.in
(vi)	Whether Listed Company Yes / No	No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
The Company engaged in the business of making all types of investments, including investments in financial service enablers, Fin-tech investments and Small Startup Type (incubator) investments. Engaged in the distribution and marketing of financial, savings, loan, investment and insurance products	66 - Other Financial Activities	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN / GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1	Sundaram Finance Limited 21, Patullos Road, Chennai - 600002	L65191TN1954PLC002429	Holding	100	2(46)

SUNDARAM FINANCE HOLDINGS LIMITED

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters										
(1) Indian										
(a)	Individual/HUF	-	-	-	-	-	-	-	-	-
(b)	Central Govt	-	-	-	-	-	-	-	-	-
(c)	State Govt(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corp - Sundaram Finance Limited *	-	5,00,000	5,00,000	100.00	-	2,00,00,000	2,00,00,000	100.00	-
(e)	Banks / FI	-	-	-	-	-	-	-	-	-
(f)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	-	5,00,000	5,00,000	100.00	-	2,00,00,000	2,00,00,000	100.00	-
(2) Foreign										
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b)	Other - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total shareholding of Promoter (A) = (A)(1) + (A)(2)	-	5,00,000	5,00,000	100.00	-	2,00,00,000	2,00,00,000	100.00	-
B. Public Shareholding										
(1) Institutions										
(a)	Mutual Funds	-	-	-	-	-	-	-	-	-
(b)	Banks / FI	-	-	-	-	-	-	-	-	-
(c)	Central Govt	-	-	-	-	-	-	-	-	-
(d)	State Govt(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FII's & FPI's	-	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Any Other	-	-	-	-	-	-	-	-	-
	Sub- Total (B)(1)	-	-	-	-	-	-	-	-	-
2. Non- Institutions										
(a)	Bodies Corporate	-	-	-	-	-	-	-	-	-

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i)	Indian	–	–	–	–	–	–	–	–	–
(ii)	Overseas	–	–	–	–	–	–	–	–	–
(b)	Individuals									
i	Individual shareholders holding nominal shares capital up to ₹1 lakh	–	–	–	–	–	–	–	–	–
ii	Individual shareholders holding nominal shares capital in excess of ₹1 lakh	–	–	–	–	–	–	–	–	–
(c)	Others (specify)	–	–	–	–	–	–	–	–	–
	Sub-Total (B)(2)	–	–	–	–	–	–	–	–	–
	Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
(C)	Shares held by Custodian for GDRs and ADRs	–	–	–	–	–	–	–	–	–
	GRAND TOTAL (A)+(B)+(C)	–	5,00,000	5,00,000	100.00	–	2,00,00,000	2,00,00,000	100.00	–

* Includes 6 shares held by the nominees of Sundaram Finance Limited

(ii) Shareholding of promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	Sundaram Finance Limited*	5,00,000	100%	–	200,00,000	100%	–	–
	Total	5,00,000	100%	–	200,00,000	100%	–	–

*Includes 6 shares held by the nominees of Sundaram Finance Limited

Change in Promoters' Shareholding (please specify, if there is no change)

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Sundaram Finance Limited*				
At the beginning of the year	5,00,000	100.00	–	–
Increase / Decrease in Promoters Shareholding during the year				
Increase: Rights Issue - 13th February 2017	1,95,00,000	100.00	2,00,00,000	100.00
At the end of the Year	–	–	2,00,00,000	100.00

*Includes 6 shares held by the nominees of Sundaram Finance Limited

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

Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	NOT APPLICABLE			
Increase / Decrease in Shareholding during the year				
At the end of the Year (or on the date of separation, if separated during the year)				

Sl. No.	Name of the Directors and KMP*	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sri S Venkatesan#				
	At the beginning of the year	–	–	–	–
	Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the Year	–	–	–	–
2	Sri A N Raju @				
	At the beginning of the year	1	–	–	–
	Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the Year	–	–	1	–
3	Sri K Sankarakumar #				
	At the beginning of the year	1	–	–	–
	Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the Year	–	–	1	–
4	Sri S Viji				
	At the beginning of the year	1	–	–	–
	Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the Year	–	–	1	–
5	Sri S Prasad				
	At the beginning of the year	–	–	–	–
	Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the Year	–	–	–	–
6	Ms Shobhana Ramachandhran				
	At the beginning of the year	–	–	–	–
	Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the Year	–	–	–	–
7	Sri R Venkatraman				
	At the beginning of the year	–	–	–	–
	Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the Year	–	–	–	–
8	Sri T T Srinivasaraghavan				
	At the beginning of the year	1	–	–	–
	Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the Year	–	–	1	–
9	Sri Harsha Viji				
	At the beginning of the year	–	–	–	–
	Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the Year	–	–	–	–

