

# Sundaram Finance Limited

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65th Annual Report  
2017-18



**SUNDARAM FINANCE**  
*Enduring values. New age thinking.*



**SUNDARAM FINANCE**

*Enduring values. New age thinking.*

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|--|--|--|
| <b>Board of Directors</b>                                    | S Viji<br>S Ram<br>N Venkataramani<br>P N Venkatachalam<br>S Mahalingam<br>S Prasad<br>S Ravindran<br>Rajiv C Lochan<br>Shobhana Ramachandhran<br>T T Srinivasaraghavan<br>Harsha Viji<br>A N Raju | Chairman<br><br><br><br><br><br><br><br><br><br>Managing Director<br>Deputy Managing Director<br>Director (Operations) |
| <b>Audit Committee</b>                                       | S Prasad<br>S. Ravindran<br>Shobhana Ramachandhran   | Chairman   |
| <b>Stakeholders Relationship Committee</b>                   | S Prasad<br>T T Srinivasaraghavan<br>A N Raju  | Chairman   |
| <b>Nomination, Compensation &amp; Remuneration Committee</b> | P N Venkatachalam<br>S Prasad<br>S Ravindran   | Chairman   |
| <b>Corporate Social Responsibility Committee</b>             | Shobhana Ramachandhran<br>S Ravindran<br>T T Srinivasaraghavan   | Chairman   |
| <b>Risk Management Committee</b>                             | T T Srinivasaraghavan<br>Srinivas Acharya<br>Harsha Viji<br>A N Raju<br>M Ramaswamy  | Chairman   |
| <b>Asset Liability Management Committee</b>                  | T T Srinivasaraghavan<br>Srinivas Acharya<br>Harsha Viji<br>A N Raju<br>M Ramaswamy  | Chairman   |
| <b>Information Technology Strategy Committee</b>             | S Mahalingam<br>P N Venkatachalam<br>Rajiv C Lochan<br>T T Srinivasaraghavan<br>A N Raju<br>V Ananthanarayanan   | Chairman   |
| <b>Chief Financial Officer</b>                               | M Ramaswamy  |  |
| <b>Secretary &amp; Compliance Officer</b>                    | P Viswanathan  |  |
| <b>Registered Office</b>                                     | 21, Patullos Road, Chennai - 600 002<br>Tel: 044 2852 1181, Fax: 044 2858 6641<br>Email: investorservices@sundaramfinance.in • Website: www.sundaramfinance.in                                     |  |
| <b>CIN</b>   | L65191TN1954PLC002429  |  |
| <b>Auditors</b>  | M/s. Sundaram & Srinivasan, Chartered Accountants<br>23, C.P. Ramaswamy Road, Alwarpet, Chennai 600 018  |  |
| <b>Information Security Assurance Services</b>               | M/s. C.V. Ramaswamy & Co.,<br>Office No. 1, Vidwan Sundaram Street, Nungambakkam, Chennai - 600034   |  |

|                        |   |  |
|------------------------|---|--|
| <b>Management Team</b> | V K Raman                                 | Senior Vice President & Head – Group Internal Audit                |
|                        | S Ravindran                               | Senior Vice President & Head – Credit Control and Processing Dept. |
|                        | S Srinivasan                              | Senior Vice President & Head – Corporate Finance                   |
|                        | D Ravindran                               | Senior Vice President (Sundaram Infotech Solutions)                |
|                        | S Sivakumar                               | Vice President & Head – Administration & Corporate Communications  |
|                        | M J Kulkarni                              | Vice President & Head – Western Region                             |
|                        | K Sankarakumar                            | Vice President & Head – Distribution                               |
|                        | S Sridhar                                 | Vice President – Treasury  |
|                        | Rajesh Venkat                             | Vice President – Operations  |
|                        | V Ananthanarayanan                        | Chief Information Officer  |
|                        | N Ramachandran                            | Vice President & Head – Central & Northern Regions                 |
|                        | H Venkatesan                              | Senior General Manager – Internal Audit                            |
|                        | C Balasubramanian                         | Senior General Manager – Operations                                |
|                        | Venkatesh Kumaraswami                     | Senior General Manager & Head – Deposits                           |
|                        | S Balasubramanian                         | Senior General Manager & Head – Andhra Region                      |
|                        | G Vaikuntam                               | Senior General Manager & Head – Recoveries & ARC                   |
|                        | V Soundararajan                           | Mentor - Tamil Nadu  |
| C Muralidharan         | Senior General Manager & Head – Karnataka |  |
| Rajesh Srinivas P      | National Head – SME & Emerging Corporates |  |

|                     |  |  |
|---------------------|--|--|
| <b>Subsidiaries</b> | Sundaram BNP Paribas Home Finance Limited        | Sundaram Alternate Assets Limited          |
|                     | Royal Sundaram General Insurance Co. Limited     | Sundaram Trustee Company Limited           |
|                     | Sundaram Asset Management Company Limited        | LGF Services Limited                       |
|                     | Sundaram Asset Management Singapore Pte. Limited | Sundaram BNP Paribas Fund Services Limited |

|                |                     |  |
|----------------|---------------------|--|
| <b>Bankers</b> | State Bank of India | ICICI Bank Ltd                                     |
|                | Bank of India       | Axis Bank Ltd.                                     |
|                | Canara Bank         | Federal Bank Ltd.                                  |
|                | Indian Bank         | The Hongkong and Shanghai Banking Corporation Ltd. |
|                | Bank of Baroda      | BNP Paribas  |
|                | HDFC Bank Ltd.      |  |

|                          |   |
|--------------------------|---|
| <b>Debenture Trustee</b> | IDBI Trusteeship Services Limited                   |
|                          | Asian Building, Ground Floor,                       |
|                          | 17, R. Kamani Marg, Ballard Estate, Mumbai - 400001 |

#### CURRENCY EQUIVALENTS

|              |   |                                 |                                      |
|--------------|---|---------------------------------|--------------------------------------|
| ₹One Million | = | ₹10 Lakhs                       | US\$ 1 = Indian ₹65.0441*            |
| ₹One Billion | = | ₹100 Crores or<br>₹10,000 Lakhs | *RBI Reference Rate as on 31.03.2018 |

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Enduring values. New age thinking.

A member of the



International Finance & Leasing Association

## Board's Report

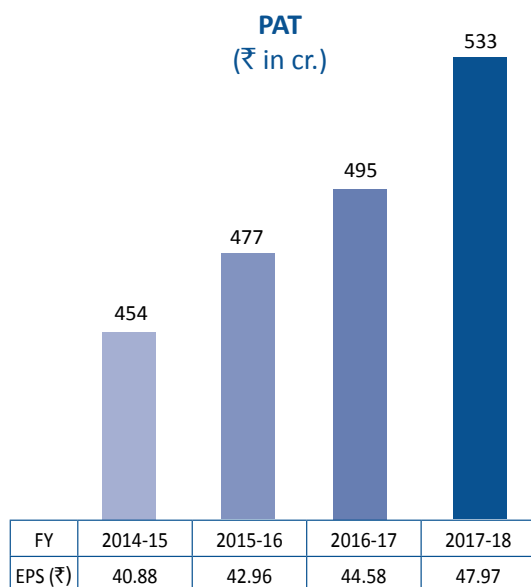
Your directors have pleasure in presenting the 65th Annual Report together with audited accounts for the year ended 31st March 2018. The summarised financial results of the Company are presented hereunder:

### FINANCIAL RESULTS:

(₹ in cr.)

| Particulars                               | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
|---|------------------------------|------------------------------|
| Revenue from Operations                   | 2618.29                      | 2356.79                      |
| Other Income                              | 78.05                        | 101.49                       |
| <b>Total Revenue</b>                      | <b>2696.34</b>               | <b>2458.28</b>               |
| <b>Less: Total Expenses</b>               | <b>1889.55</b>               | <b>1738.08</b>               |
| <b>Profit before tax</b>                  | <b>806.79</b>                | <b>720.20</b>                |
| <b>Profit after Tax</b>                   | <b>532.95</b>                | <b>495.35</b>                |
| Surplus brought forward                   | 227.43                       | 176.47                       |
| <b>Amount available for appropriation</b> | <b>760.38</b>                | <b>671.82</b>                |
| Appropriations to:                        |                              |                              |
| - Statutory Reserve                       | 106.59                       | 99.07                        |
| - General Reserve                         | 243.39                       | 222.90                       |
| Dividend* – Interim 2016-17               | -                            | 55.55                        |
| Final 2016-17                             | 72.22                        | -                            |
| Dividend Tax                              | 9.38                         | 8.77                         |
| <b>Surplus carried to balance sheet</b>   | <b>328.80</b>                | <b>285.53</b>                |

\* Interim Dividend for the financial year 2017-18 which was paid during May 2018 and Final Dividend recommended for the financial year 2017-18, if approved by the Shareholders, will be recognised as a liability during the financial year 2018-19.

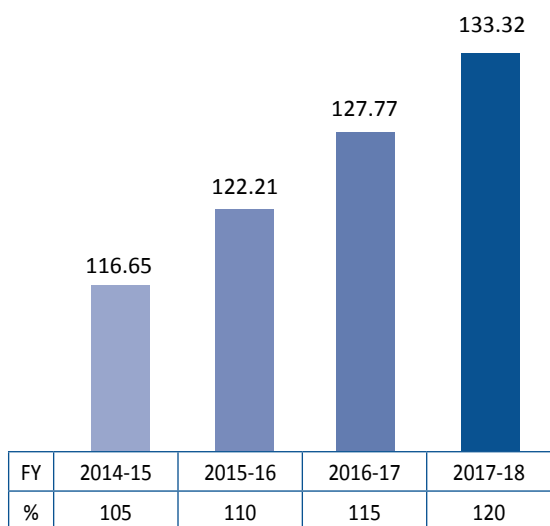


### DIVIDEND

Your Company paid an interim dividend of ₹5/- per share in May 2018. Your directors are pleased to recommend a final dividend of ₹7/- per share, which, together with the interim dividend, would aggregate to a total dividend of ₹12/-per share (120% on the face value of ₹10/-).

The Dividend Distribution Policy, formulated in accordance with the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is attached as part of this report, vide Annexure I.

### Dividend (₹ in cr.)



## AMALAGAMATION OF SUNDARAM INFOTECH SOLUTIONS LIMITED

Sundaram Infotech Solutions Limited (SISL) was amalgamated with your Company with effect from the 'Appointed Date', i.e., 1st April 2016, pursuant to the Order of the Hon'ble National Company Law Tribunal (NCLT), Division Bench, Chennai, dated 26th September 2017 under Sections 230 to 232 of the Companies Act, 2013. Consequent to the Amalgamation, the accounts for the financial year ended 31st March 2018 have been prepared after taking into account the transactions of SISL and, therefore, the figures given herein and elsewhere in the Annual Report are not strictly comparable with those of the previous year.

## COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION

Pursuant to the sanctioning of the Composite Scheme of Arrangement and Amalgamation (Scheme) by the Hon'ble National Company Law Tribunal (NCLT), Division Bench,

Chennai, vide Order dated 12th January 2018, received by the Company on 18th January 2018, the following matters, as envisaged in the Scheme with effect from the 'Appointed Date', i.e., 1st April 2016, have become operative:

- Amalgamation of Sundaram Insurance Broking Services Limited and Infreight Logistics Solutions Limited, wholly-owned subsidiaries, with your Company;
- De-merger of the shared services business of Sundaram BPO India Limited (Sundaram BPO), subsidiary, into your Company; and
- De-merger of the non-core business of the Company, viz. training services, identified shared services including shared services vested from Sundaram BPO, apart from the non-financial services investments, together with related assets, into Sundaram Finance Holdings Limited (SFHL).

As provided in the Scheme, on 12th February 2018, all the shareholders of your Company were allotted 1 (One) equity share of ₹5/- each credited as fully paid-up in the capital of SFHL for every 1 (One) fully paid-up equity share of ₹10/- held by them in your Company as on the record date, i.e., 2nd February 2018. Pursuant to the said allotment, the shareholding of your Company in SFHL got reduced from 100% to 26.47% and SFHL became an associate of your Company. The equity shares of SFHL were listed on the National Stock Exchange of India Limited with effect from 26th March 2018.

The accounts for the financial year ended 31st March 2018 have been prepared after giving effect to the Scheme and, therefore, the figures given herein and elsewhere in the Annual Report are not strictly comparable with those of the previous year.

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## **CORPORATE GOVERNANCE**

A detailed report on corporate governance, together with a certificate from the Secretarial Auditors, in compliance with the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, is attached as part of this report, vide Annexure II.

Compliance reports in respect of all laws applicable to the Company have been reviewed by the Board of Directors.

## **RELATED PARTY TRANSACTIONS**

All transactions entered into by the Company with related parties were in the ordinary course of business and on an arm's length basis. The Company did not enter into any material transaction with related parties, under Section 188 of the Companies Act, 2013, during the year. Form AOC-2, as required under Section 134 (3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules 2014, is attached as part of this report, vide Annexure III(i). Further, the Company's policy on Related Party Transactions is attached as part of this report, vide Annexure III(ii).

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company, along with its subsidiaries and associates, has always responded in a responsible manner to the growing needs of the communities in which it operates. During the year, your Company has, in consonance with the CSR policy of the Company, undertaken a number of initiatives that contribute to society at large, in the areas of health, education, environment and preservation of the country's rich culture and heritage.

The Annual Report on CSR Activities undertaken by the Company for the Financial Year 2017-18, is annexed with this report, vide Annexure IV.

## **BUSINESS RESPONSIBILITY REPORT**

A Business Responsibility Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, is enclosed as part of this report, vide Annexure V.

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

The Company has in place a Policy for prevention of Sexual Harassment, in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the year 2017-18.

## **SECRETARIAL AUDIT**

In terms of Section 204 of the Companies Act, 2013 and the rules thereunder, the Company has appointed M/s Damodaran & Associates as the Secretarial Auditor of the Company. The Secretarial Audit Report as provided by them is annexed to this Report, vide Annexure VI.

## **REMUNERATION TO DIRECTORS / KEY MANAGEMENT PERSONNEL**

Disclosure pursuant to Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed, vide Annexure VII.

## **SUNDARAM FINANCE EMPLOYEE STOCK OPTION SCHEME**

Based on the recommendations of the Nomination, Compensation and Remuneration Committee, your Board of



Directors has granted, subject to regulatory approvals where necessary, 20000 stock options to select eligible employees, on 25th May 2018. The disclosure required under SEBI (Share Based Employee Benefits) Regulations, 2014, is furnished, vide Annexure VIII.

### **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 MGT-9 is annexed as part of this report, vide Annexure IX.

### **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS**

During the year under review, no significant and material orders were passed by the regulators, courts or tribunals against the Company, impacting its going concern status or its future operations.

### **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. During 2017-18, expenditure in foreign currencies amounted to ₹78.56 cr. Foreign Currency earnings amounted to ₹6.46 cr.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **GLOBAL ECONOMY**

The global economy continued its strong growth in 2017. One notable aspect of last year's upswing was its geographic

breadth. Growth accelerated in about three quarters of countries worldwide. Even more important, some of the countries that have had high unemployment for some time, including several in the euro area, participated in the growth and are experiencing strong employment growth. Some of the larger emerging market economies, such as Argentina, Brazil, and Russia, came out of their recessions. Equity valuations continued to climb and are near record highs, as central banks have maintained accommodative monetary policies due to weak inflation. However, the paradoxes of growth remain. According to the World Bank, *"there were plenty of unsettling and upsetting events and trends. Catastrophic storms and flooding wrecked homes and livelihoods from South Asia to the Caribbean. Education quality in many countries fell short even as much of the world raced into the digital age. Yet extreme poverty continues to decline. Innovation and technology are enhancing the quality of life. And human capital is now the biggest driver of wealth in the world today."*

As per the IMF's World Economic Outlook, *"Global economic growth strengthened in 2017 to 3.8%, with GDP continuing to accelerate over much of the world in what is seen as the broadest cyclical upswing since the start of the decade with a notable rebound in global trade. It was driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery in several commodity exporters. Global growth is expected to tick up to 3.9% this year and next, supported by strong momentum, favourable market sentiment, accommodative financial conditions, and the domestic and international repercussions of expansionary fiscal policy in the United States. The partial recovery in commodity prices should*

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*allow conditions in commodity exporters to gradually improve.” The report however goes on to add that “The global economic upswing that began around mid-2016 has become broader and stronger. . . , advanced economies as a group will continue to expand above their potential growth rates this year and next before decelerating, while growth in emerging market and developing economies will rise before levelling off. For most countries, current favourable growth rates will not last. Policymakers should seize this opportunity to bolster growth, make it more durable, and equip their governments better to counter the next downturn.”*

## **INDIAN ECONOMY**

India has emerged as one of the fastest growing major economies in the world as per the IMF and is expected to be amongst the top three economic powers of the world over the next two decades, backed by its strong democracy and partnerships. India's GDP is estimated to have grown by 6.6 % in 2017-18 and is expected to grow at 7.3 % in 2018-19.

The Goods and Services Tax (GST) which involved merging all indirect taxes into one, with a view to mitigate cascading or double taxation, was rolled out on July 1, 2017. As anticipated, there have been myriad issues, ranging from initial teething troubles to several technical issues. The first and most avoidable hiccups were the glitches on the Goods and Services Tax Network online portal (GSTN), which is the IT backbone for the new indirect tax regime, which hit small businesses particularly hard. The technical glitches on the GSTN forced the Government to extend the due date for various returns and forms on a number of occasions, raising concerns on the functioning of the IT backbone of GST. So

also, the GST rates have been tinkered with time and again, which has hampered smooth transition and disrupted various sectors. However, things appear to be falling in place, albeit gradually, and it is to be hoped that things will settle down sooner than later.

The growth in India's GDP has to be viewed as satisfactory in the aftermath of two major events - demonetisation and GST. Gross tax collections for the period April 2017- February 2018 showed an increase of 15.8% year-on-year while net retention to the Centre in tax collections recorded a growth of 17%.

India's foreign exchange reserves stood at USD 424.4 billion at the end of March 2018 as compared to USD 370 billion at the end of the previous year, according to data from the RBI. However, tepid export growth of 0.7 % and higher import growth of 7.1%, primarily attributable to oil-imports, resulted in the current account deficit worsening to 2.0 % from 1.4 % in the previous year. Depending on the oil price movements, this could worsen further.

The annual average WPI inflation for 2017-18 stood at 2.9% as against 1.7% in the previous year, while the headline inflation based on Consumer Price Index for 2017-18 averaged 3.6%, as compared to 4.5 % in 2016-17. The IIP increased by 4.3% during the period Apr to Feb 2018, as against 4.7% in the corresponding period of the previous year. The production of eight core industries registered a growth of 5.3% during the year as against 0.6 % in the corresponding period of previous year.

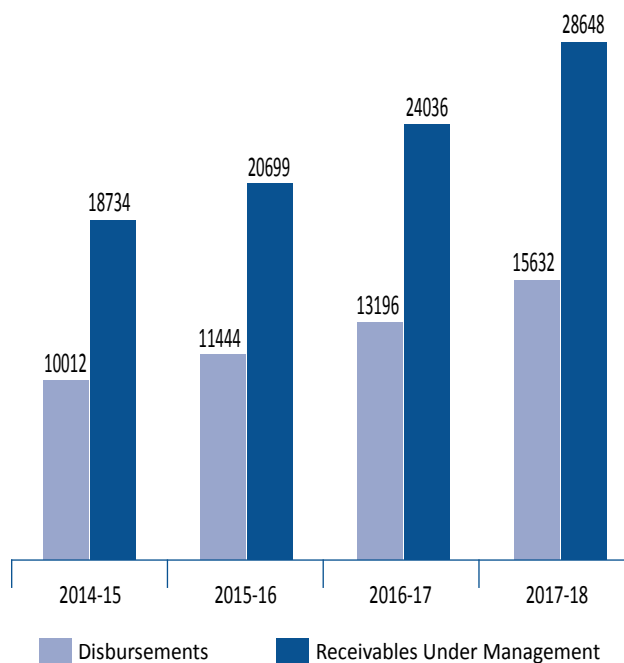
According to the World Bank's Doing Business Report, India has improved its ranking by 30 spots over its 2017 ranking and is now ranked 100 among 190 countries in the latest edition of the report.