* Held as nominees of Sundaram Finance Limited jointly with others

Sri S Venkatesan & Sri K Sankarakumar, Directors resigned on 25th January 2017

@ Sri A N Raju, Director resigned on 16th February 2017

SUNDARAM FINANCE HOLDINGS LIMITED

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	Nil			
(i) Principal Amount				
(ii) Interest due but not paid				
(iii) Interest accrued but not due				
Total (i + ii + iii)				
Change in Indebtedness during the financial year				
Addition				
Reduction				
Net Change				
Indebtedness at the end of the financial year				
(i) Principal Amount				
(ii) Interest due but not paid				
(iii) Interest accrued but not due				
Total (i + ii + iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/ Manager	Total Amount
1	Gross Salary	NOT APPLICABLE	
	(a) Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961		
	(c) Profits in lieu of salary under Section 17 (3) of the Income-tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission		
	- as % of profit		
	- others, specify		
5	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**B. Remuneration to other directors:**

Name of the Directors	Particulars of Remuneration			Total Amount
	Fee for attending board / committee meetings	Commission	Others, please specify	
Independent Directors				
Sri R Venkatraman	110000	–	–	110000
Sri S Prasad	110000	–	–	110000
Ms Shobhana Ramachandhran	110000	–	–	110000
Total (1)	330000	–	–	330000
Other Non-Executive Directors				
Sri S Viji				Nil
Sri T T Srinivasaraghavan				
Sri Harsha Viji				
Total (2)				
Total (b) = (1+2)	330000	–	–	
Overall Ceiling as per the Act	Not Applicable			

C. Remuneration to Key Managerial Personnel other than MD/ Manager / WTD

Sl. No.	Particulars of Remuneration	Company Secretary	CFO	Total Amount
1	Gross Salary			NOT APPLICABLE
	(a) Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961			
	(c) Profits in lieu of salary under Section 17 (3) of the Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- others, specify			
5	Others, please specify			
	Total (A)			

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences against the Company, Directors and other Officers in Default during the year ended 31st March 2017.

SUNDARAM FINANCE HOLDINGS LIMITED

Independent Auditors' Report

TO THE MEMBERS OF SUNDARAM FINANCE HOLDINGS LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram Finance Holdings Limited (Formerly known as Sundaram Finance Distribution Limited) ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section 11 of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraph 3 and 4 of the Order.
- (ii) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors

is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the Operating Effectiveness of such controls, refer to our separate report in "Annexure B"
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the effect of the pending litigations in its financial statements as mentioned in Note 22.7 of the Notes to the accounts;
 - ii. the Company did not have any long term contracts including derivative contracts;
 - iii. there was no amount to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. the company did not have any cash transactions during the year.

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Regn. No.000511S
P. BABU
Partner
Membership No.203358

Place: Chennai
Date : 28-04-2017

“Annexure A” to the Auditors’ Report referred to in Paragraph 5 of our Report of even date

1. In our opinion and according to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, clauses (iii) (a), (b) and (c) of paragraph 3 of the Order are not applicable to the Company for the year.
2. In our opinion and according to the information and explanations given to us, the company has not granted any loans, made any investments or provided any guarantee or security as envisaged under Section 185 and Section 186 of the Act, 2013 respectively.
3. The Company has not accepted any deposits from the public.
4. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
5. i) In our opinion and according to the information and explanations given to us, undisputed statutory dues, including Provident Fund, Income tax, Service tax, cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March 2017 for a period of more than six months from the date they became payable.
ii) In our opinion and according to the information and explanations given to us, there are no dues of Service tax which have not been deposited on account of any dispute. The dues in respect of Income tax which have not been deposited on account of dispute are as follows:

Nature of dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Income Tax	6,46,765/-	Assessment Year 2009-10	CIT (A)

6. The Company does not have any borrowings from banks, financial institutions, government or by issue of debentures.
7. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) or by way of term loans.
8. To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company and no fraud on the Company by its officers or employees were noticed or reported during the course of our audit.
9. The Company has not incurred any expenditure towards managerial remuneration.
10. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards
11. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures issued during the year.
12. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.
13. In our opinion and according to the information and explanations given to us, the nature of the Company’s business/ activities during the year has been such that clause (i), clause (ii), clause (xii) and clause (xvi) of paragraph 3 of the Companies (Auditor’s Report) Order, 2016 is not applicable to the Company for the year.