## AUTOMOTIVE SECTOR

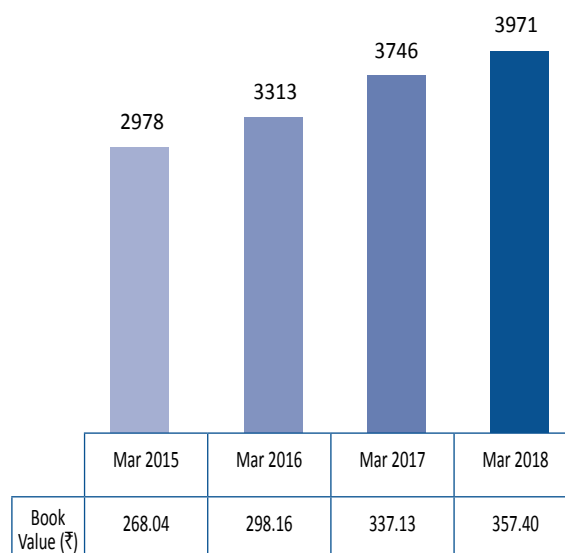
The Commercial vehicle industry faced significant turbulence in 2017-18. The BS IV emission norms that went into effect from April 1, 2017, meant that prices of commercial vehicles increased sharply. In addition, the competing engine technologies EGR and SCR, with vehicle manufacturer's proclaiming the superiority of one over the other, only added to the confusion for the average transport operator. Shortly thereafter, India entered the GST era which affected the movement of goods in the first few months and also increased the working capital requirements of transport operators. Against this backdrop it is hardly surprising that sales of Medium and Heavy commercial vehicles (M&HCV) registered a fall during the first half of the financial year compared to the previous year. Considering the fact that industrial activity remained muted, M&HCV demand in several states, especially in Southern and Western India were markedly lower than the previous year. However, a turnaround in the second half of the year, driven predominantly by the continuing focus of the government on infrastructure, robust demand in Northern India and the substantial discounts that were on offer, ensured that M&HCV sales registered a growth of 12.5%, for the year. The reduced turnaround times on account of inter-state check posts being dismantled, stricter implementation of overloading norms in several states and vastly improved highways, resulted in a significant shift towards higher tonnage vehicles, owing to better operating economics for transport operators.

The relatively good monsoons of the last two years have led to increased prosperity in the rural and semi urban areas of the country which has had a salutary effect on their purchasing power and a corresponding increase in demand for various goods and services.

### Total Disbursements and Receivables Under Management (₹ in cr.)



### Own Funds (₹ in cr.)



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Agrarian prosperity, coupled with the creation of large, new warehousing capacity across the country, the strengthening of the hub and spoke model, thanks to GST and the continuing boom in E commerce, provided a shot in the arm for Light and Small commercial vehicles which grew by over 13%. Sales of Passenger Cars and Utility vehicles grew 8% aided by the latter. However, with the emergence of taxi aggregators such as Uber and Ola and the rapid development of Metro rail in several major cities, some early signs of changes in buyer behaviour appear to be emerging. As per the Society of Indian Automobile Manufacturers (SIAM), the contribution of the top 20 cities that generate about 50% of passenger vehicle sales has shown slower growth in the last four to five years, while there is greater demand from smaller towns and semi-urban areas. This could have major implications both for manufacturers and financiers, in the longer term.

The tractor industry witnessed another year of strong growth. Multiple factors ranging from subsidy support for tractor purchase by several States, a bountiful harvest on account of a good monsoon and the availability of retail finance saw the industry register a robust growth of 22% during the year.

## **OPERATING & FINANCIAL PERFORMANCE**

Your Company's disbursements at ₹15632 cr. (PY ₹13196 cr.) registered a healthy growth of 18% over the previous year, notwithstanding the various disruptions faced by the automotive sector in the first half of the financial year. While sales of M&HCVs revived only towards the later part of the year, your Company increased its presence in the rapidly growing construction equipment and tractor segments while also deepening its presence in newer geographical areas and market segments. Pricing pressures continued unabated, with several new players, mostly private sector banks, seeking to gain

a foothold in the fiercely competitive vehicle finance segment. Your Company was largely able to counter this on account of the strong customer relationships that it has built and nurtured over the decades, its ability to raise resources at or near the best rates in the debt markets and the deft management of its liabilities portfolio, thereby enabling it to maintain its strong market position. The gross receivables managed by the Company stood at ₹28648 cr., as against ₹24036 cr., a growth of 19% over the previous year. As always, your Company's sustained focus on maintaining superior asset quality ensured that its portfolio continued to be best in class, with Gross and Net NPAs which stood at 1.54% and 0.55% respectively in the previous year, coming down to 1.29% and 0.50%, respectively, as at 31st March, 2018. The net profit for the year after considering the effects of demerger was ₹532.95 cr., as against ₹460.57 cr. (adjusted net profit on demerger) in the previous year, registering a growth of 15.95% on a like to like basis. The company's net-worth stood at ₹3970.85 cr., as on 31.3.2018. Capital adequacy (CRAR) at 17.64% was comfortably higher than the statutory requirement of 15%.

## **RESOURCE MOBILISATION**

### **a) Deposits**

During the year, your Company mobilised fresh deposits aggregating to ₹450.53 cr. Renewal of deposits during the year amounted to ₹943.44 cr, representing 79% of the matured deposits of ₹1170.48 cr. Deposits outstanding at the year-end were at ₹2499.33 cr. as against ₹2411.08 cr in the previous year. The Net accretion for the financial year was ₹88.25 cr.

As at 31st March 2018, 4615 deposits amounting to ₹32.67 cr. had matured for payment and were due to be claimed or renewed. After close follow-up, the figures

are currently down to 2899 and ₹16.17 cr. respectively. Continuous efforts are being made to arrange for repayment or renewal of these deposits. There has been no default in repayment of deposits or payment of interest thereon during the year. Investor Relation Services – Deposits currently enjoy the ISO 9001:2008 Certification from Bureau Veritas (India) Private Limited. The certification process to the revised standard ISO 9001:2015 is in progress and will be concluded in the second quarter.

### **b) Term Funding**

During the year, your Company raised term funding from Banks, Mutual funds, Insurance companies and others in the form of non-convertible debentures and term loans to the tune of ₹5545 cr., across various tenors.

### **c) Bank Finance**

As part of the overall funding plan, your Company's working capital limits with Consortium banks were increased to ₹2750 cr. from ₹2250 cr. During the year, your Company also issued several tranches of commercial paper aggregating to ₹14405 cr. The maximum amount outstanding at any time was ₹4905 cr. and the amount outstanding at the end of the year was ₹2025 cr.

### **d) Assets Securitised / Assigned**

During the year, your Company raised resources to the extent of ₹3879 cr. through securitisation and assignment of receivables.

## **CREDIT RATINGS**

During the year, your Company's long term credit ratings have been upgraded from AA+ to AAA, by both ICRA & CRISIL. The short term borrowings (including commercial paper) are rated "A1+"/P1+ (very strong degree of safety). Fixed

Deposits are rated "AAA" (Highest Credit Quality) by ICRA and CRISIL. The long term borrowings are rated "AAA" (Highest Degree of Safety), with a "Stable outlook" by ICRA and CRISIL and AA+ (High Degree of Safety), with a "Stable outlook" by India Ratings.

## **OUTLOOK**

The main thrust of the Union Budget for 2018-19 is on uplifting the rural economy and strengthening of the agriculture sector, healthcare for the economically less privileged, infrastructure creation and improvement in the quality of education. A total of ₹14.34 lakh crores along with specific allocation for North-East Industrial Development Scheme is meant to improve livelihoods and infrastructure in rural areas; besides this, an increased budgetary allocation for infrastructure has been made at ₹5.97 lakh crore for 2018-19. These increased allocations are expected to have an overall salutary impact on the Indian economy as a whole and the rural economy in particular.

SIAM expects the growth momentum of Commercial vehicle sales to continue at 10-12% (M&HCVs at 9-11% and LCVs at 10-12%) in 2018-19. The government's continuing emphasis on infrastructure and a recovery in the mining sector bodes well for sales of tippers. Sales of passenger vehicles are expected to grow at 8-10% (utility vehicles at 14-15% and cars at 8-9%). As per a report by CRISIL, tractor sales are projected to increase by 11-13% in 2018-19, assuming a normal monsoon and increased government support. Demand in semi-urban towns and rural areas is expected to look up as the impact of demonetisation has abated, and a normal monsoon for a third year should bolster sales of passenger cars, LCVs and especially tractors.

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However, rising diesel prices and higher interest rates could prove a dampener from the point of view of the transport operator's viability and consequently on commercial vehicle offtake. With inflation numbers trending upwards and liquidity tightening, interest rates have already shown an upward bias in the first few weeks of the current financial year. Pressure on inflation, retail as well as wholesale, is mounting. While the widely-tracked consumer price index (CPI) based inflation rate rose to a three month high of 4.58%, its wholesale price index (WPI) counterpart increased to a four-month high of 3.18% in April. This might justify the hawkish stance of the monetary policy committee (MPC). The general expectation is that RBI will start raising policy rates in the third quarter of 2018-19. However, recent events, notably the sharp increases in oil and commodity prices, could prompt them to raise rates even earlier. Although not an immediate concern, the spectre of BS VI emission norms and the vehicle scrappage policy, both slated for implementation in April 2020, looms on the horizon.

Your Company has taken these factors into account in drawing up its plans for the year. While concentrating on its core markets and product segments, your company sees significant opportunities in the rapidly growing construction equipment segment, as also the LCV and tractor segments. Rising interest rates and intensifying competition are likely to exert pressure on margins. Your company expects to manage this through financing an appropriate mix of higher and lower yielding assets, while ensuring that asset quality continues to remain best in class.

### **INTERNAL FINANCIAL CONTROLS**

The Company has a well-established internal financial control and risk management framework, with appropriate policies and procedures, to ensure the highest standards of integrity

and transparency in its operations and a strong corporate governance structure, while maintaining excellence in services to all its stakeholders. Appropriate controls are in place to ensure: (a) the orderly and efficient conduct of business, including adherence to policies (b) safeguarding of assets (c) prevention and detection of frauds / errors (d) accuracy and completeness of the accounting records and (e) timely preparation of reliable financial information.

### **RISK MANAGEMENT**

Your Company has built a robust risk management framework over the years. Engaged, as it is, in retail financing, the Company has to manage various risks, including credit risk, liquidity risk, interest rate risk and operational risk. The Risk Management Committee and the Asset Liability Management Committee review and monitor these risks on a regular basis. The Company manages credit risk through stringent credit norms established through several decades of experience in retail lending and continues to follow the time tested practice of personally assessing every borrower, before committing to a credit exposure. The Company monitors ALM on an ongoing basis to mitigate liquidity risk, while interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. The Company also measures the interest rate risk by the duration gap method.

Operational risks arising from inadequate or failed internal processes, people and systems or from external events are adequately addressed by the internal control systems. These systems are continuously reviewed, monitored and modified, as necessary. A stable and experienced management team provides much needed continuity and expertise in managing the dynamic changes in the market environment. Process



improvements and quality control are on-going activities and are built into the employees' training modules, as well. The Company has well documented Standard Operating Procedures for all processes to ensure better control over transaction processing and regulatory compliance.

## **INTERNAL AUDIT**

As part of the efforts to evaluate the effectiveness of the internal control systems, your Company's internal audit department independently evaluates the adequacy of control measures on a periodic basis and recommends improvements, wherever appropriate. The Internal Audit team plays a vital role in continuously monitoring the effectiveness of the Standard Operating Procedures and makes extensive use of software and analytical tools which enables effective offsite monitoring.

The internal audit department is manned by highly qualified and experienced personnel and reports directly to the Audit Committee of the Board. The Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures.

Additionally, an Information Security Assurance Service is also provided by independent external professionals. Based on their recommendations, the Company has implemented a number of control measures both in operational and IT related areas, apart from information security related measures.

## **HUMAN RESOURCES**

In an environment that is rapidly becoming technology and digital oriented, your Company continues to invest in long term people development, for organisational excellence. Part of the enduring Sundaram Finance tradition, over the

decades, has been our adherence to the 'Sundaram Way' - the value system that has formed the bedrock of the Company and the percolation of these values to successive generations of employees. For talent development, we have a healthy mix of learning programmes addressing both domain knowledge and soft skills. During the year, 48% of programmes were for domain knowledge and 52% in the area of soft skills, involving 4600 man hours of learning. Your Company launched the Sundaram Finance Centre of Excellence (CoE) in 2016-17, with a view to effectively leverage technology to accelerate the pace of institutional knowledge transfer across the Sundaram Finance landscape, while still retaining the spirit of our Gurukulam system. The response has been very enthusiastic and over 1600 employees took the exams under various modules of the CoE during the year. The 'Educator Orientation Programmes' for the senior managers who act as guides and facilitators to those who take the CoE examinations every month has been institutionalised.

## **INFORMATION TECHNOLOGY**

During the year, the Board of Directors formed the IT Strategy Committee, as required by RBI. The Committee has since framed the policies and procedures relating to Cyber Security, Business Continuity, Outsourcing and Information Security / Technology, in line with its terms of reference.

Your Company has a State of the Art Data Centre catering not only to its own needs but also those of its subsidiaries and associates, with a capacity of over 300 servers, managed by professionals providing 24/7 support, with over 99.99% uptime. The Data Centre is accredited for ISO/IEC 27001:2013 by TUV Rheinland for Information Security Management System. The Disaster Recovery Site for all critical applications is hosted at a separate facility located in a different seismic

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zone, with near real-time data replication. Your company has implemented various protocols for managing Information and Cyber security across the organization.

The internal IT Team has mastered a complex landscape of current technologies, marketing approaches, and operational capabilities to cater to the various business applications within the Company. Digital services and operations are raising the competitive bar in every sector. Your Company's digital strategy is driven by the twin objectives of making life easier for our employees and enhancing the customer experience. Our digital initiatives address these very objectives, by providing a host of digital options for our customers to interact and transact with us and a number of productivity enhancements through process automation which free up our people to deliver the unique 'Sundaram Experience' to our customers. We are a relationship centric business and have consciously adopted digital, to augment these relationships and be digitally available for our customers, as and when they need us to be.

## **CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the provisions of Section 129(3) of the Companies Act, 2013, the Consolidated Financial Statements, drawn up in accordance with the applicable Accounting Standards, form part of the Annual Report. A separate statement containing the salient features of the financial statements of Subsidiaries and Associates in Form AOC-1 forms part of the Annual Report.

The annual accounts of all the Subsidiary Companies have been posted on your Company's website – [www.sundaramfinance.in](http://www.sundaramfinance.in). Detailed information, including the annual accounts of the Subsidiary Companies will be available for inspection by the members, at the registered office of the Company and will also be made available to the members upon request.

## **SUNDARAM FINANCE LIMITED**

## **SUBSIDIARIES**

- **Sundaram BNP Paribas Home Finance Limited**

The company approved loans aggregating to ₹2996 cr. (Previous year ₹2077 cr.). Disbursements during the year were higher by 43%, at ₹2626 cr. (PY ₹ 1831 cr.). The company earned a gross income of ₹898 cr. (PY ₹ 923 cr.) and reported a profit after tax at ₹136 cr. (PY ₹154 cr.). The loan portfolio under management as at 31st March 2018 stood at ₹8336 cr. as against ₹7639 cr. in the previous year. The gross and net NPA stood at 3.27% and 1.09% respectively as of 31.03.2018. The company proposed a dividend of ₹3.50 per share for the year (PY 35%).

- **Royal Sundaram General Insurance Co. Ltd (Royal Sundaram)**

Royal Sundaram reported a robust increase of 19.9% in Gross Written Premium (GWP) at ₹2643 cr. as compared to ₹2205 cr. in the previous year. Profit after tax for the year was ₹83.00 cr., as against ₹43.05 cr. in the previous year.

- **Sundaram Asset Management Company Limited**

Sundaram Asset Management Company Limited reported a gross income of ₹308.04 cr. as against ₹260.52 cr. in the previous year. Profit after tax was significantly higher at ₹38.24 cr. as compared to ₹30.73 cr. during the previous year. The Average Assets under Management amounted to ₹34,306 cr. for the year 2017-18 as compared to ₹28,260 cr. in the previous year. The company recommended a dividend of ₹4/- per share for the year, on the paid-up capital of ₹35 cr.



- **Sundaram Trustee Company Limited**

Sundaram Trustee Company Limited earned a gross income of ₹1.50 cr., as against ₹1.23 cr., in the previous year and reported a profit after tax of ₹0.80 cr. for the year, as against ₹0.58 cr. in the previous year. The company recommended a dividend of ₹100/- per share for the year.

- **LGF Services Limited**

During the year, LGF Services Limited reported a gross income of ₹1.90 cr. as against ₹4.39 cr. in the previous year. The profit after tax for the year was ₹0.34 cr. as against ₹0.83 cr. in the previous year. The company proposed a dividend of ₹25/- per share for the year, same as during the previous year.

- **Sundaram BNP Paribas Fund Services Limited**

Sundaram BNP Paribas Fund Services Limited earned an income of ₹40.96 cr. during the year, an increase of 25.03% over the previous year. The company's reported loss was lower at ₹0.22 cr. during the year as against ₹4.62 cr. in the previous year.

## **BOARD & AUDIT COMMITTEE**

The details regarding number of board meetings held during the financial year and composition of Audit Committee are furnished in the Corporate Governance Report.

## **DIRECTORS**

Sri S. Viji and Sri S. Ram retire by rotation and being eligible, offer themselves for re-election.

## **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

## **ANNUAL EVALUATION BY THE BOARD**

The Board has made a formal evaluation of its own performance and that of its committees and individual directors as required under Section 134(3) (p) of the Companies Act, 2013.

## **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;
5. Adequate internal financial controls have been put in place and they are operating effectively; and

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6. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### **AUDITORS**

M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, were appointed as Statutory Auditors of your Company, to hold office for a term of five (5) consecutive years from the conclusion of the 64th Annual General Meeting until the conclusion of the 69th Annual General Meeting. Their appointment for periods subsequent to the conclusion of the 65th Annual General Meeting shall be subject to one time ratification by the members at the ensuing Annual General Meeting, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

A certificate from the Auditors that they satisfy the conditions prescribed under the Companies Act, 2013 and the Rules made thereunder (including satisfaction of criteria under Section 141 of the Companies Act, 2013) has been received from them.

### **AWARDS AND RECOGNITION**

Your Company was chosen for Mahindra Transport Excellence Award instituted by Mahindra & Mahindra Limited, in the category, 'Enablers of Social Change', in recognition of the outstanding contribution made by your Company, in fostering and developing the transport ecosystem, especially single truck owners and small fleet owners, over several decades.

### **ACKNOWLEDGEMENT**

Your directors gratefully acknowledge the support and co-operation extended to your Company by all its customers, depositors, shareholders and bankers, as also the various mutual funds, insurance companies, automotive manufacturers and dealers.

Your directors also place on record their special appreciation of Team Sundaram for their dedication and commitment in delivering the highest quality of service to every one of our valued customers.

For and on behalf of the Board

Chennai 600 002  
25.05.2018

**S VIJI**  
Chairman

## **SFL Policy for Distribution of Dividends**

[Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The SFL Policy (the Policy) for Distribution of Dividends shall come into effect from the date it is approved by the Board of Directors.

The Policy is being framed in compliance with the requirement stipulated under Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for distribution of dividends, based on the following parameters:

1. The Board of Directors may declare one or more interim dividends after considering various financial and other parameters. The Board may recommend final dividend after approval of the final audited accounts.
2. Dividends shall generally be declared out of the annual standalone Profit After Tax of the Company relating to the current financial year, subject to any other regulatory provisions that may be introduced from time to time.
3. The Board will generally endeavour to maintain a dividend payout ratio (including dividend distribution tax) of 20% – 30% of the annual standalone profit after tax for each financial year.
4. The factors, internal and external, to be considered by the Board, for determining the quantum of dividend, will include the following:
  - (a) Internal Factors
    - Growth in volume of business
    - Quality of assets
    - Profitability position
    - Stability of earnings
    - Carried forward balance in P & L account
    - Accumulated reserves
  - (b) External Factors
    - Macro-economic environment
    - Performance of the automotive sector
    - Changes in governmental policies
    - Regulatory changes
5. The retained earnings of the Company may be used, inter alia, for one or more of the following purposes:
  - (i) Growth plans;
  - (ii) Capital expenditure;
  - (iii) Working capital requirements;
  - (iv) Capitalisation;
  - (v) Investment in new lines of business and / or additional investment in existing lines of business;
  - (vi) Repayment of debt;
  - (vii) Meeting contingency plans; and
  - (viii) Any other purpose as may be permitted by law.

The Board may consider utilising the retained earnings for declaration of dividend under special circumstances.

## Report on Corporate Governance

Sundaram Finance Limited has been following robust governance practices since its inception. The strong edifice of the Company, built in 1954, is supported by the pillars of Customer Faith, Investor Trust and Employee Loyalty. Your Company continues to maintain the highest standards of integrity and transparency in operations, excellence in service to all stakeholders and strong Corporate Governance standards.

### I. BOARD OF DIRECTORS

All the members of the Board are eminent persons with considerable expertise and experience in general management spanning the automobile, engineering, banking, finance, accounts and audit, information technology, consulting and road transport sectors. The Company is immensely benefited by the range of experience and skills that the Directors bring to the Board.

The composition of the Board is in conformity with the listing requirements as on 31st March 2018.

The details of directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships / memberships held by the Directors during the year are as follows:

| Name of the Director                            | DIN      | Attendance Particulars |     | Directorships in other public limited companies |          |          |          | Committees in which Chairman/Member of other public limited companies* |        |
|---|----------|------------------------|-----|---|----------|----------|----------|--|--------|
|   |          | Board Meetings         | AGM | Chairman  |          | Director |          | Chairman   | Member |
|   |          |                        |     | Listed  | Unlisted | Listed   | Unlisted |  |        |
| <b>Promoter Directors</b>                       |          |                        |     |   |          |          |          |  |        |
| Sri S. Viji<br>Non-executive Chairman           | 00139043 | 10                     | Yes | 1   | 1        | 1        | 2        | 1  | 2      |
| Sri S. Ram<br>Non-executive Director            | 00018309 | 10                     | Yes | 2   | 1        | –        | 3        | 1  | 1      |
| Sri T.T. Srinivasaraghavan<br>Managing Director | 00018247 | 10                     | Yes | –   | –        | 1        | 7        | 1  | 2      |
| Sri Harsha Viji<br>Deputy Managing Director     | 00602484 | 10                     | Yes | –   | –        | 1        | 3        | –  | 2      |
| <b>Independent Non-Executive Directors</b>      |          |                        |     |   |          |          |          |  |        |
| Sri N. Venkataramani                            | 00001639 | 8                      | Yes | –   | –        | 2        | 6        | 3  | 1      |
| Sri P.N. Venkatachalam                          | 00499442 | 9                      | Yes | –   | –        | 1        | 8        | 2  | 7      |
| Sri S. Mahalingam                               | 00121727 | 10                     | Yes | 1   | 1        | 2        | 3        | 2  | 6      |
| Sri S. Prasad                                   | 00063667 | 10                     | Yes | –   | –        | 3        | 2        | 3  | 2      |
| Ms Shobhana Ramchandhran                        | 00273837 | 10                     | Yes | –   | –        | 3        | 4        | –  | 1      |
| Sri Rajiv C. Lochan                             | 05309534 | 9                      | Yes | –   | –        | –        | 2        | –  | –      |
| <b>Non-Executive Director</b>                   |          |                        |     |   |          |          |          |  |        |
| Sri S. Ravindran                                | 00045076 | 10                     | Yes | –   | –        | 1        | 2        | –  | 1      |
| <b>Executive Director</b>                       |          |                        |     |   |          |          |          |  |        |
| Sri A.N. Raju<br>Director (Operations)          | 00036201 | 9                      | Yes | –   | –        | –        | 2        | 1  | –      |

\* Audit Committee and Stakeholders' Relationship Committee considered.

## II. BOARD MEETINGS

The Board of Directors formulates the broad business and operational policies, periodically reviews the performance and engages itself with strategic issues concerning the Company.

During the year under review, 10 meetings of the Board of Directors were held.

|            |            |              |
|------------|------------|--------------|
| 28.04.2017 | 21.08.2017 | 24.11.2017   |
| 29.05.2017 | 22.09.2017 | 29.01.2018 * |
| 18.07.2017 | 27.10.2017 | 30.03.2018   |

\* 2 meetings

All Directors and Senior Management Personnel have re-affirmed compliance with the Code of Conduct approved and adopted by the Board of Directors.

The Managing Director, on behalf of the Board, has periodically reviewed compliance reports pertaining to all laws applicable to the Company and submitted his consolidated report indicating therein that the Company was fully compliant with all applicable laws.

## III. AUDIT COMMITTEE

The Audit Committee reviews the financial accounting policies, adequacy of internal control systems and systems audit and interacts with the statutory auditors, internal auditors and systems auditors. Senior Executives and functional heads are invitees to the committee meetings. Besides, the Committee reviews the audit plans, interim and annual financial results, management discussion and analysis of financial condition and results of operations, related party transactions, observations of the management and internal / external auditors on internal control and follow-up reports of the management.

Composition of the Audit Committee and attendance of the members at Committee meetings are as follows:

| Name of the Member        |          | No. of Meetings Attended | Meeting dates  |
|---------------------------|----------|--------------------------|--|
| Sri S. Prasad             | Chairman | 8                        | 24.04.2017<br>22.05.2017                             |
| Sri S. Ravindran          | Member   | 8                        | 18.07.2017<br>21.08.2017                             |
| Ms Shobhana Ramachandhran | Member   | 8                        | 27.10.2017<br>18.12.2017<br>29.01.2018<br>28.02.2018 |

The Company Secretary is the Secretary to the Committee.

## IV. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee

- i) approves and monitors transfers, transmission, splits and consolidation of securities of the Company ;
- ii) reviews the redressal of grievances / complaints from shareholders and debenture holders on matters relating to transfer of shares, non-receipt of annual report, dividends, interest etc., and
- iii) reviews the compliances with various statutory and regulatory requirements.

Composition of the Stakeholders Relationship Committee and attendance of the members at Committee meetings are as follows:

| Name of the Member         |          | No. of Meetings Attended | Meeting dates |
|----------------------------|----------|--------------------------|---------------|
| Sri S. Prasad              | Chairman | 2                        | 14.07.2017    |
| Sri T.T. Srinivasaraghavan | Member   | 2                        | &             |
| Sri A.N. Raju              | Member   | 2                        | 13.12.2017    |

Besides, transfer of shares were approved by resolutions passed in circulation on 31 occasions.

Sri P. Viswanathan, Secretary, is the Compliance Officer. No investor complaint was received during the year. None was pending unresolved as on 31st March 2018.

## V. RISK MANAGEMENT COMMITTEE AND ASSET LIABILITY MANAGEMENT COMMITTEE

The Risk Management Committee (RMC) and the Asset Liability Management Committee (ALCO), formed in accordance with the Directions of the Reserve Bank of India, function under the supervision of the Audit Committee.

The RMC formulates policies and strategies for identification, measurement and reporting on market risks, credit risks and operational risks.

The ALCO is responsible for:

- managing the balance sheet within the performance / risk parameters laid down by the RMC
- monitoring and managing the market risk.

Composition of the Risk Management Committee and Asset Liability Management Committee and attendance of the members at Committee meetings are as follows:

| Name of the Member         |          | No. of RMC Meetings attended | RMC Meeting dates | No. of ALCO Meetings attended | ALCO Meeting dates |
|----------------------------|----------|------------------------------|-------------------|-------------------------------|--------------------|
| Sri T.T. Srinivasaraghavan | Chairman | 7                            | 30.06.2017        | 11                            | 26.04.2017         |
| Sri Srinivas Acharya       | Member   | 7                            | 12.07.2017        | 10                            | 30.05.2017         |
| Sri Harsha Viji            | Member   | 7                            | 28.07.2017        | 10                            | 30.06.2017         |
| Sri A.N. Raju              | Member   | 7                            | 27.09.2017        | 10                            | 28.07.2017         |
| Sri M. Ramaswamy           | Member   | 7                            | 11.12.2017        | 10                            | 30.08.2017         |
|                            |          |                              | 01.02.2018        | 11                            | 20.09.2017         |
|                            |          |                              | 29.03.2018        |                               | 30.10.2017         |
|                            |          |                              |                   |                               | 29.11.2017         |
|                            |          |                              |                   |                               | 17.01.2018         |
|                            |          |                              |                   |                               | 27.02.2018         |
|                            |          |                              |                   |                               | 29.03.2018         |

## VI. SEPARATE MEETING OF INDEPENDENT DIRECTORS

A Separate Meeting of Independent Directors was held on 13th March 2018 without the attendance of non-independent directors and members of management. All the Independent Directors attended the meeting and:

- (i) reviewed the performance of non-independent directors and the Board as a whole;
- (ii) reviewed the performance of the Chairman of the company, taking into account the views of executive directors and non-executive directors;
- (iii) assessed the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## VII. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The company has familiarised the Independent Directors with their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model etc. through familiarisation programmes. Details of the familiarisation programmes have been disclosed on the company's website under the following web link:

<http://www.sundaramfinance.in/companyinfo/investorinfo.aspx>

## VIII. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (CSR) Committee has formulated a Corporate Social Responsibility Policy indicating the CSR activities to be undertaken by the company in accordance with Schedule VII to the Companies Act, 2013. The terms of reference of the CSR Committee include recommending to the Board the amount of expenditure to be incurred on the CSR activities and monitoring the implementation of the CSR Policy from time to time. The CSR Policy of the Company, as approved and adopted by the Board, has been posted on the website.

Composition of the Corporate Social Responsibility Committee and attendance of the members at Committee Meeting are as follows:

| Name of the Member         |          | No. of Meetings Attended | Meeting dates                 |
|----------------------------|----------|--------------------------|-------------------------------|
| Ms Shobhana Ramachandhran  | Chairman | 2                        | 24.04.2017<br>&<br>30.03.2018 |
| Sri S. Ravindran           | Member   | 2                        |                               |
| Sri T.T. Srinivasaraghavan | Member   | 2                        |                               |

## IX. NOMINATION, COMPENSATION & REMUNERATION COMMITTEE

The Nomination, Compensation and Remuneration Committee has formulated criteria for evaluation of the Board and non-independent directors for the purpose of review of their performance at a separate meeting of the Independent Directors. Further, the Committee has recommended a policy relating to the remuneration of the directors, key managerial personnel and other employees which, *inter alia*, includes the principles for identification of persons who are qualified to become directors.

The criteria laid down for evaluation of the directors and the remuneration policy, as approved and adopted by the Board, are attached as part of this report vide Annexures II(i) and (ii) respectively.

Composition of the Nomination, Compensation & Remuneration Committee and attendance of the members at Committee Meeting are as follows:

| Name of the Member     |          | No. of Meetings attended | Meeting dates                 |
|------------------------|----------|--------------------------|-------------------------------|
| Sri P.N. Venkatachalam | Chairman | 2                        | 29.05.2017<br>&<br>29.03.2018 |
| Sri S. Prasad          | Member   | 2                        |                               |
| Sri S. Ravindran       | Member   | 2                        |                               |

The Company Secretary is the Secretary to the Committee.

## X. INFORMATION TECHNOLOGY STRATEGY COMMITTEE

On 22nd September 2017, the Information Technology Strategy Committee was constituted as per the Master Direction on Information Technology Framework for the NBFC Sector, issued by Reserve Bank of India vide circular no. DNBS.PPD.No.04/66.15.001/2016-17 dated 8th June 2017 with following terms of reference:

- a) Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- b) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- c) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- d) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- e) Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls;
- f) deliberating and deciding on any other matter which may be referred to the Committee by the Board of Directors or which in the opinion of the Committee will affect the IT Governance of the Company.

Composition of the Information Technology Strategy Committee and attendance of the members at Committee Meeting is as follows:

| Name of the Member         |          | No. of Meetings attended | Meeting dates |
|----------------------------|----------|--------------------------|---------------|
| Sri S. Mahalingam          | Chairman | 1                        | 24.01.2018    |
| Sri P.N. Venkatachalam     | Member   | 1                        |               |
| Sri Rajiv C. Lochan        | Member   | 1                        |               |
| Sri T.T. Srinivasaraghavan | Member   | 1                        |               |
| Sri A.N. Raju              | Member   | 1                        |               |
| Sri V. Ananthanarayanan    | Member   | 1                        |               |

## XI. REMUNERATION OF DIRECTORS

Directors of the Company were paid a sitting fee as under during the Financial Year 2017-18.

|   |                            |
|---|----------------------------|
| Board   | ₹25,000/- for each meeting |
| Audit Committee                                     |                            |
| Nomination, Compensation and Remuneration Committee |                            |
| Information Technology Strategy Committee           |                            |
| Stakeholders Relationship Committee                 | ₹10,000/- for each meeting |
| Corporate Social Responsibility Committee           |                            |
| Separate Meeting of Independent Directors           |                            |



The Non-Executive Directors are remunerated by way of commission for each financial year as decided by the Board of Directors within the ceiling of 1% of the net profits of the Company approved by the shareholders. The details of remuneration paid to the Non-Executive Directors and number of shares held by them are as follows:

| Name of the Director     | Sitting Fee<br>(₹ in lakhs) | Commission<br>(₹ in lakhs) | Number of Shares<br>held individually<br>(as on 31.03.2018) | Relationship with<br>other Directors                   |
|--------------------------|-----------------------------|----------------------------|---|--|
| Sri S. Viji              | 2.50                        | 8.00                       | 9,09,780 <sup>(1)*</sup>                                    | Brother of Sri S. Ram and<br>Father of Sri Harsha Viji |
| Sri S. Ram               | 2.50                        | 8.00                       | 5,06,788 <sup>(2)*</sup>                                    | Brother of Sri S. Viji                                 |
| Sri N. Venkataramani     | 2.10                        | 8.00                       | —   | —  |
| Sri P.N. Venkatachalam   | 3.10                        | 12.00                      | —   | —  |
| Sri S. Mahalingam        | 2.85                        | 12.00                      | — <sup>(3)</sup>  | —  |
| Sri S. Prasad            | 5.30                        | 12.00                      | — <sup>(4)</sup>  | —  |
| Sri S. Ravindran         | 5.20                        | 12.00                      | 3,89,920 <sup>(5)</sup>                                     | —  |
| Ms Shobhana Ramachandran | 4.80                        | 12.00                      | 3,44,720  | —  |
| Sri Rajiv C. Lochan      | 2.60                        | 12.00                      | —   | —  |

**Note:**

- Number of shares held jointly with others: <sup>(1)</sup> 8,684 ; <sup>(2)</sup> 6,09,896 ; <sup>(3)</sup> 3,200 ; <sup>(4)</sup> 12,600 ; <sup>(5)</sup> 85,622
- Number of shares held as Karta of HUF: <sup>(1)</sup> 4,79,912
- Excludes 12,25,160 shares\* held as Trustees

Amount of deposits placed by the Non-Executive Directors in the Company aggregated to ₹4,77.57 lakhs as on March 31, 2018. The interest on these deposits paid / credited during the year 2017-18 amounted to ₹90.54 lakhs.

The Executive Directors of the Company are appointed on contractual basis, on terms approved by the shareholders. Their remuneration comprises salary, allowances, commission and perquisites. The quantum of commission payable to them is decided by the Nomination, Compensation and Remuneration Committee and Board of Directors. The remuneration is within the limits prescribed under Schedule V to the Companies Act, 2013.

The details of remuneration paid to the Executive Directors for the Financial Year 2017-18 are as follows:

(₹ in lakhs)

| Nature of Payment  | Sri T.T. Srinivasaraghavan<br>Managing Director | Sri Harsha Viji*<br>Deputy Managing Director | Sri A N Raju<br>Director (Operations) |
|--|---|--|---------------------------------------|
| Salary and allowances  | 1,34.36   | 1,13.20                                      | 84.52                                 |
| Commission   | 3,25.00   | 2,25.00                                      | 1,10.00                               |
| Contributions to Provident,<br>Superannuation and Gratuity Funds | 13.30   | 9.88   | 9.06                                  |
| Perquisites  | 3.07  | 1.94   | 0.98                                  |
| Stock Options  | Nil   | Nil  | 31.06 <sup>#</sup> ^                  |

\* Son of Sri S. Viji, Chairman

# Value of 2,000 stock options exercised during the financial year 2017-18

^ 2,000 stock options were granted at ₹10/- per share (at par) on 29th May 2017. The said Options would vest on 31st May 2018 and would be exercisable between 1st June 2018 and 31st August 2018.

## XII. GENERAL BODY MEETINGS

Details relating to last three Annual General Meetings:

| Year | Date           | Time     | Location   | No. of Special Resolutions Passed |
|------|----------------|----------|--|-----------------------------------|
| 2017 | 20th July 2017 | 10.00 AM | The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014 | One                               |
| 2016 | 22nd July 2016 | 10.00 AM | The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014 | Nil                               |
| 2015 | 23rd July 2015 | 11.00 AM | The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014 | Two                               |

Following Special Resolutions were passed through Postal Ballot and E-voting, as per the procedure prescribed under Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2011 under the overall supervision of the Scrutinizer, Sri T K Bhaskar, Partner, HSB Partners, Advocates, Chennai.

| Resolution(s) | Details of Resolution(s)   | Resolution(s) Passed on | Total No. of votes in favour | Total No. of votes against | % of votes in favour | % of votes against |
|---------------|--|-------------------------|------------------------------|----------------------------|----------------------|--------------------|
| Special       | Substitution of Table A in Schedule I to the Companies Act 1956 with Table F in Schedule I to the Companies Act, 2013 in Article 1, Insertion of New Article 3-C to carry out consolidation and re-issuance of debt securities, Substitution of Companies Act, 1956 with Companies Act, 2013 | 07.11.2017              | 6,42,55,438                  | 21,935                     | 99.97                | 0.03               |
| Special       | Private placement of debentures up to ₹10,000 cr. during the FY 2018-19  | 16.03.2018              | 6,21,42,748                  | 91,239                     | 99.85                | 0.15               |

The results of the postal ballots were announced by Sri S. Viji, Chairman, at the Registered Office of the Company and posted on the website.

No special resolution is proposed to be passed through postal ballot.

## XIII. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established necessary vigil mechanism and adopted a Whistle Blower Policy for Directors and Employees to report concerns about unethical behavior. The mechanism provides for adequate safeguards against victimisation. Further, no person has been denied access to the Audit Committee.

The Whistle Blower Policy is available under the following web link:

<http://www.sundaramfinance.in/companyinfo/investorinfo.aspx>

## XIV. DISCLOSURES

- There were no materially significant related party transactions having potential conflict with the interests of the company at large.
- All the mandatory requirements specified in Regulations 17 to 27 and Regulation 46 (2) (b) to (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been complied with.
- The Company will continue to adopt other non-mandatory requirements as appropriate.
- The Company has a record of unqualified financial statements since inception.

## XV. POLICIES ON MATERIAL SUBSIDIARIES AND RELATED PARTY TRANSACTIONS

The company's policies on Material Subsidiaries and Related Party Transactions are available on the website under the following web link:

<http://www.sundaramfinance.in/companyinfo/investorinfo.aspx>

## XVI. MEANS OF COMMUNICATION

- A press meet was organised by the Company on 30th May 2017 for dissemination of audited results.
- Quarterly unaudited and annual audited results of the Company were published in “Business Line” (English) and “Makkal Kural” (Tamil).
- The results and press releases were also displayed on the Company's website at [www.sundaramfinance.in](http://www.sundaramfinance.in).
- Shareholders have been provided with an opportunity to provide their email id for receiving correspondence and annual report in electronic form.
- The annual report has been sent in electronic form to shareholders who have provided their email id. Physical copies of the annual report have been provided to such shareholders based on a request received from them for this purpose.