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Regn. No.000511S
P. BABU
Partner
Membership No.203358

Place: Chennai
Date : 28-04-2017

“Annexure B” to the Auditors’ Report referred to in Paragraph 5 of our Report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies, Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Sundaram Finance Holdings Limited (Formerly Sundaram Finance Distribution Limited) (“the Company”) as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained

and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting

and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Regn. No.000511S
P. BABU
Partner
Membership No.203358

Place: Chennai
Date : 28-04-2017

Balance Sheet

as at 31st March, 2017

(In ₹)

Particulars	Note	March 31, 2017	March 31, 2016
<u>EQUITY AND LIABILITIES</u>			
1) Shareholders' funds			
(a) Share Capital	2	20,00,00,000	50,00,000
(b) Reserves and Surplus	3	14,53,07,127	14,05,00,018
(c) Money received against share warrants		-	-
		34,53,07,127	14,55,00,018
2) Share application money pending allotment			
		-	-
3) Non-current liabilities			
(a) Long Term Borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions	4	-	7,24,181
		-	7,24,181
4) Current liabilities			
(a) Short Term Borrowings		-	-
(b) Trade payables	5	-	-
(i) total outstanding due to micro and small enterprises		-	-
(ii) total outstanding due of creditors other than micro and small enterprises		9,35,649	10,06,117
(c) Other current liabilities	6	19,49,940	-
(d) Short-term provisions	7	1,99,260	1,34,65,753
		30,84,849	1,44,71,870
TOTAL		34,83,91,976	16,06,96,069
<u>ASSETS</u>			
1) Non-current assets			
(a) Fixed Assets		-	-
(i) Tangible assets		-	-
(ii) Intangible assets		-	-
(iii) Capital work in progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments	8	3,04,56,862	3,04,56,862
(c) Deferred tax assets (net)	9	-	2,13,542
(d) Long-term loans and advances	10	2,71,70,569	3,96,24,027
(e) Other non-current assets		-	-
		5,76,27,431	7,02,94,431
2) Current assets			
(a) Current investments	11	28,53,14,235	6,63,92,563
(b) Inventories		-	-
(c) Trade receivables	12	22,24,109	1,52,86,536
(d) Cash and cash equivalents	13	7,39,925	77,21,869
(e) Short term loans and advances	14	23,99,276	8,00,140
(f) Other current assets	15	87,000	2,00,530
		29,07,64,545	9,04,01,638
TOTAL ASSETS		34,83,91,976	16,06,96,069

Significant Accounting Policies and Notes to Accounts-1 to 21

As per our report of even date attached

For **Brahmayya & Co.,**

Chartered Accountants

Registration Number. 000511S

P Babu

Partner

Membership No.203358

Chennai

28th April, 2017

SUNDARAM FINANCE HOLDINGS LIMITED

S. Viji

T T Srinivasaraghavan

Harsha Viji

R Venkatraman

Shobhana Ramachandhran

S Prasad

Directors

Statement of Profit and Loss for the Year Ended 31st March, 2017

(In ₹)

	Note	2016-2017	2015-2016
REVENUE :			
Revenue from Operations	16	3,62,34,707	7,42,15,382
Other income	17	1,22,11,081	71,90,334
Total Revenue	(A)	<u>4,84,45,788</u>	<u>8,14,05,716</u>
EXPENSES:			
Finance Costs	18	-	77,243
Employee benefits	19	71,42,508	73,74,851
Administrative and Other expenses	20	3,32,82,629	6,15,87,674
Total expenses	(B)	<u>4,04,25,137</u>	<u>6,90,39,768</u>
Profit before Tax	(A - B)	80,20,651	1,23,65,948
Tax expense:			
Current tax		30,00,000	24,00,000
Deferred tax		2,13,542	(56,942)
		<u>32,13,542</u>	<u>23,43,058</u>
Profit after Tax		<u>48,07,109</u>	<u>1,00,22,890</u>
Earnings per equity share:			
Weighted average number of shares		37,50,000	5,00,000
Basic		1.28	20.05
Diluted		1.28	20.05
Significant Accounting Policies and Notes to Accounts-1-to 21			