## XVII. GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

| Date                    | Time     | Venue  |
|-------------------------|----------|--|
| 20th July 2018 (Friday) | 10.00 AM | The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014 |

- Financial Year – 1st April 2018 to 31st March 2019
- Book Closure dates – 6th July 2018 to 20th July 2018 (both days inclusive)
- Dates of payment of dividend

|         |                |                       |
|---------|----------------|-----------------------|
| Interim | 22nd May 2018  | ₹5.00 per share (50%) |
| Final   | 23rd July 2018 | ₹7.00 per share (70%) |

- The company's shares are listed on:  
National Stock Exchange of India Limited  
Exchange Plaza, 5th Floor  
Plot No. C/1, G Block  
Bandra-Kurla Complex  
Bandra (E), Mumbai 400 051
- The Company has paid the listing fees for the financial years 2017-18 & 2018-19 to the above stock exchange.
- NSE Stock Code: SUNDARMFN
- ISIN : INE660A01013
- Details of outstanding shares in Sundaram Finance Limited Unclaimed Shares Suspense Account.

Pursuant to the provisions of Section 124(6) read with Rule 2 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2017, the Company has transferred 20,853 shares held by 64 shareholders and 5,711 shares held by 25 shareholders on 27.11.2017 and 27.12.2017 respectively (including 5,131 shares belonging to by 41 shareholders, from the Sundaram Finance Limited Unclaimed Shares Suspense Account) to the Investor Education and Protection Fund Authority, Ministry of Corporate Affairs (DP ID CL ID IN30070810656671).

| Particulars  | Aggregate Number of shareholders | Outstanding shares lying in Sundaram Finance Limited Unclaimed Shares Suspense Account |
|--|----------------------------------|--|
| Opening Balance as on 1st April 2017   | 95                               | 33,870   |
| Less: Shareholders approached for transfer / delivery during 2017-18 and Shares transferred / delivered during 2017-18 | 8                                | 1,974  |
| Less: Transfer of shares to Investor Education and Protection Fund Authority Ministry of Corporate Affairs             | 1                                | 5,131  |
| Balance as on 31st March 2018  | 86                               | 26,765   |

- Following dividends are transferable to the Investor Education and Protection Fund (IEPF) on the respective due dates, as under, in accordance with the provisions of Section 124(5) of the Companies Act, 2013.

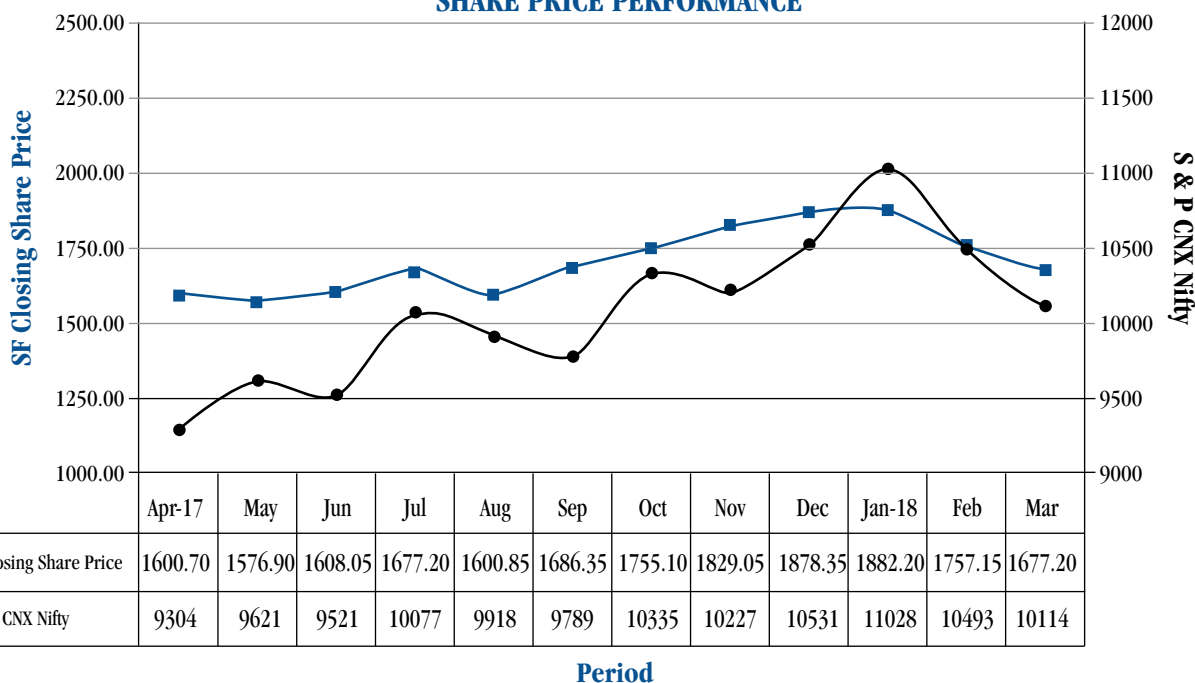
| Nature of Dividend       | Transferable to IEPF on | Nature of Dividend           | Transferable to IEPF on |
|--------------------------|-------------------------|------------------------------|-------------------------|
| Final Dividend 2010-11   | 12th August 2018        | Final Dividend 2014-15       | 23rd August 2022        |
| Interim Dividend 2011-12 | 27th February 2019      | Interim Dividend 2015-16     | 1st March 2023          |
| Final Dividend 2011-12   | 17th August 2019        | 2nd Interim Dividend 2015-16 | 8th April 2023          |
| Interim Dividend 2012-13 | 10th March 2020         | Final Dividend 2015-16       | 22nd August 2023        |
| Final Dividend 2012-13   | 18th August 2020        | Interim Dividend 2016-17     | 20th April 2024         |
| Dividend 2013-14         | 23rd August 2021        | Final Dividend 2016-17       | 21st August 2024        |
| Interim Dividend 2014-15 | 2nd March 2022          | Interim Dividend 2017-18     | 28th May 2025           |

Reminders are sent to members for encashing unclaimed and unpaid dividends, on a regular basis, in addition to the reminders through e-mails and phone contacts. Members who have not yet made claims are, therefore, requested to contact the Company / Registrar and Share Transfer Agents immediately.

## MARKET PRICE DATA ON THE NATIONAL STOCK EXCHANGE

| Month | Apr - 17 | May     | Jun     | Jul     | Aug     | Sep     | Oct     | Nov     | Dec     | Jan -18 | Feb     | Mar     |         |
|-------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| NSE   | High     | 1740.10 | 1635.00 | 1658.95 | 1730.00 | 1802.00 | 1772.25 | 1775.00 | 1920.00 | 1929.85 | 2100.05 | 1790.00 | 1754.00 |
|       | Low      | 1572.00 | 1470.20 | 1549.00 | 1579.05 | 1580.50 | 1599.80 | 1615.00 | 1740.00 | 1830.00 | 1845.00 | 1577.00 | 1573.80 |

### SHARE PRICE PERFORMANCE



- Share transfers were processed and share certificates despatched within fifteen days from lodgement in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.  
Dematerialisation requests have been confirmed within 21 days from the date of request.  
Investor Relation Services - Shares continue to enjoy the ISO 9001:2008 certification by Bureau Veritas Certification (India) Private Limited. Certification process relating to the revised Standard, viz., ISO 9001:2015, will be concluded in the second quarter.
- M/s Cameo Corporate Services Ltd, Registrars and Share Transfer Agents of the company have attended to the share transfer formalities regularly. The Registrar and Share Transfer Agents can be contacted by the investors at the following address:

|   |  |
|---|--|
| M/s Cameo Corporate Services Ltd<br>'Subramanian Building'<br>No 1 Club House Road, Chennai 600 002 |  |
| Phone   | 044 2846 0390 to 0395  |
| Fax   | 044 2846 0129  |
| Email   | investor@cameoindia.com  |
| Contact Persons   | Mr. R.D. Ramasamy, Director<br>Mr. D. Narasimhan, Joint Manager  |
|   |  |
| Debenture Trustee   | IDBI Trusteeship Services Limited<br>Asian Building, Ground Floor,, No.17, R. Kamani Marg,<br>Ballard Estate, Mumbai – 400 001 |
| Contact Persons   | Ms. Anjalee Athalye, Assitant Vice President   |
| Phone   | 022 40807007   |
| Fax   | 022 66311776   |
| Email   | itsl@idbitrustee.com   |

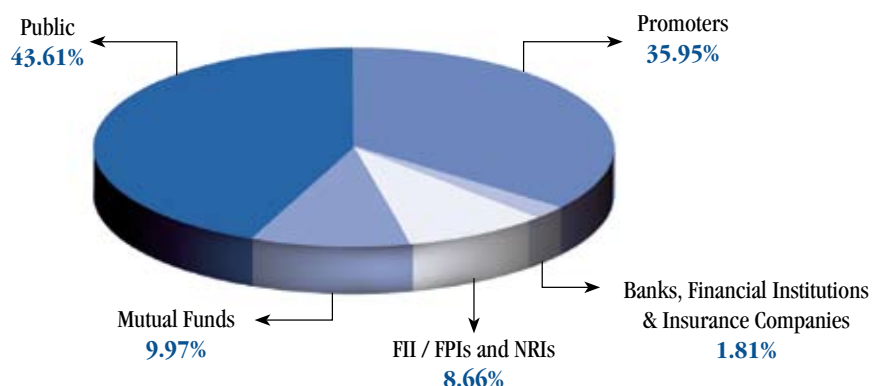
### DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2018

| No. of Equity Shares Held | Total Shareholders | Total Shares        | Total % to Capital |
|---------------------------|--------------------|---------------------|--------------------|
| Upto 250                  | 18,431             | 9,93,432            | 0.89%              |
| 251 to 500                | 2,287              | 8,68,836            | 0.78%              |
| 501 to 1000               | 1,758              | 13,40,292           | 1.21%              |
| 1001 to 5000              | 2,219              | 53,80,025           | 4.84%              |
| 5001 to 10000             | 422                | 32,07,611           | 2.89%              |
| 10001 to 50000            | 457                | 1,02,83,837         | 9.26%              |
| 50001 to 100000           | 112                | 81,74,120           | 7.36%              |
| 100001 and above          | 196                | 8,08,55,707         | 72.77%             |
| <b>Total</b>              | <b>25,882</b>      | <b>11,11,03,860</b> | <b>100.00%</b>     |

Total shares held in dematerialised form 94.94%

Public shareholding in dematerialised form 92.12%

### SHAREHOLDING PATTERN AS ON 31.03.2018



**For your queries / grievances / complaints, please contact:**

Sri P Viswanathan  
 Secretary & Compliance Officer  
 Sundaram Finance Limited  
 21, Patullos Road, Chennai - 600 002  
 Ph : 044-28881207  
 Fax : 044-28550290  
 Mobile : 9444399168  
 E mail : investorservices@sundaramfinance.in

**T T Srinivasaraghavan**  
**Managing Director**

### CRITERIA FOR EVALUATION

**Criteria for evaluation of the Board and non-independent directors at a separate meeting of Independent Directors:**

- 1. Composition of the Board and availability of multi-disciplinary skills.**  
Whether the Board comprises of Directors with sufficient qualifications and experience in diverse fields to make SF a versatile institution.
- 2. Commitment to good Corporate Governance Practices**
  - a) Whether the company practises high ethical and moral standards.
  - b) Whether the company is fair and transparent in all its dealings with the stake holders.
- 3. Adherence to Regulatory Compliance**  
Whether the company adheres to the various Government regulations..... Local, State and Central, in time.
- 4. Track record of financial performance**  
Whether the Company has been consistently recording satisfactory and profitable financial performance year on year adding to shareholder value.  
Whether the Company is transparent in all its disclosures on financial data.
- 5. Grievance redressal mechanism**  
Whether a proper system is in place to attend to the complaints / grievances from the shareholders, depositors, customers, employees and others quickly and fairly.
- 6. Existence of integrated Risk Management System**  
Whether the Company has an integrated risk management system to cover the business risks.
- 7. Use of Modern technology**  
Whether the Company has an Integrated IT strategy and whether there is any system for periodical technology upgradation covering both hardware and software.
- 8. Commitment to CSR**  
Whether the Company is committed to social causes and CSR and whether there is a system to identify, finance and monitor such social activities.

**Criteria for evaluation of Chairman at separate meeting of Independent Directors:**

1. Leadership qualities
2. Standard of Integrity
3. Understanding of Macro economic trends and Micro industry trends.
4. Public Relations
5. Future Vision and Innovation

**Criteria for evaluation of Independent Directors by the entire Board:**

1. Qualifications & Experience
2. Standard of Integrity
3. Attendance in Board Meetings/AGM
4. Understanding of Company's business
5. Value addition in Board Meetings

**Criteria for evaluation of the Audit Committee by the Board:**

1. Qualification & Experience of members
2. Depth of review of financial performance
3. Oversight of Audit & Inspection
4. Review of regulatory compliance
5. Fraud monitoring

**SUNDARAM FINANCE LIMITED REMUNERATION POLICY**

Sundaram Finance Limited (hereinafter referred to as ‘the Company’) has, since inception, formulated performance based remuneration structures for its employees at all levels, so as to provide ample opportunity for inclusive growth, supported with adequate learning. Accordingly, the remuneration structure is based on the qualification and skill levels at the time of joining the organisation and reviewed on a yearly basis by way of an assessment of their actual performance, through a robust “Performance Management System”.

The components forming part of the compensation structure for each grade are designed to reward performance as well as to mitigate some of the location based hardships faced by the employees.

Section 178(2), (3) and (4) of the Companies Act, 2013 read with the applicable rules thereto and Schedule II. Part D of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 provide that the Nomination, Compensation and Remuneration Committee (NCRC) shall identify persons who are qualified to become Directors and shall also recommend to the Board a policy, relating to the remuneration for Directors, Key Managerial Personnel, Senior Management and other employees.

Accordingly, the NCRC recommends the following Remuneration Policy of the Company so as to ensure that:

- a) the level and composition of remuneration to non-executive directors is reasonable and appropriate to attract the right talent.
- b) relationship of remuneration to performance of the Wholetime Directors is clear and meets appropriate performance benchmarks; and
- c) remuneration to working directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals. This includes ESOP granted to Eligible Directors / Senior Management.

The following policy shall be hereinafter referred to as “Remuneration Policy of Sundaram Finance Limited”.

**I Definitions**

- a) “Remuneration” means any monetary benefit or its equivalent extended to any person for services rendered by him/her and includes perquisites as defined under the Income-tax Act, 1961.
- b) “Key Managerial Personnel” means,
  - i) Managing Director, Chief Executive Officer or Manager;
  - ii) Whole-time Director;
  - iii) Chief Financial Officer;
  - iv) Company Secretary.
- c) “Senior Management”, defined by the Board of Directors and as may be modified from time to time, means
  - i) all executives in the grade of Senior Vice President and above; and
  - ii) the Heads in charge of Internal Audit Department, Legal Department and Sundaram Direct (a division of our Company).
- d) “Employee” will mean an employee who has been appointed on the rolls of Sundaram Finance Limited (hereinafter referred to as ‘the Company’) and has been issued an appointment order by the Company.
- e) “Employee Stock Option (ESOP)” means stock options granted under the Sundaram Finance Employee Stock Option Scheme – 2008, which is in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.



## II Board Diversity

It will be the endeavour of the Company to attract people to be on the Board of our Company as Directors from variety of backgrounds which are appropriate to the business interests of the Company. To this end, our Directors over the past decades have come from backgrounds as varied as automobile and allied industry, banking and other financial services including insurance, accounting and legal profession, former Regulators and retired Civil Servants.

## III Remuneration Pattern

The NCRC lays down the following remuneration pattern for Non-executive Directors and Independent Directors, Executive Directors, Key Managerial Personnel, Senior Management and other employees under the Remuneration Policy:

1. The remuneration payable to Non-Executive Directors and Independent Directors shall consist of:
  - (a) Sitting fees for attending the meetings of the Board and sub-committees of the Board, within the limit prescribed under the Companies Act, 2013;
  - (b) Commission for each financial year, within the limits specified under the Companies Act, 2013, as may be decided by the Board of Directors;
  - (c) Reimbursement of expenses for attending meetings of the Board and sub-committees of the Board.
2. The remuneration payable to Whole-time Directors, who are appointed based on Shareholders' approval, shall consist of:
  - (a) Salary, allowances, commission and perquisites;
  - (b) Commission for each financial year, as may be decided by the Board of Directors, based on the recommendations of the NCRC;
  - (c) Minimum Remuneration in any financial year, when the Company has no profits or its profits are inadequate, by way of salary, allowances, commission and perquisites not exceeding the limits specified in Part II of Section II of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

The overall remuneration payable to Directors, including Executive Directors, shall be within the limits prescribed under Section 197 of the Companies Act, 2013 read with Schedule V.

As provided under the existing regulatory framework, all Directors, except Independent Directors and Promoter Directors, are eligible for ESOP.

3. The remuneration payable to Key Managerial Personnel, Senior Management and other employees of the company shall consist of:
  - (a) Salary, allowances, perquisites and variable components reflecting the short and long term performance objectives appropriate to the working of the Company, which are aligned to industry standards.
  - (b) ESOPs to "Eligible Employees", as may be selected from time to time by the Managing Director.

## IV Implementation of the Remuneration Policy

The remuneration payable to Non-executive Directors and Independent Directors shall be determined by the Board of Directors, after taking into account their performance and contribution.

The Remuneration payable to Executive Directors and Key Managerial Personnel shall be determined by the NCRC after taking into account their experience, qualification, responsibilities, contributions, performance and industry standards.

The implementation of the Remuneration Policy of the Company, in respect of all other employees shall be the responsibility of the Managing Director.

The NCRC shall take suitable steps to issue guidelines, procedures and such other steps as may be considered appropriate from time to time, for effective implementation of the Remuneration Policy.

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## Certificate on Corporate Governance

The Members of SUNDARAM FINANCE LIMITED, Chennai.

I have examined the compliance of the conditions of Corporate Governance by Sundaram Finance Limited, Chennai for the year ended on 31st March, 2018, as stipulated in Regulations 17 to 27 of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of the conditions of corporate governance is the responsibility of the management. My examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the company has complied with the conditions of Corporate Governance stipulated in the above mentioned Listing Agreement and the above SEBI Regulations.

I state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **M. Damodaran & Associates**

M. Damodaran  
(Practicing Company Secretary)  
(C.P. No: 5081)

Place : Chennai  
Date : 25th May 2018

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### Annexure - III (i)

#### 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 arms 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

The transactions entered into by the Company during the year with related parties on an arm's length basis were not material in nature.

Chennai  
25th May 2018

**S VIJI**  
Chairman

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### Annexure III (ii)

#### Policy on Related Party Transactions

(as per Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Company shall enter into transactions with related parties only on arm's length basis, supported by agreement or formal letter. If the transaction is not on arm's length basis, then, necessary compliances under Companies Act, 2013 and / or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) will be adhered to.

For the purpose of the above clause, transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company.