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration Number: 000511S
P Babu
Partner
Membership No.203358
Chennai
28th April, 2017

S. Viji
T T Srinivasaraghavan
Harsha Viji
R Venkatraman
Shobhana Ramachandhran
S Prasad
Directors

Annual Report
2016-17

CASH FLOW STATEMENT

for the year ended 31st March, 2017

	2016-17 (₹)	2015-16 (₹)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	48,07,109	1,00,22,890
Add: Provision for Taxation (including Deferred Tax)	<u>32,13,542</u>	<u>23,43,058</u>
	80,20,651	1,23,65,948
Finance Costs	-	77,243
Less: Interest Income	(38,13,992)	(2,94,441)
Less: Net gain on sale of investments	(80,76,070)	(66,40,504)
Add: Diminution in value of investment	<u>(1,00,000)</u>	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(39,69,411)	55,08,246
(Increase)/Decrease in Long Term Loans and Advances	75,53,460	(88,78,798)
(Increase)/Decrease in Short Term Loans and Advances	(15,99,144)	(2,28,370)
(Increase)/Decrease in Trade Receivables	1,30,62,434	(12,26,708)
(Increase) /Decrease in Bank Deposits	60,00,000	(60,00,000)
(Increase)/Decrease in Other Current Assets	1,13,528	(1,20,441)
Increase / (Decrease) in Long Term Provisions	(7,24,181)	(4,36,948)
Increase / (Decrease) in Short Term Provisions	(12,30,726)	11,583
Increase / (Decrease) in Other Current Liabilities	19,49,940	-
Increase (Decrease) in Trade Payables	<u>(70,468)</u>	<u>(3,92,466)</u>
Cash generated from Operations	2,50,54,842	(1,72,72,148)
Finance Costs Paid	-	(77,243)
Direct Taxes Paid	19,00,000	(5,00,000)
NET CASH FROM OPERATING ACTIVITIES (A)	<u>2,29,85,431</u>	<u>(1,23,41,145)</u>
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of non-current Investments	-	-
Sale of Non-Current Investments (net proceeds)	1,00,000	-
Purchase of Current Investments	(43,91,33,650)	(10,50,50,000)
Sale of Current Investments (net proceeds)	22,02,11,979	12,40,69,896
Interest Received	38,13,992	2,94,442
Dividend Received	-	-
Net gain/loss on sale of investments	<u>80,76,070</u>	<u>66,40,504</u>
NET CASH FROM INVESTING ACTIVITIES (B)	<u>(20,69,31,609)</u>	<u>2,59,54,842</u>
C) CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(1,20,35,765)	(1,50,44,706)
Increase in share capital	19,50,00,000	-
NET CASH FROM FINANCING ACTIVITIES (C)	<u>18,29,64,235</u>	<u>(1,50,44,706)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	<u>(9,81,944)</u>	<u>(14,31,009)</u>
Cash and Cash Equivalents at the Beginning of the Period	<u>17,21,869</u>	<u>31,52,878</u>
Cash and Cash Equivalents at the end of the period	<u>7,39,925</u>	<u>17,21,869</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Account with Banks	7,39,925	17,21,869
Cash, Stamps and Stamp Papers on Hand	-	-
Short Term Deposits	-	-

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants
Registration Number. 000511S

P Babu
Partner
Membership No.203358
Chennai
28th April, 2017

S. Viji
T T Srinivasaraghavan
Harsha Viji
R Venkatraman
Shobhana Ramachandhran
S Prasad
Directors

SUNDARAM FINANCE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Note 1

SIGNIFICANT ACCOUNTING POLICIES

1 SIGNIFICANT ACCOUNTING POLICIES

- 1.1 The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act, 2013.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumptions used in the financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of financial statements. The assets and liabilities have been classified as non-current and current based on a twelve month operating cycle

- 1.2 Income Recognition

Income in respect of services rendered, insurance commission and brokerage is accounted on accrual basis.

- 1.3 Valuation of Investments

Long Term Investments are stated at cost. Provision for decline in value, other than temporary, is considered wherever necessary.

Current Investments are valued at lower of Cost and Market Value / Net Asset Value.

- 1.4 Employee Benefits

- A) Short Term Employee Benefits

Short Term Employee Benefits for services rendered by employees are recognized during the year when the services are rendered.

- B) Post employment benefits

Defined Contribution Plan

- (i) Provident Fund

The Company contributes to a government administered Provident Fund and Pension Fund under the Employees Provident Fund Act on behalf of its employees.

NOTES TO THE ACCOUNTS (Contd.)

Defined Benefit Plan

(i) Gratuity

The Company makes an annual contribution to a Gratuity Fund administered by trustees and managed by Life Insurance Corporation of India (LIC). The company accounts its liability based on an actuarial valuation, as at the balance sheet date, using the Projected Unit Credit method.

The expenses and actuarial gain/ loss on account of the above benefit plan is recognized in the Statement of Profit and Loss account on the basis of an actuarial valuation.

C) Other Long Term Employee Benefits

The liability in respect of other long term benefits like Employee Assured Bonus Scheme, and entitlement of privilege leave has been provided .

1.5 Taxation

Current tax is provided on the taxable income for the year. Deferred tax liabilities arising from timing differences have been fully provided for. Deferred tax assets are recognized on consideration of prudence.

1.6 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets and their value in use.

1.7 Provisions

Provisions are recognized when the company has present legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

NOTES TO THE ACCOUNTS (Contd.)

BALANCE SHEET

Note 2

SHARE CAPITAL

(In ₹)

Particulars	31.03.2017	31.03.2016
Authorised		
2,50,00,000 Equity shares of face value of ₹10/- each	25,00,00,000	3,00,00,000
Issued, Subscribed and fully paid up		
2,00,00,000 Equity shares of face value of ₹10/- each	20,00,00,000	50,00,000
Reconciliation of number of shares	Nos.	Nos.
Shares outstanding at the beginning of the Period	5,00,000	5,00,000
Add: Shares issued during the Period	1,95,00,000	-
Less: Shares bought back during the Period	-	-
Shares outstanding at the end of the Period	2,00,00,000	5,00,000

Details of number of shares held by shareholders holding more than 5% shares are set out below:

Name of the Shareholder	Status	No. of Shares	% held as at 31.03.2017	No. of Shares	% held as at 31.03.2016
Sundaram Finance Limited*	Holding Company	2,00,00,000	100	5,00,000	100

* include 6 equity shares held by nominees of Sundaram Finance Limited

Note 3

(In ₹)

RESERVES AND SURPLUS

	31.03.2017		31.03.2016	
a. General Reserve				
Opening balance	13,72,13,240		13,62,13,240	
Add: Transfer from Surplus in the Statement of Profit and Loss	-		10,00,000	
		13,72,13,240		13,72,13,240
b. Surplus in the Profit and Loss Statement				
Opening Balance	32,86,778		62,99,653	
Add: Profit for the year from the Statement of Profit and Loss	48,07,109		1,00,22,890	
	80,93,887		1,63,22,543	
Less : Appropriations				
General Reserve	-		10,00,000	
Dividend				
Final (Proposed)	-		1,00,00,000	
Dividend Distribution Tax	-	80,93,887	20,35,765	32,86,778
		14,53,07,127		14,05,00,018

NOTES TO THE ACCOUNTS (Contd.)

Note 4

LONG TERM PROVISIONS

(In ₹)

Particulars	31.03.2017	31.03.2016
Provision for Employee Benefits	-	7,24,181

Note 5

TRADE PAYABLES *

(In ₹)

Particulars	31.03.2017	31.03.2016
i) Total outstanding due to micro and small enterprises	-	-
ii) Total outstanding due of creditors other than micro and small enterprises		
- For Expenses	5,09,749	4,91,062
- For Others	4,25,900	5,15,055
	<u>9,35,649</u>	<u>10,06,117</u>

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Note 6

OTHER CURRENT LIABILITIES

(In ₹)