SUNDARAM FINANCE LIMITED

## Annual Report on CSR Activities for the Financial Year 2017-18

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

CSR Policy of the Company is available in our website under the following link:

<http://www.sundaramfinance.in/companyinfo/investorinfo.aspx>

2. **The Composition of the CSR Committee:**

Ms Shobhana Ramachandhran, Chairman

Sri S. Ravindran

Sri T.T. Srinivasaraghavan

3. **Average net profit of the company for last three financial years:**

₹632,01.50 lakhs

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):**

₹12,64.03 lakhs

5. **Details of CSR spent during the financial year:**

(a) Total amount to be spent for the financial year: ₹12,64.03 lakhs

(b) Amount unspent, if any - Nil

(c) Manner in which the amount spent during the financial year is detailed below: Details enclosed. (₹12,64.84 lakhs)

6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report:**

Not applicable

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company:**

We hereby state that implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Sd/-

Chennai 600 002  
Date : 25th May 2018

**T.T. Srinivasaraghavan**  
Managing Director

Sd/-

**Shobhana Ramachandhran**  
Chairman - CSR Committee

**Annexure - IV (i)**
**CSR Amount spent during the period 01.04.2017 to 31.03.2018**

(₹ in lakhs)

| 1      | 2  | 3                                      | 4  | 5  | 6   | 7   | 8   |
|--------|--|--|--|--|---|---|---|
| Sr No. | CSR project or activity identified   | Sector in which the Project is covered | Projects or programmes<br>(1) Local area or other<br>(2) Specify the State and district where projects or programmes were undertaken | Amount outlay (budget) project or programme-wise | Amount spent on the projects or programs<br>Sub-heads:<br>(1) Direct expenditure on projects or program<br>(2) Overheads: | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency |
| 1      | Promoting education by providing financial assistance to deserving and meritorius students and also Educational Institutions which work for this cause (32 Institutions) | Education                              | Tamilnadu - Chennai  | 2,99.47  | 2,99.47   | 2,99.47   | 2,99.47   |
|        |  |  | Tamilnadu - Kanchipuram  | 0.50   | 0.50  | 2,99.97   | 0.50  |
|        |  |  | Tamilnadu - Thanjavur  | 60.00  | 60.00   | 3,59.97   | 60.00   |
|        |  |  | Pondicherry  | 3.00   | 3.00  | 3,62.97   | 3.00  |
|        |  |  | Karnataka - Bangalore  | 12.00  | 12.00   | 3,74.97   | 12.00   |
|        |  |  | West Bengal - Kolkata  | 3.00   | 3.00  | 3,77.97   | 3.00  |
|        |  |  | New Delhi  | 2.00   | 2.00  | 3,79.97   | 2.00  |
|        | Sponsorships   | Tamilnadu                              | 3.76   | 3.76   | 3,83.73   | 3.76  |   |
| 2      | Environmental sustainability, ecological balance, conservation of natural resources, Solar Projects (2 Institutions)   | Environment                            | Tamilnadu - Chennai  | 43.49  | 43.49   | 4,27.22   | 43.49   |
|        |  |  | All over India   | 1,42.57  | 1,42.57   | 5,69.79   | 1,42.57   |
| 3      | Promoting preventive and general health care (19 Institutions)   | Health                                 | Tamilnadu - Chennai  | 4,98.50  | 4,98.50   | 10,68.29  | 4,98.50   |
|        |  |  | Tamilnadu - Coimbatore   | 2.00   | 2.00  | 10,70.29  | 2.00  |
|        |  |  | Tamilnadu - Ranipet  | 10.00  | 10.00   | 10,80.29  | 10.00   |
|        |  |  | Maharashtra - Mumbai   | 5.00   | 5.00  | 10,85.29  | 5.00  |
|        |  |  | All over India   | 19.38  | 19.38   | 11,04.67  | 19.38   |
|        | Sponsorships   | Tamilnadu                              | 3.20   | 3.20   | 11,07.87  | 3.20  |   |
| 4      | Social Welfare (7 Institutions)  | Social Welfare                         | Tamilnadu - Chennai  | 28.75  | 28.75   | 11,36.62  | 28.75   |
|        |  |  | Tamilnadu - Tiruvanmalai   | 5.00   | 5.00  | 11,41.62  | 5.00  |
|        | Sponsorships   | New Delhi                              | 0.25   | 0.25   | 11,41.87  | 0.25  |   |
| 5      | Protection of national heritage, art and culture (34 Institutions)   | National Heritage, Art and Culture     | Tamilnadu-Chennai  | 42.10  | 42.10   | 11,83.97  | 42.10   |
|        |  |  | Andhra-Secunderabad  | 0.60   | 0.60  | 11,84.57  | 0.60  |
|        |  |  | Tamilnadu - Tiruvannamalai   | 1.25   | 1.25  | 11,85.82  | 1.25  |
|        |  |  | Tamilnadu - Melattur   | 0.25   | 0.25  | 11,86.07  | 0.25  |
|        |  |  | Tamilnadu - Ariyakudi  | 1.00   | 1.00  | 11,87.07  | 1.00  |
|        | Sponsorships   | Tamilnadu                              | 22.13  | 22.13  | 12,09.20  | 22.13   |   |
| 6      | Rural Development (3 Institutions)   | Rural Areas                            | Tamilnadu  | 22.25  | 22.25   | 12,31.45  | 22.25   |
|        |  |  | Sponsorships   | Tamilnadu  | 0.14  | 0.14  | 12,31.59  |
| 7      | Sports Development - Sponsorships  | Sports                                 | Tamilnadu  | 3.25   | 3.25  | 12,34.84  | 3.25  |
| 8      | Administrative Expenses  |  |  | 30.00  | 30.00   | 12,64.84  | 30.00   |
|        | <b>TOTAL</b>   |  |  | <b>12,64.84</b>                                  | <b>12,64.84</b>   |   | <b>12,64.84</b>                                     |

## Business Responsibility Report for the Financial Year 2017-18

### Section A: General Information about the Company

1. Corporate Identity Number (CIN) : L65191TN1954PLC002429
2. Name of the Company : Sundaram Finance Limited
3. Registered address : 21, Patullos Road, Chennai 600 002
4. Website : www.sundaramfinance.in
5. E-mail id : investorservices@sundaramfinance.in
6. Financial Year reported : 2017-18
7. Sector(s) that the Company is engaged in (industrial activity code-wise)  
As per National Industrial Classification – 2008:  
Section K - Financial and Insurance Activities  
Division 64 – Financial service activities, except insurance and pension funding.
8. List three key products / services that the Company manufactures / provides (as in balance sheet)
  - A. Providing finance for purchase of commercial vehicles, cars, multi-utility vehicles, construction equipment, tractors and working capital finance.
  - B. Distribution of full range of financial products like mutual fund, deposits, insurance etc.
9. Total number of locations where business activity is undertaken by the Company
  - i. Number of International Locations (Provide details of major 5)  
Nil
  - ii. Number of National Locations  
622 locations
10. Markets served by the Company – Local / State / National / International  
National

### Section B: Financial Details of the Company (as on 31.03.2018)

1. Paid up Capital (INR) : ₹111.10 cr.
2. Total Turnover (INR) : ₹2696.34 cr.
3. Total profit after taxes (INR) : ₹532.95 cr.
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)  
The Company's total spending on CSR is 2.00% of the average profit after taxes in the previous three financial years.
5. List of activities in which expenditure in 4 above has been incurred:-
  - A. Health
  - B. Education
  - C. Social Welfare
  - D. Environment
  - E. Promotion of culture and heritage

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### Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?

Yes.

2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Business Responsibility initiatives of the Parent Company are generally followed by the subsidiary companies to the extent possible.

3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]

No.

### Section D: BR Information

1. Details of Director / Directors responsible for BR

- a) Details of the Director / Directors responsible for implementation of the BR policy / policies

|             |                           |
|-------------|---------------------------|
| DIN Number  | 00018247                  |
| Name        | Sri T T Srinivasaraghavan |
| Designation | Managing Director         |

- b) Details of the BR head

| S. No. | Particulars                | Details                        |
|--------|----------------------------|--------------------------------|
| 1.     | DIN Number (if applicable) |                                |
| 2.     | Name                       | Sri P Viswanathan              |
| 3.     | Designation                | Secretary & Compliance Officer |
| 4.     | Telephone Number           | 044 2888 1207                  |
| 5.     | Email id                   | pv@sundaramfinance.in          |

2. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N)

- a) Details of Compliance (Reply in Y/N)

| Sr. No. | Questions  | Business Ethics | Product Responsibility | Wellbeing of Employees | Stakeholder Engagement | Human Rights | Environment | Public Policy | CSR | Customer Relations |
|---------|--|-----------------|------------------------|------------------------|------------------------|--------------|-------------|---------------|-----|--------------------|
|         |  | P1              | P2                     | P3                     | P4                     | P5           | P6          | P7            | P8  | P9                 |
| 1       | Do you have a policy / policies for...   | Y               | N                      | Y                      | N                      | Y            | N           | N             | Y   | Y                  |
| 2       | Has the policy being formulated in consultation with the relevant stakeholders?  | Y               | -                      | Y                      | -                      | Y            | -           | -             | Y   | Y                  |
| 3       | Does the policy conform to any national / international standards? If yes, specify? (50 words)   | Y               | -                      | Y                      | -                      | Y            | -           | -             | Y   | Y                  |
| 4       | Has the policy being approved by the Board?<br>Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?                                  | Y               | -                      | Y                      | -                      | Y            | -           | -             | Y   | Y                  |
| 5       | Does the company have a specified committee of the Board / Director/ Official to oversee the implementation of the policy?                                   | Y               | -                      | Y                      | -                      | Y            | -           | -             | Y   | Y                  |
| 6       | Indicate the link for the policy to be viewed online?  | *               | -                      | *                      | -                      | *            | -           | -             | *   | *                  |
| 7       | Has the policy been formally communicated to all relevant internal and external stakeholders?  | Y               | -                      | Y                      | -                      | Y            | -           | -             | Y   | Y                  |
| 8       | Does the company have in-house structure to implement the policy / policies.   | Y               | -                      | Y                      | -                      | Y            | -           | -             | Y   | Y                  |
| 9       | Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies? | Y               | -                      | Y                      | -                      | Y            | -           | -             | Y   | Y                  |
| 10      | Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?                                  | N               | -                      | N                      | N                      | N            | -           | -             | N   | N                  |

(b) If answer to S. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

|   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | The company has not understood the Principles   | - | - | - | - | - | - | - | - | - |
| 2 | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | - | - | - | - | - | - | - | - | - |
| 3 | The company does not have financial or manpower resources available for the task  | - | - | - | - | - | - | - | - | - |
| 4 | It is planned to be done within next 6 months   | - | - | - | - | - | - | - | - | - |
| 5 | It is planned to be done within the next 1 year   | - | - | - | - | - | - | - | - | - |
| 6 | Any other reason (please specify)   | - | # | - | # | - | # | # | - | - |

\* [http://www.sundaramfinance.in/app\\_documents/companyinfo/Policies\\_on\\_BRR.pdf](http://www.sundaramfinance.in/app_documents/companyinfo/Policies_on_BRR.pdf)

# Considering the nature of company's business, these Principles have limited applicability. The Company complies with Regulations governing its operations and has taken initiatives to promote inclusive growth and environmental sustainability.

### 3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year  
Annually.
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?  
Yes.  
[http://www.sundaramfinance.in/app\\_documents/companyinfo/Policies\\_on\\_BRR.pdf](http://www.sundaramfinance.in/app_documents/companyinfo/Policies_on_BRR.pdf)  
Annually

## Section E: Principle-wise performance

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Yes. The Policy covers the company, group and joint ventures.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

| From         | Received and Resolved during the year 2017-18 |
|--------------|---|
| Shareholders | –   |
| Depositors   | –   |
| Customers    | 162   |

### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Not Applicable

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

i. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not Applicable

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

i. If yes, what percentage of your inputs was sourced sustainably? *Also, provide details thereof, in about 50 words or so.*

Not Applicable

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, wherever possible.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). *Also, provide details thereof, in about 50 words or so.*

Yes, wherever possible.

### Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

3,880

2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.

3,109

3. Please indicate the Number of permanent women employees.

185

4. Please indicate the Number of permanent employees with disabilities

The Company does not specifically track the number of disabled employees. The Company gives equal opportunities and treats all employees at par. Based on the income-tax declarations which enable claiming income-tax deduction for self-disability, the Company has 4 employees.

5. Do you have an employee association that is recognized by management.

Yes

6. What percentage of your permanent employees is members of this recognized employee association?

23%



7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Nil

| S. No. | Category  | No of complaints filed during the financial year | No of complaints pending as on end of the financial year |
|--------|---|--|--|
| 1.     | Child labour / forced labour / involuntary labour | Nil  |  |
| 2.     | Sexual harassment                                 |  |  |
| 3.     | Discriminatory employment                         |  |  |

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- Permanent Employees
- Permanent Women Employees
- Casual / Temporary / Contractual Employees
- Employees with Disabilities

All employees of the Company (Permanent men, Permanent women and Contractual employees) are covered by skill upgradation training programmes conducted through our “Sundaram Learning Centre”.

All the employees of the Company at Head Office have been given fire and other safety training while first-aid training had been given to selected employees at HO and at branches.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

- Has the company mapped its internal and external stakeholders? Yes/No  
No.
- Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?  
Not Applicable
- Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.  
Not Applicable

**Principle 5: Businesses should respect and promote human rights**

- Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?  
This is covered under our Policies on Business Responsibility Report.  
Refer [http://www.sundaramfinance.in/app\\_documents/companyinfo/Policies\\_on\\_BRR.pdf](http://www.sundaramfinance.in/app_documents/companyinfo/Policies_on_BRR.pdf)
- How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?  
Refer Serial no.2 of Principle 1.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

- Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.  
Not Applicable
- Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.  
Not Applicable
- Does the company identify and assess potential environmental risks? Y / N  
Not Applicable
- Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?  
Please refer to Annual Report on CSR Activities.

- 
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y / N. If yes, please give hyperlink for web page etc.  
Please refer to Annual Report on CSR Activities.
  6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?  
Not Applicable.
  7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.  
Not Applicable.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
  - A. Madras Chamber of Commerce & Industry
  - B. Finance Companies' Association (India)
  - C. Finance Industry Development Council
2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)  
Yes. Representations had been submitted to the Government and regulatory authorities on various matters for the improvement of public good.

**Principle 8: Businesses should support inclusive growth and equitable development**

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.  
Not Applicable.
2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?  
Not Applicable.
3. Have you done any impact assessment of your initiative?  
Not Applicable.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.  
Amount spent ₹12,64.84 lakhs. Please refer to Annual Report on CSR Activities for details.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.  
Please refer to Annual Report on CSR Activities.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.  
Nil.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)  
Not Applicable.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.  
No.
4. Did your company carry out any consumer survey / consumer satisfaction trends?  
Yes, this is done periodically.

**Form No. MR-3****Secretarial Audit Report for the Financial Year ended 31.03.2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To.

The Members,

SUNDARAM FINANCE LIMITED

(CIN: L65191TN1954PLC002429)

21, Patullos Road, Chennai-600002.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. SUNDARAM FINANCE LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion there on.

Based on my verification of M/s. SUNDARAM FINANCE LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. SUNDARAM FINANCE LIMITED ("the Company") for the financial year ended on 31.03.2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Companies (Amendment) Act, 2017;
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vii) Reserve Bank of India Act, 1934 and RBI Directions and Guidelines as applicable to the NBFCs.

I have also examined compliance with the applicable Regulations and standards of the following:

- i. Listing Agreements entered into by the Company with the National Stock Exchange of India Limited as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

- 
- ii. Secretarial Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) for General Meeting including revised SS-1 and SS-2 issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following Observations:

NIL

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and there were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has;

- a) issued Redeemable Non-Convertible Debentures on various dates on private placement basis.
- b) redeemed the Redeemable Non-Convertible Debentures on various dates.
- c) passed a Special Resolution under section 180(1)(c) of the Companies Act, 2013 to increase the Borrowing limit of the Company up to ₹21,000 cr. (Rupees Twenty One Thousand Crore Only) vide Annual General Meeting dated 20th July, 2017.
- d) The Hon'ble National Company Law Tribunal (NCLT) has approved the Scheme of Amalgamation of Sundaram Infotech Solutions Limited with the Company vide its Order dated 26th September 2017.
- e) passed Special Resolution through postal ballot on 07th November 2017 under section 14(1) of the Companies Act, 2013 for alteration of Articles of Association of the Company.
- f) The Hon'ble National Company Law Tribunal (NCLT) has approved the Composite Scheme of Arrangement and Amalgamation between Sundaram Finance Limited (Transferee Company/First Resulting Company/Second Demerged Company) and Sundaram Insurance Broking Services Limited (First Transferor Company) and Infreight Logistics Solutions Limited (Second Transferor Company) and Sundaram BPO India Limited (First Demerged Company) and Sundaram Finance Holdings Limited (Second Resulting Company) vide its Order dated 12th January 2018.
- g) passed a Special Resolution through postal ballot on 16th March 2018 for Private Placement of debentures under section 42 of the Companies Act, 2013 up to a sum of ₹10,000 cr. during the period from 1st April 2018 to 31st March 2019.

Place : Chennai  
Date : 24.05.2018

Name : M. DAMODARAN  
FCS No : 5837  
C.P. No. : 5081

## Disclosure pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) & (ii) The ratio of the remuneration of each Director to the median and mean remuneration of the employees of the company for the financial year and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

| Names of the Directors /<br>Key Managerial Personnel | Ratio to Median<br>Remuneration<br>(times) | Ratio to Mean<br>Remuneration<br>(times) | Inc / Dec in<br>Remuneration |
|--|--|--|------------------------------|
| S Viji, Chairman                                     | 1.99                                       | 1.51                                     | 40.00%                       |
| S Ram  | 1.99                                       | 1.51                                     | 40.00%                       |
| N Venkataramani                                      | 1.92                                       | 1.45                                     | 37.41%                       |
| P N Venkatachalam                                    | 2.87                                       | 2.17                                     | 39.17%                       |
| S Mahalingam   | 2.82                                       | 2.13                                     | 102.04%                      |
| S Prasad   | 3.29                                       | 2.48                                     | 27.68%                       |
| S Ravindran  | 3.27                                       | 2.47                                     | 27.88%                       |
| Ms Shobhana Ramachandhran                            | 3.19                                       | 2.41                                     | 36.59%                       |
| Sri Rajiv C Lochan                                   | 2.77                                       | 2.09                                     | 335.82%                      |
| T T Srinivasaraghavan, Managing Director             | 87.82                                      | 66.34                                    | 21.16%                       |
| Harsha Viji, Deputy Managing Director                | 64.59                                      | 48.80                                    | 34.27%                       |
| A N Raju, Director (Operations)                      | 43.02                                      | 32.50                                    | 21.53%                       |
| M Ramaswamy, Chief Financial Officer                 | 29.82                                      | 22.53                                    | 14.01%                       |
| P Viswanathan, Secretary & Compliance Officer        | 17.10                                      | 12.92                                    | 33.97%                       |

- (iii) The percentage increase in the median remuneration of employees in the financial year: 3%
- (iv) The number of permanent employees on the rolls of the Company: 3,880
- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- The average increase in salaries of employees other than managerial personnel in 2017-18 was 18.78%. Percentage increase in the managerial remuneration for the year was 23.86%.
- (vi) Affirmation that the remuneration is as per the remuneration policy of the company.
- The Company affirms that remuneration is as per the remuneration policy of the Company.