Particulars	31.03.2017	31.03.2016
Other Liabilities	19,49,940	-
	<u>19,49,940</u>	<u>-</u>

Note 7

SHORT-TERM PROVISIONS

(In ₹)

Particulars	31.03.2017	31.03.2016
Provision for employee benefits	1,99,260	14,29,988
Others		
- Proposed Dividend	-	1,00,00,000
- Dividend Distribution Tax	-	20,35,765
	<u>1,99,260</u>	<u>1,34,65,753</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 8

NOTE 8 : NON-CURRENT INVESTMENTS

(In ₹)

Particulars	31.03.2017	31.03.2016
a) Investments in Equity Instruments	2,82,81,862	2,82,81,862
b) Investments in Bonds	21,75,000	21,75,000
Total	3,04,56,862	3,04,56,862

(In ₹)

Particulars	Face Value (In ₹)	As at 31.03.2017		As at 31.03.2016	
		Holding (Numbers)	Cost (In ₹)	Holding (Numbers)	Cost (In ₹)
a) Investments in Equity Instruments					
i) Subsidiary Companies (Unquoted)					
Infreight Logistics Solutions Limited	-	-	-	56,11,200	44,81,615
ii) Other Companies (Unquoted)					
UMW Industries Limited. *	10	78,000	1,560	78,000	1,560
Sundaram BPO India Ltd	10	14,10,250	2,82,80,302	14,10,250	2,82,80,302
TOTAL			2,82,81,862		3,27,63,477
* Investments are carried at other than cost					
Less: Provision for investment - Infreight Logistics Solutions Limited	-	-	-	-	44,81,615
b) Investments in Bonds			2,82,81,862		2,82,81,862
Non-Trade (Quoted)					
8% IRFC Tax Free Bonds, 2012	1,000	2,175	21,75,000	2,175	21,75,000
			21,75,000		21,75,000

(In ₹)

Particulars	Cost	Market Value
Aggregate amount of Quoted Investments	21,75,000	24,01,418
Aggregate amount of Unquoted Investments	2,82,81,862	

Note 9

DEFERRED TAX ASSET

(In ₹)

Particulars	31.03.2017	31.03.2016
On Investments	-	1,43,218
On Employee Benefits	-	70,324
	-	2,13,542

NOTES TO THE ACCOUNTS (Contd.)

Note 10

LONG-TERM LOANS AND ADVANCES

(In ₹)

Particulars	31.03.2017	31.03.2016
Unsecured, Considered Good		
Advance Income Tax and Tax deducted at source (net of Provision)	2,70,68,215	3,81,61,320
Staff Advances	-	13,39,788
Other Advances	1,02,354	1,22,919
Total	2,71,70,569	3,96,24,027

Advance payment of Income Tax and Tax deducted at source is net of provision for Income Tax of ₹1,53,42,113/- and tax paid under dispute of ₹64,97,735/- (Previous Year provision for Income Tax ₹2,25,48,488/- and tax paid under dispute ₹1,72,44,442/- respectively).

Note 11

CURRENT INVESTMENTS-OTHERS

Particulars	Face Value (In ₹)	As at 31.03.2017		As at 31.03.2016	
		Holding (Number)	Cost (In ₹)	Holding (Number)	Cost (In ₹)
Unquoted, Valued at cost or fair value whichever is lower					
Investments in Mutual Funds:					
Sundaram Money Fund	10	83,91,732	28,53,14,235	8,28,307	2,63,92,563
ICICI Prudential Long Term Gilt Fund - Growth	10	-	-	8,37,342	4,00,00,000
Aggregate amount of Unquoted Investments			28,53,14,235		6,63,92,563

(In ₹)

Particulars	Cost	
	31.03.2017	31.03.2016
Aggregate amount of Unquoted Investments	28,53,14,235	6,63,92,563
	28,53,14,235	6,63,92,563

NOTES TO THE ACCOUNTS (Contd.)