(vii) Names of top ten employees in terms of remuneration, including those who have drawn not less than ₹1.02 cr. during the year 2017-18:

| Sl. No. | Name of the Employee        | Designation                                      | Remuneration (₹ in cr) | Nature of Employment | Qualification and Experience   | Date of Commencement of Employment | Age | Last employment                     | Relative of any director     |
|---------|-----------------------------|--|------------------------|----------------------|--|------------------------------------|-----|-------------------------------------|------------------------------|
| 1       | Sri T. T. Srinivasaraghavan | Managing Director                                | 4.76                   | Contractual          | B.Com., MBA (Gannon University, Pennsylvania)<br>Has 4 decades of experience in Banking and Financial Services industry. He is the Managing Director of the Company since 2003.                    | 02-09-1996                         | 63  | G.E. Capital Services India Limited | –                            |
| 2       | Sri Harsha Viji             | Deputy Managing Director                         | 3.50                   | Contractual          | B.Com, ACA<br>MBA (Ann Arbor, Michigan)<br>Nearly 2 decades of experience in areas of specialisation particularly, strategy formulation, joint venture negotiations, new business development etc. | 14-11-2005                         | 42  | Mckinsey & Company                  | Son of Sri S. Viji, Chairman |
| 3       | Sri A.N. Raju               | Director (Operations)                            | 2.36                   | Contractual          | BSc (Engineering), MBA<br>Has over 3 decades of experience in Automobiles, Engineering and Financial Sector.   | 02-07-1997                         | 59  | G.E. Capital Services India Limited | –                            |
| 4       | Sri M. Ramaswamy            | Chief Financial Officer                          | 1.64                   | Others               | B.Sc. Statistics, ACA<br>Has over 3 decades of experience in accounts, taxation and treasury in finance services Industry.   | 07-06-1986                         | 56  | Brahmayya & Co.                     | –                            |
| 5       | Sri P. Viswanathan          | Secretary & Compliance Officer                   | 0.96                   | Others               | B.Com, FCS<br>Has over 4 decades of experience in statutory compliance in financial services industry  | 01-10-1982                         | 62  | Lakshmi General Finance Limited     | –                            |
| 6       | Sri V. Ananthanarayanan     | Chief Information Officer                        | 0.57                   | Others               | M.Sc., Statistics and Computer Applications, MBA, IT & Finance<br>Has over 3 decades of experience in Information Technology Industry  | 02-12-2013                         | 55  | Aegis Limited                       | –                            |
| 7       | Sri S. Ravindran            | Senior Vice President & Head - CCPD              | 0.52                   | Others               | B.Com, M.Com, CAIIB<br>Has over 4 decades of experience in financial services industry   | 25-05-1984                         | 64  | Bank of India                       | –                            |
| 8       | Sri S. Srinivasan           | Senior Vice President & Head - Corporate Finance | 0.51                   | Others               | B.Com, ICWA<br>Has over 3 decades of experience in financial services industry   | 01-04-1983                         | 56  | -                                   | –                            |
| 9       | Sri K. Sankarakumar         | Vice President & Head - Distribution             | 0.48                   | Others               | M.Sc. Maths, PGDM<br>Has over 3 decades of experience in Automobile & financial Services Industry  | 01-05-2004                         | 57  | Maruti Udyog Limited                | –                            |
| 10      | Sri Rajesh Venkat           | Vice President - Operations                      | 0.38                   | Others               | B.A (Economics), MBA<br>Nearly 2 decades of experience in financial services industry  | 01-07-2017                         | 43  | Sundaram Business Services Limited  | –                            |

**Disclosure under Rule 12 (9) of the Companies  
(Share Capital and Debentures) Rules, 2014 read with Clause 14 of the SEBI  
(Share Based Employee Benefits) Regulations, 2014**

The Sundaram Finance Employee Stock Options Scheme-2008 (the Scheme) came into existence with effect from 24th July 2008, pursuant to the approval obtained from the shareholders. The scheme was framed with the object of granting equity stock options not exceeding 1% of the paid-up capital of the Company (adjusted for corporate actions, if any) in one or more tranches, to eligible employees and Directors of the Company and its subsidiaries. The Scheme is being administered by the Nomination, Compensation and Remuneration Committee (NCRC), through the Sundaram Finance Employees Welfare Trust.

Accordingly, the Board of Directors grants Stock Options at par to the eligible employees / Directors of the Company and its subsidiaries based on the recommendations of the NCRC.

| S. No | Particulars  | Sundaram Finance Employee Stock Option Scheme-2008                                    |       |
|-------|--|---|-------|
| a)    | Options Granted from the introduction of the Scheme  | 1,80,950  |       |
| b)    | Exercise Price   | ₹10/- per share (at par)  |       |
| c)    | Options vested   | 1,42,400  |       |
| d)    | Options exercised  | 1,42,400  |       |
| e)    | The total number of shares arising as a result of exercise of Option.  | 1,42,400  |       |
| f)    | Options lapsed   | NIL   |       |
| g)    | Variation of terms of Options  | Not Applicable  |       |
| h)    | Money realized by exercise of Option (Amount ₹)  | 14,24,000   |       |
| i)    | Total number of Options in force   | 38,550  |       |
| j)    | Employee-wise details of Options granted on 29th May 2017 (Grant 9) & 25th May 2018 (Grant 10)   |   |       |
|       | i) Key Managerial Personnel  | 1. Sri. A N Raju, Director (Operations)   | 5,000 |
|       |  | 2. Sri. M Ramaswamy, Chief Financial Officer  | 5,000 |
|       |  | 3. Sri. P Viswanathan, Secretary & Compliance Officer                                 | 4,000 |
|       | ii) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Option granted during that year/s:  | 1. Sri Srinivas Acharya, Managing Director, Sundaram BNP Paribas Home Finance Limited | 3,500 |
|       | iii) Identified employees who were granted Option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. | Not Applicable  |       |

Other details relating to stock options granted have been furnished vide Note No. 23 forming part of the Notes to the Accounts.

**Form No. MGT-9****Extract of Annual Return**

as on the financial year ended on 31st March 2018

[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   | L65191TN1954PLC002429   |
| (ii)  | Registration Date   | 11th August 1954  |
| (iii) | Name of the Company   | Sundaram Finance Limited  |
| (iv)  | Category / Sub-Category of the Company                                    | Public Company / NBFC   |
| (v)   | Address of the Registered Office and contact details                      | 21, Patullos Road, Chennai 600 002<br>Tel: 044 2852 1181 Fax: 044 2858 6641<br>www.sundaramfinance.in<br>Email: investorservices@sundaramfinance.in                   |
| (vi)  | Whether Listed Company Yes / No   | Yes   |
| (vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | M/s. Cameo Corporate Services Ltd.<br>'Subramanian Building'<br>No.1, Club House Road, Chennai 600 002<br>Ph: 044 2846 0390 to 0395<br>Email: investor@cameoindia.com |

**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 |
|--|--|------------------------------------|
| NBFC engaged in Asset Financing and other financial services | As per National Industrial Classification – 2008:<br>Section K - Financial and Insurance Activities<br>Division 64 – Financial service activities, except insurance and pension funding. | 96.17%                             |

**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 BNP Paribas Home Finance Limited<br>Regd. Office: 21, Patullos Road, Chennai 600 002   | U65922TN1999PLC042759 | Subsidiary                       | 50.10            | 2 (87) (ii)        |
| 2       | Royal Sundaram General Insurance Co Limited<br>Regd. Office: 21, Patullos Road, Chennai 600 002 | U67200TN2000PLC045611 | Subsidiary                       | 75.90            | 2 (87) (ii)        |
| 3       | Sundaram Asset Management Company Limited<br>Regd. Office: 21, Patullos Road, Chennai 600 002   | U93090TN1996PLC034615 | Subsidiary                       | 100.00           | 2 (87) (ii)        |
| 4       | Sundaram Asset Management Singapore Pte. Limited  | Not Applicable        | Subsidiary                       | 100.00           | 2 (87) (ii)        |
| 5       | Sundaram Alternate Assets Limited<br>Regd. Office: 21, Patullos Road, Chennai 600 002           | U65990TN2018PLC120641 | Subsidiary                       | 100.00           | 2 (87) (ii)        |
| 6       | Sundaram Trustee Company Limited<br>Regd. Office: 21, Patullos Road, Chennai 600 002            | U65999TN2003PLC052058 | Subsidiary                       | 100.00           | 2 (87) (ii)        |
| 7       | LGF Services Limited<br>Regd. Office: 21, Patullos Road, Chennai 600 002                        | U67190TN2004PLC052384 | Subsidiary                       | 100.00           | 2 (87) (ii)        |
| 8       | Sundaram BNP Paribas Fund Services Limited<br>Regd. Office: 21, Patullos Road, Chennai 600 002  | U67120TN2008PLC068388 | Subsidiary                       | 51.00            | 2 (87) (ii)        |
| 9       | Sundaram Finance Holdings Limited<br>Regd. Office: 21, Patullos Road, Chennai 600 002           | U67120TN1993PLC025996 | Associate                        | 26.47            | 2 (6)              |

SUNDARAM FINANCE LIMITED



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

##### (i) Category-wise Share Holding (as submitted to Stock Exchange)

|            | 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 |                          |
| <b>A.</b>  | <b>Promoters</b>   |   |               |                    |                   |   |               |                    |                   |                          |
| <b>(1)</b> | <b>Indian</b>  |   |               |                    |                   |   |               |                    |                   |                          |
| (a)        | Individual/HUF   | 2,77,47,649                                     | 97,292        | 2,78,44,941        | 25.06             | 2,75,66,908                               | 97,292        | 2,76,64,200        | 24.90             | -0.16                    |
| (b)        | Central Govt   | -   | -             | -                  | -                 | -   | -             | -                  | -                 | -                        |
| (c)        | State Govt(s)  | -   | -             | -                  | -                 | -   | -             | -                  | -                 | -                        |
| (d)        | Bodies Corp.   | 1,11,85,738                                     | -             | 1,11,85,738        | 10.07             | 1,11,85,738                               | -             | 1,11,85,738        | 10.07             | 0.00                     |
| (e)        | Banks / FI   | -   | -             | -                  | -                 | -   | -             | -                  | -                 | -                        |
| (f)        | Any Other ....   | -   | -             | -                  | -                 | -   | -             | -                  | -                 | -                        |
|            | <b>Sub-Total (A)(1)</b>                                  | <b>3,89,33,387</b>                              | <b>97,292</b> | <b>3,90,30,679</b> | <b>35.13</b>      | <b>3,87,52,646</b>                        | <b>97,292</b> | <b>3,88,49,938</b> | <b>34.97</b>      | <b>-0.16</b>             |
| <b>(2)</b> | <b>Foreign</b>   |   |               |                    |                   |   |               |                    |                   |                          |
| (a)        | NRIs – Individuals                                       | 10,20,856                                       | -             | 10,20,856          | 0.92              | 10,95,856                                 | -             | 10,95,856          | 0.98              | 0.06                     |
| (b)        | Other – Individuals                                      | -   | -             | -                  | -                 | -   | -             | -                  | -                 | -                        |
| (c)        | Bodies Corp.   | -   | -             | -                  | -                 | -   | -             | -                  | -                 | -                        |
| (d)        | Banks / FI   | -   | -             | -                  | -                 | -   | -             | -                  | -                 | -                        |
| (e)        | Any Other ....   | -   | -             | -                  | -                 | -   | -             | -                  | -                 | -                        |
|            | <b>Sub-Total (A)(2)</b>                                  | <b>10,20,856</b>                                | <b>-</b>      | <b>10,20,856</b>   | <b>0.92</b>       | <b>10,95,856</b>                          | <b>-</b>      | <b>10,95,856</b>   | <b>0.98</b>       | <b>0.06</b>              |
|            | <b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b> | <b>3,99,54,243</b>                              | <b>97,292</b> | <b>4,00,51,535</b> | <b>36.05</b>      | <b>3,98,48,502</b>                        | <b>97,292</b> | <b>3,99,45,794</b> | <b>35.95</b>      | <b>-0.10</b>             |
| <b>B.</b>  | <b>Public Shareholding</b>                               |   |               |                    |                   |   |               |                    |                   |                          |
| <b>(1)</b> | <b>Institutions</b>                                      |   |               |                    |                   |   |               |                    |                   |                          |
| (a)        | Mutual Funds   | 1,04,48,769                                     | 250           | 1,04,49,019        | 9.40              | 1,10,71,904                               | -             | 1,10,71,904        | 9.97              | 0.57                     |
| (b)        | Banks / FI   | 26,110  | 800           | 26,910             | 0.02              | 28,194                                    | 800           | 28,994             | 0.03              | 0.01                     |
| (c)        | Central Govt   | -   | -             | -                  | -                 | -   | -             | -                  | -                 | -                        |
| (d)        | State Govt(s)  | -   | -             | -                  | -                 | -   | -             | -                  | -                 | -                        |
| (e)        | Venture Capital Funds                                    | -   | -             | -                  | -                 | -   | -             | -                  | -                 | -                        |
| (f)        | Alternate Investment Funds                               | -   | -             | -                  | -                 | 44,137                                    | -             | 44,137             | 0.04              | 0.04                     |
| (g)        | Insurance Companies                                      | 20,73,433                                       | -             | 20,73,433          | 1.87              | 19,80,700                                 | -             | 19,80,700          | 1.78              | -0.09                    |
| (h)        | FII's & FPI's  | 62,43,114                                       | 350           | 62,43,464          | 5.62              | 66,21,004                                 | 100           | 66,21,104          | 5.96              | 0.34                     |
| (i)        | Foreign Venture Capital Investors                        | -   | -             | -                  | -                 | -   | -             | -                  | -                 | -                        |
| (j)        | Any Other  | -   | -             | -                  | -                 | -   | -             | -                  | -                 | -                        |
|            | <b>Sub- Total (B)(1)</b>                                 | <b>1,87,91,426</b>                              | <b>1,400</b>  | <b>1,87,92,826</b> | <b>16.91</b>      | <b>1,97,45,939</b>                        | <b>900</b>    | <b>1,97,46,839</b> | <b>17.78</b>      | <b>0.87</b>              |

|           | 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 |                          |
| <b>2.</b> | <b>Non- Institutions</b>   |   |                  |                     |                   |   |                  |                     |                   |                          |
| (a)       | Bodies Corporate   |   |                  |                     |                   |   |                  |                     |                   |                          |
| (i)       | Indian   | 1,00,72,859                                     | 6,800            | 1,00,79,659         | 9.07              | 1,03,41,021                               | 6,500            | 1,03,47,521         | 9.31              | 0.24                     |
| (ii)      | Overseas   | -   | -                | -                   | -                 | -   | -                | -                   | -                 | -                        |
| (b)       | Individuals  |   |                  |                     |                   |   |                  |                     |                   |                          |
| i         | Individual shareholders holding nominal shares capital up to ₹1 lakh                             | 93,75,952                                       | 19,79,532        | 1,13,55,484         | 10.22             | 91,72,230                                 | 18,04,837        | 1,09,77,067         | 9.88              | -0.34                    |
| ii        | Individual shareholders holding nominal shares capital in excess of ₹1 lakh                      | 2,54,72,221                                     | 42,33,775        | 2,97,05,996         | 26.74             | 2,52,24,818                               | 37,08,647        | 2,89,33,465         | 26.04             | -0.70                    |
| (c)       | Others (specify)   |   |                  |                     |                   |   |                  |                     |                   |                          |
|           | Sundaram Finance Limited Unclaimed Suspense Account. No voting rights in respect of these shares | 33,870  | -                | 33,870              | 0.03              | 26,765                                    | -                | 26,765              | 0.02              | -0.01                    |
| (d)       | Investor Education and Protection Fund. No voting rights in respect of these shares              | -   | -                | -                   | -                 | 26,564                                    | -                | 26,564              | 0.02              | 0.02                     |
|           | Trust – Sundaram Finance Employees Welfare Trust   | 9,93,910  | -                | 9,93,910            | 0.89              | 9,79,510                                  | -                | 9,79,510            | 0.88              | -0.01                    |
|           | Other Trusts   | 5,864   | -                | 5,864               | 0.01              | 5,626                                     | -                | 5,626               | 0.01              | 0.00                     |
|           | Clearing Members   | 65,996  | -                | 65,996              | 0.06              | 95,989                                    | -                | 95,989              | 0.09              | 0.03                     |
|           | Foreign National   | 18,720  | -                | 18,720              | 0.02              | 18,720                                    | -                | 18,720              | 0.02              | 0.00                     |
|           | <b>Sub- Total (B)(2)</b>   | <b>4,60,39,392</b>                              | <b>62,20,107</b> | <b>5,22,59,499</b>  | <b>47.04</b>      | <b>4,58,91,243</b>                        | <b>55,19,984</b> | <b>5,14,11,227</b>  | <b>46.27</b>      | <b>-0.76</b>             |
|           | <b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>  | <b>6,48,30,818</b>                              | <b>62,21,507</b> | <b>7,10,52,325</b>  | <b>63.95</b>      | <b>6,56,37,182</b>                        | <b>55,20,884</b> | <b>7,11,58,066</b>  | <b>64.05</b>      | <b>0.10</b>              |
| (C)       | Shares held by Custodian for GDRs and ADRs   | -   | -                | -                   | -                 | -   | -                | -                   | -                 | -                        |
|           | <b>GRAND TOTAL (A)+(B)+(C)</b>   | <b>10,47,85,061</b>                             | <b>63,18,799</b> | <b>11,11,03,860</b> | <b>100.00</b>     | <b>10,54,85,684</b>                       | <b>56,18,176</b> | <b>11,11,03,860</b> | <b>100.00</b>     | <b>-</b>                 |

**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       | Master Ashwathanarayan Ramji<br>Rep By E/G: Mr N Ramji & Mr N Ramji        | 600                                       | 0.00                             | –  | 600                                 | 0.00                             | –  | 0.00                                     |
| 2       | Mr N Ramji &<br>Master Ashwathanarayan Ramji<br>Rep By E/G: Mr N Ramji     | 56,520                                    | 0.05                             | –  | 56,520                              | 0.05                             | –  | 0.00                                     |
| 3       | Mr N S Ramji &<br>Master Ashwathanarayan Ramji<br>Rep By E/G: Mr N S Ramji | 6,884                                     | 0.01                             | –  | 6,884                               | 0.01                             | –  | 0.00                                     |
| 4       | Mr N S Ramji & Miss Aishwarya Ramji<br>Rep By E/G: Mr N S Ramji            | 6,884                                     | 0.01                             | –  | 6,884                               | 0.01                             | –  | 0.00                                     |
| 5       | Mr N Ramji &<br>Master Ashwathanarayan Ramji<br>Rep By E/G: Mr N Ramji     | 1,008                                     | 0.00                             | –  | 1,008                               | 0.00                             | –  | 0.00                                     |
| 6       | Mr N Ramji & Miss Aishwarya Ramji<br>Rep By E/G: Mr N Ramji                | 1,008                                     | 0.00                             | –  | 1,008                               | 0.00                             | –  | 0.00                                     |
| 7       | Mr N Ramji & Mrs Sharmila Ramji  | 788                                       | 0.00                             | –  | 788                                 | 0.00                             | –  | 0.00                                     |
| 8       | Mr N Ramji &<br>Master Ashwathanarayan Ramji<br>Rep By E/G: Mr N Ramji     | 23,600                                    | 0.02                             | –  | 23,600                              | 0.02                             | –  | 0.00                                     |
| 9       | Mr Srinivas Raghavan   | 27,040                                    | 0.02                             | –  | 27,040                              | 0.02                             | –  | 0.00                                     |
| 10      | Mr Akshay Krishnan   | 1,97,300                                  | 0.18                             | –  | 2,00,300                            | 0.18                             | –  | 0.00                                     |
| 11      | Mr Jaideep Chakravarthy  | 3,80,756                                  | 0.34                             | –  | 3,80,756                            | 0.34                             | –  | 0.00                                     |
| 12      | Mr Pradeep Chakravarthy  | 3,63,544                                  | 0.33                             | –  | 3,63,544                            | 0.33                             | –  | 0.00                                     |
| 13      | Mr S Chakravarthy  | 6,08,884                                  | 0.55                             | –  | 6,08,884                            | 0.55                             | –  | 0.00                                     |
| 14      | Mrs Anuradha Raghavan  | 3,97,264                                  | 0.36                             | –  | 3,97,264                            | 0.36                             | –  | 0.00                                     |
| 15      | Mr S Raghavan  | 1,03,492                                  | 0.09                             | –  | 1,03,492                            | 0.09                             | –  | 0.00                                     |
| 16      | Mrs Usha Raghavan  | 6,34,992                                  | 0.57                             | –  | 5,89,992                            | 0.53                             | –  | -0.04                                    |
| 17      | Mr Barath Rengarajan   | 5,00,200                                  | 0.45                             | –  | 4,68,259                            | 0.42                             | –  | -0.03                                    |
| 18      | Mrs Saraswathi Srinivasan  | 3,04,320                                  | 0.27                             | –  | 3,04,320                            | 0.27                             | –  | 0.00                                     |
| 19      | Miss Tulsi S Ramanujam   | 2,19,382                                  | 0.20                             | –  | 2,19,382                            | 0.20                             | –  | 0.00                                     |
| 20      | Mr S Ram & Mr S Viji   | 12,25,160                                 | 1.10                             | –  | 12,25,160                           | 1.10                             | –  | 0.00                                     |
| 21      | Mr Sumanth Ramanujam   | 8,862                                     | 0.01                             | –  | 8,862                               | 0.01                             | –  | 0.00                                     |
| 22      | Mr K Vasudevan   | 2,87,492                                  | 0.26                             | –  | 2,87,492                            | 0.26                             | –  | 0.00                                     |
| 23      | Mrs Lily Vijayaraghavan &<br>Mrs Sashi Parthasarathy                       | 3,53,312                                  | 0.32                             | –  | 3,53,312                            | 0.32                             | –  | 0.00                                     |

| 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 |  |
| 24      | Mr K Vasudevan & Mrs Lakshmi Vasudevan              | 46,392                                    | 0.04                             | –  | 46,392                              | 0.04                             | –  | 0.00                                     |
| 25      | Mrs Lakshmi Vasudevan                               | 2,74,816                                  | 0.25                             | –  | 2,74,816                            | 0.25                             | –  | 0.00                                     |
| 26      | Mr Sharath Vijayaraghavan (HUF)                     | 3,14,000                                  | 0.28                             | –  | 2,09,000                            | 0.19                             | –  | -0.09                                    |
| 27      | Mrs Lily Vijayaraghavan                             | 6,35,436                                  | 0.57                             | –  | 6,35,436                            | 0.57                             | –  | 0.00                                     |
| 28      | Mrs Lily Vijayaraghavan & Mr Badri Vijayaraghavan   | 1,97,776                                  | 0.18                             | –  | 1,97,776                            | 0.18                             | –  | 0.00                                     |
| 29      | Mrs Lily Vijayaraghavan & Mr Sharath Vijayaraghavan | 1,97,776                                  | 0.18                             | –  | 1,97,776                            | 0.18                             | –  | 0.00                                     |
| 30      | Mrs Rama Sridharan                                  | 55,920                                    | 0.05                             | –  | 55,920                              | 0.05                             | –  | 0.00                                     |
| 31      | Mr N Krishnan                                       | 1,01,592                                  | 0.09                             | –  | 1,01,592                            | 0.09                             | –  | 0.00                                     |
| 32      | Mr N Krishnan                                       | 1,01,592                                  | 0.09                             | –  | 1,01,592                            | 0.09                             | –  | 0.00                                     |
| 33      | Mr Ananth Krishnan                                  | 2,03,300                                  | 0.18                             | –  | 2,00,300                            | 0.18                             | –  | 0.00                                     |
| 34      | Mr Shreen Raghavan                                  | 1,24,892                                  | 0.11                             | –  | 94,892                              | 0.09                             | –  | -0.03                                    |
| 35      | Mrs Dangety Krishnakumari                           | 20,412                                    | 0.02                             | –  | 20,412                              | 0.02                             | –  | 0.00                                     |
| 36      | Mr Dangety Satyanarayanamurty                       | 2,912                                     | 0.00                             | –  | 2,912                               | 0.00                             | –  | 0.00                                     |
| 37      | M/s. Rohini Holdings Private Limited                | 12,94,362                                 | 1.17                             | –  | 12,94,362                           | 1.17                             | –  | 0.00                                     |
| 38      | M/s. Allegro Holdings Private Limited               | 12,47,100                                 | 1.12                             | –  | 12,47,100                           | 1.12                             | –  | 0.00                                     |
| 39      | M/s. Silver Oak Holdings Private Limited            | 14,36,914                                 | 1.29                             | –  | 14,36,914                           | 1.29                             | –  | 0.00                                     |
| 40      | M/s. Athreya Harsha Holdings Private Limited        | 8,50,156                                  | 0.77                             | –  | 8,50,156                            | 0.77                             | –  | 0.00                                     |
| 41      | M/s. Uthirattadhi Sriram Holdings Private Limited   | 14,79,560                                 | 1.33                             | –  | 14,79,560                           | 1.33                             | –  | 0.00                                     |
| 42      | M/s. Maham Holdings Limited                         | 5,12,720                                  | 0.46                             | –  | 5,12,720                            | 0.46                             | –  | 0.00                                     |
| 43      | M/s. Revathi Holdings Private Limited               | 12,20,460                                 | 1.10                             | –  | 12,20,460                           | 1.10                             | –  | 0.00                                     |
| 44      | M/s. Padmalakshmi Holdings Private Limited          | 12,92,832                                 | 1.16                             | –  | 12,92,832                           | 1.16                             | –  | 0.00                                     |
| 45      | M/s. Raghuvamsa Holdings Private Limited            | 18,51,634                                 | 1.67                             | –  | 18,51,634                           | 1.67                             | –  | 0.00                                     |
| 46      | Mrs Indira Krishnaswami                             | 1,62,180                                  | 0.15                             | –  | 1,62,180                            | 0.15                             | –  | 0.00                                     |
| 47      | Mr Narayanan Ramji                                  | 1,06,760                                  | 0.10                             | –  | 1,06,760                            | 0.10                             | –  | 0.00                                     |
| 48      | Mr R. Ramanujam & Mr R. Srikanth                    | 1,77,088                                  | 0.16                             | –  | 1,77,088                            | 0.16                             | –  | 0.00                                     |
| 49      | Mr Ananth Ramanujam                                 | 5,69,892                                  | 0.51                             | –  | 5,69,892                            | 0.51                             | –  | 0.00                                     |

| 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 |  |
| 50      | Mr T.T. Rangaswamy,<br>Mr T.T. Venkatraghavan &<br>Mr T.T. Srinivasaraghavan | 48,628                                    | 0.04                             | –  | 48,628                              | 0.04                             | –  | 0.00                                     |
| 51      | Mr T.T. Rangaswamy,<br>Mr T.T. Narendran &<br>Mr T.T. Hayagreevan            | 49,200                                    | 0.04                             | –  | 49,200                              | 0.04                             | –  | 0.00                                     |
| 52      | Mr T T Srinivasaraghavan<br>Mrs Vimala Rangaswamy &<br>Mrs Bagyam Raghavan   | 85,084                                    | 0.08                             | –  | 85,084                              | 0.08                             | –  | 0.00                                     |
| 53      | Mrs Bagyam Raghavan &<br>Mr T T Venkatraghavan                               | 1,13,308                                  | 0.10                             | –  | 1,13,308                            | 0.10                             | –  | 0.00                                     |
| 54      | Mr T T Narendran,<br>Mrs Vimala Rangaswamy &<br>Mrs Padmini Narendran        | 1,62,988                                  | 0.15                             | –  | 1,62,988                            | 0.15                             | –  | 0.00                                     |
| 55      | Mrs Padmini Narendran &<br>Mr T T Hayagreevan                                | 1,06,044                                  | 0.10                             | –  | 1,06,044                            | 0.10                             | –  | 0.00                                     |
| 56      | Mrs Vimala Rangaswamy,<br>Mr T T Narendran &<br>Mrs Padmini Narendran        | 95,024                                    | 0.09                             | –  | 95,024                              | 0.09                             | –  | 0.00                                     |
| 57      | Mr Srivats Ram   | 17,01,322                                 | 1.53                             | –  | 17,01,322                           | 1.53                             | –  | 0.00                                     |
| 58      | Mr Srikanth Ramanujam  | 9,14,052                                  | 0.82                             | –  | 9,14,052                            | 0.82                             | –  | 0.00                                     |
| 59      | Mr Sriram Viji   | 12,78,620                                 | 1.15                             | –  | 12,78,620                           | 1.15                             | –  | 0.00                                     |
| 60      | Mr R. Ramanujam  | 2,32,534                                  | 0.21                             | –  | 2,32,534                            | 0.21                             | –  | 0.00                                     |
| 61      | Mrs Rupa Srikanth  | 70,188                                    | 0.06                             | –  | 70,188                              | 0.06                             | –  | 0.00                                     |
| 62      | Mr Srikanth Ramanujam &<br>Mrs Rupa Srikanth                                 | 4,472                                     | 0.00                             | –  | 4,472                               | 0.00                             | –  | 0.00                                     |
| 63      | Mrs Choodamani Narayanan   | 5,03,094                                  | 0.45                             | –  | 5,03,094                            | 0.45                             | –  | 0.00                                     |
| 64      | Mrs Prema Ramanujam  | 6,43,412                                  | 0.58                             | –  | 6,43,412                            | 0.58                             | –  | 0.00                                     |
| 65      | Mrs Aruna Sankaranarayanan   | 56,840                                    | 0.05                             | –  | 56,840                              | 0.05                             | –  | 0.00                                     |
| 66      | Mr S. Ram  | 5,06,788                                  | 0.46                             | –  | 5,06,788                            | 0.46                             | –  | 0.00                                     |
| 67      | Mr Harsha Viji   | 13,66,068                                 | 1.23                             | –  | 13,66,068                           | 1.23                             | –  | 0.00                                     |
| 68      | Mr Aditya S. Ramanujam   | 2,21,882                                  | 0.20                             | –  | 2,21,882                            | 0.20                             | –  | 0.00                                     |
| 69      | Mr S. Viji   | 9,09,780                                  | 0.82                             | –  | 9,09,780                            | 0.82                             | –  | 0.00                                     |
| 70      | Mrs Vijaya Rangarajan  | 9,03,564                                  | 0.81                             | –  | 9,03,564                            | 0.81                             | –  | 0.00                                     |
| 71      | Mr Sriram Viji &<br>Mrs Chitra Viji  | 3,156                                     | 0.00                             | –  | 3,156                               | 0.00                             | –  | 0.00                                     |

| 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 |  |
| 72      | Mr R. Ramanujam & Mr Ananth Ramanujam       | 25,600                                    | 0.02                             | –  | 25,600                              | 0.02                             | –  | 0.00                                     |
| 73      | Mr Harsha Viji & Mrs Chitra Viji            | 3,156                                     | 0.00                             | –  | 3,156                               | 0.00                             | –  | 0.00                                     |
| 74      | Mrs Nivedita Ram                            | 16,49,516                                 | 1.48                             | –  | 16,49,516                           | 1.48                             | –  | 0.00                                     |
| 75      | Mrs Chitra Viji                             | 8,34,034                                  | 0.75                             | –  | 8,34,034                            | 0.75                             | –  | 0.00                                     |
| 76      | Mrs Gita Ram                                | 11,39,680                                 | 1.03                             | –  | 11,39,680                           | 1.03                             | –  | 0.00                                     |
| 77      | Mr S. Viji & Mrs Chitra Viji                | 8,684                                     | 0.01                             | –  | 8,684                               | 0.01                             | –  | 0.00                                     |
| 78      | Mr Arjun Rangarajan                         | 13,08,270                                 | 1.18                             | –  | 13,08,270                           | 1.18                             | –  | 0.00                                     |
| 79      | Mr R. Ramanujam (HUF)                       | 9,992                                     | 0.01                             | –  | 9,992                               | 0.01                             | –  | 0.00                                     |
| 80      | Mr Srikanth Ramanujam (HUF)                 | 8,000                                     | 0.01                             | –  | 8,000                               | 0.01                             | –  | 0.00                                     |
| 81      | Mr Srivats Ram (HUF)                        | 77,200                                    | 0.07                             | –  | 77,200                              | 0.07                             | –  | 0.00                                     |
| 82      | Mr S. Viji (HUF)                            | 1,13,988                                  | 0.10                             | –  | 1,13,988                            | 0.10                             | –  | 0.00                                     |
| 83      | Mr S. Viji (HUF)                            | 3,65,924                                  | 0.33                             | –  | 3,65,924                            | 0.33                             | –  | 0.00                                     |
| 84      | Miss Anupama Lakshmi Rangarajan             | 6,09,896                                  | 0.55                             | –  | –                                   | –                                | –  | -0.55                                    |
| 85      | Mr S. Narayanan                             | 4,600                                     | 0.00                             | –  | 4,600                               | 0.00                             | –  | 0.00                                     |
| 86      | Mr Narayanan Ramji (HUF)                    | 4,08,480                                  | 0.37                             | –  | 4,08,480                            | 0.37                             | –  | 0.00                                     |
| 87      | Mr Srinivasaraghavan Sundaram               | 4,000                                     | 0.00                             | –  | 4,000                               | 0.00                             | –  | 0.00                                     |
| 88      | Mr A.M. Srinivasan & Mr S. Kishore          | 452                                       | 0.00                             | –  | 452                                 | 0.00                             | –  | 0.00                                     |
| 89      | Mr S. Kishore & Mr A.M. Srinivasan          | 1,13,612                                  | 0.10                             | –  | 1,13,612                            | 0.10                             | –  | 0.00                                     |
| 90      | Mr Srikanth Ramanujam & Mr Ananth Ramanujam | 8,30,215                                  | 0.75                             | –  | 8,30,215                            | 0.75                             | –  | 0.00                                     |
| 91      | Miss Tarika Ram (Minor)                     | 13,490                                    | 0.01                             | –  | 13,490                              | 0.01                             | –  | 0.00                                     |
| 92      | Ms Daya Ambirajan                           | 1,19,650                                  | 0.11                             | –  | 1,19,650                            | 0.11                             | –  | 0.00                                     |
| 93      | Master Ranjan Ambirajan                     | 6,744                                     | 0.01                             | –  | 6,744                               | 0.01                             | –  | 0.00                                     |
| 94      | Mr R. Ramanujam & Mrs Prema Ramanujam       | 9,736                                     | 0.01                             | –  | 9,736                               | 0.01                             | –  | 0.00                                     |
| 95      | Mr T T Rangaswamy (HUF)                     | 49,324                                    | 0.04                             | –  | 49,324                              | 0.04                             | –  | 0.00                                     |
| 96      | Mr T T Srinivasa Raghavan (HUF)             | 1,23,192                                  | 0.11                             | –  | 1,23,192                            | 0.11                             | –  | 0.00                                     |
| 97      | Mr T T Rangaswamy (HUF)                     | 19,368                                    | 0.02                             | –  | 19,368                              | 0.02                             | –  | 0.00                                     |
| 98      | Mr T T Narendran (HUF)                      | 95,068                                    | 0.09                             | –  | 95,068                              | 0.09                             | –  | 0.00                                     |

| 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 |  |
| 99      | Mr T T Srinivasaraghavan & Mr T T Narendran                             | 1,10,000                                  | 0.10                             | –  | 1,10,000                            | 0.10                             | –  | 0.00                                     |
| 100     | Mr T T Srinivasaraghavan & Mrs Bagyam Raghavan                          | 1,10,000                                  | 0.10                             | –  | 1,10,000                            | 0.10                             | –  | 0.00                                     |
| 101     | Mr T T Narendran & Mrs Padmini Narendran                                | 90,000                                    | 0.08                             | –  | 90,000                              | 0.08                             | –  | 0.00                                     |
| 102     | Mr T T Narendran & Mrs Padmini Narendran                                | 90,000                                    | 0.08                             | –  | 90,000                              | 0.08                             | –  | 0.00                                     |
| 103     | Mrs Vimala Rangaswamy, Mr T T Srinivasaraghavan & Mr T T Venkatraghavan | 82,664                                    | 0.07                             | –  | 82,664                              | 0.07                             | –  | 0.00                                     |
| 104     | Mr A M Srinivasan   | 120                                       | 0.00                             | –  | 120                                 | 0.00                             | –  | 0.00                                     |
| 105     | Mr Vishnu Vijayaraghavan  | 75,984                                    | 0.07                             | –  | 75,984                              | 0.07                             | –  | 0.00                                     |
| 106     | Mrs Lakshmi Vijayaraghavan  | 41,155                                    | 0.04                             | –  | 42,355                              | 0.04                             | –  | 0.00                                     |
| 107     | Mr Sharath Vijayaraghavan   | 1,74,844                                  | 0.16                             | –  | 1,74,844                            | 0.16                             | –  | 0.00                                     |
| 108     | Miss Gitanjali Jeevan Jose, Rep By M/G Mrs Divya Jeevan Jose            | 10,000                                    | 0.01                             | –  | 10,000                              | 0.01                             | –  | 0.00                                     |
| 109     | Master P Siddhartha Jeevan, Rep By M/G Mrs Divya Jeevan Jose            | 10,000                                    | 0.01                             | –  | 10,000                              | 0.01                             | –  | 0.00                                     |
| 110     | Mr N Krishnan & Mr Akshay Krishnan                                      | 3,000                                     | 0.00                             | –  | 3,000                               | 0.00                             | –  | 0.00                                     |
| 111     | Mr N Krishnan & Mr Ananth Krishnan                                      | 3,000                                     | 0.00                             | –  | 3,000                               | 0.00                             | –  | 0.00                                     |
| 112     | Ms Veena Raghavan   | 75,000                                    | 0.07                             | –  | 75,000                              | 0.07                             | –  | 0.00                                     |
| 113     | Mr Shreen Raghavan (HUF)  | 5,115                                     | 0.00                             | –  | 5,115                               | 0.00                             | –  | 0.00                                     |
| 114     | Mrs S Hema  | 10,34,968                                 | 0.93                             | –  | 10,34,968                           | 0.93                             | –  | 0.00                                     |
| 115     | Mrs Kavitha Gorur Keshav & Mr T T Hayagreevan                           | 10,000                                    | 0.01                             | –  | 10,000                              | 0.01                             | –  | 0.00                                     |
| 116     | Miss Nakshatra Hayareevan (Minor)                                       | 10,000                                    | 0.01                             | –  | 10,000                              | 0.01                             | –  | 0.00                                     |
| 117     | Mr Shriram Vijayaraghavan (HUF)   | 0   | 0.00                             | –  | 1,05,000                            | 0.09                             | –  | 0.09                                     |
| 118     | Mrs Vijaya Rangarajan & Mr Santhanam Ram                                | 0   | 0.00                             | –  | 6,09,896                            | 0.55                             | –  | 0.55                                     |
|         | <b>Total</b>  | <b>4,00,51,535</b>                        | <b>36.05</b>                     | <b>–</b>   | <b>3,99,45,794</b>                  | <b>35.95</b>                     | <b>–</b>   | <b>-0.10</b>                             |

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

| Sl. No. | Name of the Promoters  | 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       | Mr Barath Rengarajan<br>At the beginning of the year                       | 5,00,200                                  | 0.45                             |   |                                  |
|         | Sale:<br>05th June 2017  | -20,000                                   | -0.02                            | 4,80,200                                | 0.43                             |
|         | 08th June 2017   | -11,941                                   | -0.01                            | 4,68,259                                | 0.42                             |
|         | At the end of the Year   |   |                                  | 4,68,259                                | 0.42                             |
| 2       | Mr. Ananth Krishnan<br>At the beginning of the year                        | 2,03,300                                  | 0.18                             |   |                                  |
|         | Inter-se Transfer - 7th April 2017   | -3,000                                    | -0.00                            | 2,00,300                                | 0.18                             |
|         | At the end of the Year   |   |                                  | 2,00,300                                | 0.18                             |
| 3       | Mr Akshay Krishnan<br>At the beginning of the year                         | 1,97,300                                  | 0.18                             |   |                                  |
|         | Inter-se Transfer - 07th April 2017  | 3,000                                     | 0.00                             | 2,00,300                                | 0.18                             |
|         | At the end of the Year   |   |                                  | 2,00,300                                | 0.18                             |
| 4       | Mr Shreen Raghavan<br>At the beginning of the year                         | 1,24,892                                  | 0.11                             |   |                                  |
|         | Sale:<br>08th May 2017   | -21,228                                   | -0.02                            | 1,03,664                                | 0.09                             |
|         | 09th May 2017  | -8,772                                    | -0.01                            | 94,892                                  | 0.08                             |
|         | At the end of the Year   |   |                                  | 94,892                                  | 0.08                             |
| 5       | Mrs. Usha Raghavan<br>At the beginning of the year                         | 6,34,992                                  | 0.57                             |   |                                  |
|         | Sale:<br>02nd June 2017  | -27,494                                   | -0.02                            | 6,07,498                                | 0.55                             |
|         | 05th June 2017   | -9,764                                    | -0.01                            | 5,97,734                                | 0.54                             |
|         | 06th June 2017   | -2,742                                    | -0.00                            | 5,94,992                                | 0.54                             |
|         | 07th June 2017   | -5,000                                    | -0.01                            | 5,89,992                                | 0.53                             |
|         | At the end of the Year   |   |                                  | 5,89,992                                | 0.53                             |
| 6       | Mrs Lakshmi Vijayaraghavan<br>At the beginning of the year                 | 41,155                                    | 0.04                             |   |                                  |
|         | Purchase - 26th February 2018  | 1,200                                     | 0.00                             | 42,355                                  | 0.04                             |
|         | At the end of the Year   |   |                                  | 42,355                                  | 0.04                             |
| 7       | Mr Sharath Vijayaraghavan (HUF)<br>At the beginning of the year            | 3,14,000                                  | 0.28                             |   |                                  |
|         | Inter-se Transfer - 12th January 2018                                      | -1,05,000                                 | -0.09                            | 2,09,000                                | 0.19                             |
|         | At the end of the Year   |   |                                  | 2,09,000                                | 0.19                             |
| 8       | Mr Shriram Vijayaraghavan (HUF)<br>At the beginning of the year            | -   | -                                |   |                                  |
|         | Inter-se Transfer - 12th January 2018                                      | 1,05,000                                  | 0.09                             | 1,05,000                                | 0.09                             |
|         | At the end of the Year   |   |                                  | 1,05,000                                | 0.09                             |
| 9       | Ms. Anupama Lakshmi Rangarajan<br>At the beginning of the year             | 6,09,896                                  | 0.55                             |   |                                  |
|         | Inter-se Transfer - 19th February 2018                                     | -6,09,896                                 | -0.55                            | -                                       | -                                |
|         | At the end of the Year   |   |                                  | -                                       | -                                |
| 10      | Mrs. Vijaya Rangarajan & Mr. Santhanam Ram<br>At the beginning of the year | -   | -                                |   |                                  |
|         | Inter-se Transfer - 19th February 2018                                     | 6,09,896                                  | 0.55                             | 6,09,896                                | 0.55                             |
|         | At the end of the Year   |   |                                  | 6,09,896                                | 0.55                             |