Note 12

TRADE RECEIVABLES

(In ₹)

Particulars	31.03.2017	31.03.2016
Unsecured Considered Good		
More than six months	-	-
Less than six months		
Service Income	22,23,304	1,50,93,473
Insurance Commission	-	51,190
Brokerage	805	1,41,873
	22,24,109	1,52,86,536

Note 13

CASH AND CASH EQUIVALENTS

(In ₹)

Particulars	31.03.2017	31.03.2016
Balances with Banks in Current Accounts	7,39,925	17,21,869
Bank Deposits (upto 12 months maturity)	-	60,00,000
	7,39,925	77,21,869

Note 14

SHORT-TERM LOANS AND ADVANCES

(In ₹)

Particulars	31.03.2017	31.03.2016
Unsecured, Considered good		
Service Tax Input Credit	23,99,276	5,07,584
Staff advances	-	2,83,855
Other advances	-	8,701
	23,99,276	8,00,140

Note 15

OTHER CURRENT ASSETS

(In ₹)

Particulars	31.03.2017	31.03.2016
Interest Receivable	87,000	2,00,530

NOTES TO THE ACCOUNTS (Contd.)

STATEMENT OF PROFIT AND LOSS

Note 16 : REVENUE FROM OPERATIONS:

(In ₹)

Particulars	2016 - 2017	2015 - 2016
Service Income	2,52,62,929	7,18,71,956
Insurance Commission	3,59,890	7,03,194
Brokerage	1,06,11,888	16,40,232
	<u>3,62,34,707</u>	<u>7,42,15,382</u>

Note 17 : OTHER INCOME

(In ₹)

Particulars	2016 - 2017	2015 - 2016
Interest Income	38,91,325	3,90,740
Net gain on sale of Non-Current investments	1,00,000	-
Net gain on sale of Current investments	80,76,070	66,40,504
Other non-operating income	1,43,686	1,59,090
	<u>1,22,11,081</u>	<u>71,90,334</u>

Note 18 : FINANCE COSTS

(In ₹)

Particulars	2016 - 2017	2015 - 2016
Interest	-	77,243

Note 19 : EMPLOYEE BENEFITS

(In ₹)

Particulars	2016 - 2017	2015 - 2016
Salaries,allowances and Bonus	67,32,651	68,67,965
Company's contribution to Provident Fund and Gratuity	3,03,586	3,05,565
Staff Welfare Expenses	1,06,271	2,01,321
	<u>71,42,508</u>	<u>73,74,851</u>

The Company has recognised the following amounts in the Profit and Loss statement, which are included in Employee benefits in Note No.19

(In ₹)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Contribution to Provident Fund	78,305	82,616	1,09,379	1,46,665	1,31,322
Contribution to Pension Fund	1,26,146	1,51,425	1,37,859	1,17,772	1,26,510

NOTES TO THE ACCOUNTS (Contd.)

Note 20

ADMINISTRATIVE AND OTHER EXPENSES

(In ₹)

Particulars	2016-2017		2015-2016	
Outsourcing cost		98,79,354		1,18,50,172
Service Expenses		1,57,02,090		4,88,46,014
Rates and taxes		16,54,492		5,858
Professional fees		39,75,341		26,577
Audit fees				
-Statutory Audit	3,06,266		3,25,016	
-Tax Audit	75,996		86,531	
-Certification	80,493	4,62,755	20,482	4,32,029
Business sourcing expenses		10,07,600		1,72,350
Miscellaneous expenses		6,00,997		2,54,674
		3,32,82,629		6,15,87,674

21 GENERAL

21.1 The company is engaged primarily in the business of Agency and Retail Distribution. There are no separate reportable segments as per Accounting Standard AS 17 'Segment Reporting'.

21.2 The name of the company has been changed to Sundaram Finance Holdings Limited with effect from 29th March 2017.

21.3 The Board of Directors have approved a Composite Scheme of Arrangement and Amalgamation for the demerger of the non-core business activities of Sundaram Finance Limited into the Company, effective from 01st April 2016 subject to approval of various statutory and regulatory authorities and shareholders/creditors as directed by the regulatory authorities.

Sundaram Finance Limited has filed applications with the National Stock Exchange of India Limited and Competition Commission of India for the approval of the transactions contemplated in the Composite Scheme of Arrangement and Amalgamation.

Pending approvals from statutory and regulatory authorities, the financial statements have not been adjusted to give effect to the Composite Scheme of Arrangement and Amalgamation. Once the requisite approvals are obtained, the Composite Scheme of Arrangement and Amalgamation would be given effect in the financials of the company in accordance with the said scheme.

21.4 The employees of the company are transferred to LGF Services Ltd/Sundaram Finance Ltd with effect from 1st February 2017. The employee benefits payable as on 31 January 2017 will be paid to the respective companies to which the employees are transferred.

21.5 The company did not have any cash transactions during the year and therefore the reporting requirements of Specified Bank Notes(SBN) as required vide Ministry of Corporate Affairs Notification dated 30th March 2017 is not applicable.

NOTES TO THE ACCOUNTS (Contd.)

21.6 Related Party disclosures: In accordance with the Accounting Standard 18 on 'Related Party disclosures', the details of related parties and the transactions with related parties are given below:

Related Parties:

Holding Company:

Sundaram Finance Limited

Fellow Subsidiaries:

Sundaram BNP Paribas Home Finance Limited

Sundaram Asset Management Company Limited

Sundaram Trustee Company Limited

LGF Services Limited

Sundaram Infotech Solutions Limited

Sundaram Business Services Limited

Sundaram BNP Paribas Fund Services Limited

Sundaram Insurance Broking Services Limited

Sundaram Asset Management Singapore Pte Limited

Sundaram BPO India Limited

Infreight Logistics Solutions Limited

Royal Sundaram General Insurance Co. Limited

NOTES TO THE ACCOUNTS (Contd.)

Related Party Transactions

The nature and volume of transactions of the company during the year, with the above related parties are as follows: (In ₹)

Nature of Transactions	Holding Company	Subsidiaries	Fellow Subsidiaries	2016-17	2015-16
Expenses					
Sundaram Finance Ltd.					
Sourcing Fees	-	-	-	-	1,07,267
Service Expenses	1,57,02,090	-	-	1,57,02,090	4,88,46,014
Royal Sundaram General Insurance Co. Limited					
Insurance	-	-	23,946	23,946	7,411
Assets					
Investment in Equity Shares					
Infreight Logistics Solutions Limited	-	-	-	-	44,81,615
Sundaram BPO India Limited	-	-	2,82,80,302	2,82,80,302	2,82,80,302
Sale of Equity Shares					
Sundaram Finance Ltd.	1,00,000	-	-	-	-
Prepaid Expenses					
Royal Sundaram General Insurance Co. Limited	-	-	-	-	9,963
Liabilities					
Sundaram Finance Ltd.					
- Equity Share Holdings	20,00,00,000	-	-	20,00,00,000	50,00,000
- Dividend Payable	-	-	-	-	1,25,00,000

No amount has been written off/written back during the year.

NOTES TO THE ACCOUNTS (Contd.)

21.7 The pending litigations as on 31st March, 2017 have been complied by the company and reviewed by the Statutory Auditors. The effect of the current position of the litigations have been evaluated and appropriately considered and disclosed in the financial statements.

21.8 Earnings Per Share (Basic and diluted)

		2016 - 2017	2015 - 2016
A.	Profit for the year after taxation (in ₹)	48,07,109	1,00,22,890
B.	Weighted average no. of equity shares	37,50,000	5,00,000
C.	Basic and diluted earnings per share (A/B) (in ₹)	1.28	20.05
D.	Dividend Proposed/Paid (₹)	37,50,000	1,00,00,000
E.	Dividend per share (₹)	1.00	20.00

21.9 Dividend of ₹37.50 lakhs (₹1/- per share) has been recommended by the Board for the year ended 31st March 2017. The Central Government vide notification dated 30.03.2016 has amended the Companies (Accounting Standards) Rules, 2006. According to the amended Rule, the dividend declared after the balance sheet shall not be recorded as a liability in the previous year. Therefore, the Company has not recorded ₹45.13 lakhs as liability for proposed dividend including dividend distribution tax as at 31st March 2017. However, the same will be recognised as Liability on approval of the shareholders in the ensuing Annual General Meeting.

21.10 There is no amount due to Small Scale Industries in terms of "The Micro, Small and Medium Enterprises Development Act, 2006".

21.11 Previous year figures have been regrouped / reclassified wherever necessary to conform to the current year's presentation.

Signatures to notes 1 to 21

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
Registration Number. 000511S
P Babu
Partner
Membership No. 203358
Chennai
28th April, 2017

S. Viji
T T Srinivasaraghavan
Harsha Viji
R Venkatraman
Shobhana Ramachandhran
S Prasad
Directors