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

| Sl. No. | Shareholder's Name   | 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       | Axis Mutual Fund Trustee Limited A/C<br>Axis Mutual Fund A/C |   |                                  |   |                                  |
|         | At the beginning of the year                                 | 28,62,643                                 | 2.58                             |   |                                  |
|         | Purchase:  |   |                                  |   |                                  |
|         | 07 April 2017  | 2,605                                     | 0.00                             | 28,65,248                               | 2.58                             |
|         | Sale:  |   |                                  |   |                                  |
|         | 07 April 2017  | -20,000                                   | -0.02                            | 28,45,248                               | 2.56                             |
|         | Purchase:  |   |                                  |   |                                  |
|         | 14 April 2017  | 1,05,000                                  | 0.09                             | 29,50,248                               | 2.66                             |
|         | Sale:  |   |                                  |   |                                  |
|         | 14 April 2017  | -23,236                                   | -0.02                            | 29,27,012                               | 2.63                             |
|         | Purchase:  |   |                                  |   |                                  |
|         | 21 April 2017  | 22,268                                    | 0.02                             | 29,49,280                               | 2.65                             |
|         | Sale:  |   |                                  |   |                                  |
|         | 21 April 2017  | -1,395                                    | 0.00                             | 29,47,885                               | 2.65                             |
|         | 28 April 2017  | -10,000                                   | -0.01                            | 29,37,885                               | 2.64                             |
|         | 28 April 2017  | -25,000                                   | -0.02                            | 29,12,885                               | 2.62                             |
|         | 12 May 2017  | -25,000                                   | -0.02                            | 28,87,885                               | 2.60                             |
|         | 26 May 2017  | -20,000                                   | -0.02                            | 28,67,885                               | 2.58                             |
|         | Purchase:  |   |                                  |   |                                  |
|         | 26 May 2017  | 46,088                                    | 0.04                             | 29,13,973                               | 2.62                             |
|         | 02 June 2017   | 34,985                                    | 0.03                             | 29,48,958                               | 2.65                             |
|         | 09 June 2017   | 20,015                                    | 0.02                             | 29,68,973                               | 2.67                             |
|         | 16 June 2017   | 60,000                                    | 0.05                             | 30,28,973                               | 2.73                             |
|         | Sale:  |   |                                  |   |                                  |
|         | 16 June 2017   | -60,000                                   | -0.05                            | 29,68,973                               | 2.67                             |
|         | Purchase:  |   |                                  |   |                                  |
|         | 23 June 2017   | 63,000                                    | 0.06                             | 30,31,973                               | 2.73                             |
|         | Sale:  |   |                                  |   |                                  |
|         | 23 June 2017   | -63,000                                   | -0.06                            | 29,68,973                               | 2.67                             |
|         | Purchase:  |   |                                  |   |                                  |
|         | 05 July 2017   | 35,000                                    | 0.03                             | 30,03,973                               | 2.70                             |
|         | Sale:  |   |                                  |   |                                  |
|         | 07 July 2017   | -6,550                                    | -0.01                            | 29,97,423                               | 2.70                             |
|         | Purchase:  |   |                                  |   |                                  |
|         | 14 July 2017   | 15,000                                    | 0.01                             | 30,12,423                               | 2.71                             |
|         | Sale:  |   |                                  |   |                                  |
|         | 21 July 2017   | -1,89,522                                 | -0.17                            | 28,22,901                               | 2.54                             |
|         | 28 July 2017   | -90,000                                   | -0.08                            | 27,32,901                               | 2.46                             |

| Sl. No. | Shareholder's Name     | 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 |
|         | Purchase:              |   |                                  |   |                                  |
|         | 28 July 2017           | 60,000                                    | 0.05                             | 27,92,901                               | 2.51                             |
|         | Sale:                  |   |                                  |   |                                  |
|         | 04 August 2017         | -67,500                                   | -0.06                            | 27,25,401                               | 2.45                             |
|         | Purchase:              |   |                                  |   |                                  |
|         | 04 August 2017         | 1,10,000                                  | 0.10                             | 28,35,401                               | 2.55                             |
|         | 11 August 2017         | 59,000                                    | 0.05                             | 28,94,401                               | 2.61                             |
|         | Sale:                  |   |                                  |   |                                  |
|         | 18 August 2017         | -10,309                                   | -0.01                            | 28,84,092                               | 2.60                             |
|         | Purchase:              |   |                                  |   |                                  |
|         | 18 August 2017         | 20,000                                    | 0.02                             | 29,04,092                               | 2.61                             |
|         | 08 September 2017      | 47,605                                    | 0.04                             | 29,51,697                               | 2.66                             |
|         | Sale:                  |   |                                  |   |                                  |
|         | 08 September 2017      | -263                                      | 0.00                             | 29,51,434                               | 2.66                             |
|         | Purchase:              |   |                                  |   |                                  |
|         | 15 September 2017      | 2,000                                     | 0.00                             | 29,53,434                               | 2.66                             |
|         | 29 September 2017      | 20,000                                    | 0.02                             | 29,73,434                               | 2.68                             |
|         | 20 October 2017        | 25,000                                    | 0.02                             | 29,98,434                               | 2.70                             |
|         | 27 October 2017        | 25,000                                    | 0.02                             | 3023,434                                | 2.72                             |
|         | 03 November 2017       | 48,314                                    | 0.04                             | 30,71,748                               | 2.76                             |
|         | 10 November 2017       | 1,24,500                                  | 0.11                             | 31,96,248                               | 2.88                             |
|         | 17 November 2017       | 73,400                                    | 0.07                             | 32,69,648                               | 2.94                             |
|         | 24 November 2017       | 26,000                                    | 0.02                             | 32,95,648                               | 2.97                             |
|         | 08 December 2017       | 50,000                                    | 0.05                             | 33,45,648                               | 3.01                             |
|         | 22 December 2017       | 30,000                                    | 0.03                             | 33,75,648                               | 3.04                             |
|         | Sale:                  |   |                                  |   |                                  |
|         | 29 December 2017       | -540                                      | 0.00                             | 33,75,108                               | 3.04                             |
|         | Purchase:              |   |                                  |   |                                  |
|         | 05 January 2018        | 30,000                                    | 0.03                             | 34,05,108                               | 3.06                             |
|         | 12 January 2018        | 75,000                                    | 0.07                             | 34,80,108                               | 3.13                             |
|         | 19 January 2018        | 1,00,000                                  | 0.09                             | 35,80,108                               | 3.22                             |
|         | 25 January 2018        | 1,00,000                                  | 0.09                             | 36,80,108                               | 3.31                             |
|         | Sale:                  |   |                                  |   |                                  |
|         | 25 January 2018        | -1,347                                    | 0.00                             | 36,78,761                               | 3.31                             |
|         | 02 February 2018       | -4,337                                    | 0.00                             | 36,74,424                               | 3.31                             |
|         | 16 February 2018       | -1,00,000                                 | -0.09                            | 35,74,424                               | 3.22                             |
|         | Purchase:              |   |                                  |   |                                  |
|         | 02 March 2018          | 3,40,000                                  | 0.31                             | 39,14,424                               | 3.52                             |
|         | 09 March 2018          | 1,75,000                                  | 0.16                             | 40,89,424                               | 3.68                             |
|         | Sale:                  |   |                                  |   |                                  |
|         | 16 March 2018          | -36,983                                   | -0.03                            | 40,52,441                               | 3.65                             |
|         | 30 March 2018          | -24,753                                   | -0.02                            | 40,27,688                               | 3.63                             |
|         | At the end of the Year |   |                                  | 40,27,688                               | 3.63                             |

| Sl. No.          | Shareholder's Name                      | 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 |
| 2                | India Motor Parts & Accessories Limited |   |                                  |   |                                  |
|                  | At the beginning of the year            | 28,53,600                                 | 2.57                             |   |                                  |
|                  | Date wise Increase / Decrease           | –   | –                                |   |                                  |
|                  | At the end of the Year                  | 28,53,600                                 | 2.57                             |   |                                  |
| 3                | Bright Star Investments Pvt. Ltd.       |   |                                  |   |                                  |
|                  | At the beginning of the year            | 26,30,434                                 | 2.37                             |   |                                  |
|                  | Date wise Increase / Decrease           | –   | –                                |   |                                  |
|                  | At the end of the Year                  | 26,30,434                                 | 2.37                             |   |                                  |
| 4                | ICICI Prudential Mutual Fund            |   |                                  |   |                                  |
|                  | At the beginning of the year            | 34,54,788                                 | 3.11                             |   |                                  |
|                  | Sale:                                   |   |                                  |   |                                  |
|                  | 07 April 2017                           | -28,281                                   | -0.03                            | 34,26,507                               | 3.08                             |
|                  | 14 April 2017                           | -17,263                                   | -0.02                            | 34,09,244                               | 3.07                             |
|                  | 28 April 2017                           | -11,731                                   | -0.01                            | 33,97,513                               | 3.06                             |
|                  | Purchase:                               |   |                                  |   |                                  |
|                  | 23 June 2017                            | 51,866                                    | 0.05                             | 34,49,379                               | 3.10                             |
|                  | 30 June 2017                            | 11,620                                    | 0.01                             | 34,60,999                               | 3.12                             |
|                  | 05 July 2017                            | 26  | 0.00                             | 34,61,025                               | 3.12                             |
|                  | Sale:                                   |   |                                  |   |                                  |
|                  | 14 July 2017                            | -12,373                                   | -0.01                            | 34,48,652                               | 3.10                             |
|                  | 28 July 2017                            | -3,170                                    | 0.00                             | 34,45,482                               | 3.10                             |
|                  | 11 August 2017                          | -1,07,827                                 | -0.10                            | 33,37,655                               | 3.00                             |
|                  | Purchase:                               |   |                                  |   |                                  |
|                  | 18 August 2017                          | 8,787                                     | 0.01                             | 33,46,442                               | 3.01                             |
|                  | Sale:                                   |   |                                  |   |                                  |
|                  | 25 August 2017                          | -1,315                                    | 0.00                             | 33,45,127                               | 3.01                             |
|                  | 01 September 2017                       | -71,918                                   | -0.06                            | 32,73,209                               | 2.95                             |
|                  | 08 September 2017                       | -96,924                                   | -0.09                            | 31,76,285                               | 2.86                             |
|                  | 15 September 2017                       | -6,900                                    | -0.01                            | 31,69,385                               | 2.85                             |
|                  | Purchase:                               |   |                                  |   |                                  |
|                  | 15 September 2017                       | 10,913                                    | 0.01                             | 31,80,298                               | 2.86                             |
|                  | Sale:                                   |   |                                  |   |                                  |
|                  | 22 September 2017                       | -14,507                                   | -0.01                            | 31,65,791                               | 2.85                             |
|                  | 29 September 2017                       | -36,240                                   | -0.03                            | 31,29,551                               | 2.82                             |
|                  | 06 October 2017                         | -10,560                                   | -0.01                            | 31,18,991                               | 2.81                             |
| 13 October 2017  | -11,621                                 | -0.01                                     | 31,07,370                        | 2.80                                    |                                  |
| 20 October 2017  | -6,602                                  | -0.01                                     | 31,00,768                        | 2.79                                    |                                  |
| 27 October 2017  | -18,671                                 | -0.02                                     | 30,82,097                        | 2.77                                    |                                  |
| Purchase:        |   |   |                                  |   |                                  |
| 03 November 2017 | 33,221                                  | 0.03                                      | 31,15,318                        | 2.80                                    |                                  |
| Sale:            |   |   |                                  |   |                                  |
| 03 November 2017 | -22,695                                 | -0.02                                     | 30,92,623                        | 2.78                                    |                                  |

| Sl. No. | Shareholder's Name           | 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 |
|         | Purchase:                    |   |                                  |   |                                  |
|         | 10 November 2017             | 47,039                                    | 0.04                             | 31,39,662                               | 2.83                             |
|         | 17 November 2017             | 2,500                                     | 0.00                             | 31,42,162                               | 2.83                             |
|         | Sale:                        |   |                                  |   |                                  |
|         | 01 December 2017             | -550                                      | 0.00                             | 31,41,612                               | 2.83                             |
|         | 08 December 2017             | -470                                      | 0.00                             | 31,41,142                               | 2.83                             |
|         | Purchase:                    |   |                                  |   |                                  |
|         | 08 December 2017             | 84,436                                    | 0.08                             | 32,25,578                               | 2.90                             |
|         | Sale:                        |   |                                  |   |                                  |
|         | 15 December 2017             | -3,736                                    | 0.00                             | 32,21,842                               | 2.90                             |
|         | 22 December 2017             | -5,128                                    | 0.00                             | 32,16,714                               | 2.90                             |
|         | 12 January 2018              | -26,726                                   | -0.02                            | 31,89,988                               | 2.87                             |
|         | 19 January 2018              | -60,903                                   | -0.05                            | 31,29,085                               | 2.82                             |
|         | 25 January 2018              | -36,682                                   | -0.03                            | 30,92,403                               | 2.78                             |
|         | 09 February 2018             | -3,087                                    | 0.00                             | 30,89,316                               | 2.78                             |
|         | 16 February 2018             | -63,630                                   | -0.06                            | 30,25,686                               | 2.72                             |
|         | 23 February 2018             | -36,562                                   | -0.03                            | 29,89,124                               | 2.69                             |
|         | 02 March 2018                | -4,27,704                                 | -0.38                            | 25,61,420                               | 2.31                             |
|         | 09 March 2018                | -9,193                                    | -0.01                            | 25,52,227                               | 2.30                             |
|         | 16 March 2018                | -1,239                                    | 0.00                             | 25,50,988                               | 2.30                             |
|         | At the end of the Year       |   |                                  | 25,50,988                               | 2.30                             |
| 5       | SBI Magnum Fund              |   |                                  |   |                                  |
|         | At the beginning of the year | 24,90,000                                 | 2.24                             |   |                                  |
|         | Sale:                        |   |                                  |   |                                  |
|         | 14 April 2017                | -9,373                                    | -0.01                            | 24,80,627                               | 2.23                             |
|         | 21 April 2017                | -51,302                                   | -0.05                            | 24,29,325                               | 2.19                             |
|         | 28 April 2017                | -26,856                                   | -0.02                            | 24,02,469                               | 2.16                             |
|         | 05 May 2017                  | -20,701                                   | -0.02                            | 23,81,768                               | 2.14                             |
|         | 09 June 2017                 | -56,359                                   | -0.05                            | 23,25,409                               | 2.09                             |
|         | 16 June 2017                 | -61,230                                   | -0.06                            | 22,64,179                               | 2.04                             |
|         | 23 June 2017                 | -64,179                                   | -0.06                            | 22,00,000                               | 1.98                             |
|         | 13 October 2017              | -20,000                                   | -0.02                            | 21,80,000                               | 1.96                             |
|         | 20 October 2017              | -16,576                                   | -0.01                            | 21,63,424                               | 1.95                             |
|         | 27 October 2017              | -28,981                                   | -0.03                            | 21,34,443                               | 1.92                             |
|         | 31 October 2017              | -44,443                                   | -0.04                            | 20,90,000                               | 1.88                             |
|         | 10 November 2017             | -64,443                                   | -0.06                            | 20,25,557                               | 1.82                             |
|         | Purchase:                    |   |                                  |   |                                  |
|         | 08 December 2017             | 35,924                                    | 0.03                             | 20,61,481                               | 1.86                             |
|         | Sale:                        |   |                                  |   |                                  |
|         | 15 December 2017             | -35,924                                   | -0.03                            | 20,25,557                               | 1.82                             |
|         | 22 December 2017             | -85,924                                   | -0.08                            | 19,39,633                               | 1.75                             |
|         | 29 December 2017             | -30,000                                   | -0.03                            | 19,09,633                               | 1.72                             |
|         | 02 March 2018                | -1,14,429                                 | -0.10                            | 17,95,204                               | 1.62                             |
|         | At the end of the Year       |   |                                  | 17,95,204                               | 1.62                             |

| Sl. No.           | Shareholder's Name  | 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 |
| 6                 | United India Insurance Company Ltd.   |   |                                  |   |                                  |
|                   | At the beginning of the year  | 15,69,561                                 | 1.41                             |   |                                  |
|                   | Date wise Increase / Decrease   | –   | –                                |   |                                  |
|                   | At the end of the Year  |   |                                  | 15,69,561                               | 1.41                             |
| 7                 | Pari Washington Company Pvt. Ltd. A/c. Pari Washington India Master Fund Ltd. |   |                                  |   |                                  |
|                   | At the beginning of the year  | 11,27,296                                 | 1.01                             |   |                                  |
|                   | Date wise Increase / Decrease   | –   | –                                |   |                                  |
|                   | At the end of the Year  |   |                                  | 11,27,296                               | 1.01                             |
| 8                 | HDFC Standard Life Insurance Company Limited                                  |   |                                  |   |                                  |
|                   | At the beginning of the year  | 7,10,222                                  | 0.64                             |   |                                  |
|                   | Purchase:   |   |                                  |   |                                  |
|                   | 07 April 2017   | 25,150                                    | 0.02                             | 7,35,372                                | 0.66                             |
|                   | Sale:   |   |                                  |   |                                  |
|                   | 14 April 2017   | -9,639                                    | -0.01                            | 7,25,733                                | 0.65                             |
|                   | Purchase:   |   |                                  |   |                                  |
|                   | 21 April 2017   | 101                                       | 0.00                             | 7,25,834                                | 0.65                             |
|                   | 28 April 2017   | 33,200                                    | 0.03                             | 7,59,034                                | 0.68                             |
|                   | 05 May 2017   | 20,000                                    | 0.02                             | 7,79,034                                | 0.70                             |
|                   | 12 May 2017   | 40,050                                    | 0.04                             | 8,19,084                                | 0.74                             |
|                   | 19 May 2017   | 7,783                                     | 0.01                             | 8,26,867                                | 0.74                             |
|                   | Sale:   |   |                                  |   |                                  |
|                   | 26 May 2017   | -8,26,867                                 | -0.74                            | –                                       | –                                |
|                   | Purchase:   |   |                                  |   |                                  |
|                   | 26 May 2017   | 8,28,526                                  | 0.75                             | 8,28,526                                | 0.75                             |
|                   | 02 June 2017  | 5,369                                     | 0.00                             | 8,33,895                                | 0.75                             |
|                   | Sale:   |   |                                  |   |                                  |
|                   | 09 June 2017  | -2,100                                    | 0.00                             | 8,31,795                                | 0.75                             |
|                   | 14 July 2017  | -22                                       | 0.00                             | 8,31,773                                | 0.75                             |
|                   | 21 July 2017  | -250                                      | 0.00                             | 8,31,523                                | 0.75                             |
|                   | Purchase:   |   |                                  |   |                                  |
| 21 July 2017      | 485   | 0.00                                      | 8,32,008                         | 0.75                                    |                                  |
| Sale:             |   |   |                                  |   |                                  |
| 04 August 2017    | -100  | 0.00                                      | 8,31,908                         | 0.75                                    |                                  |
| Purchase:         |   |   |                                  |   |                                  |
| 25 August 2017    | 700   | 0.00                                      | 8,32,608                         | 0.75                                    |                                  |
| 01 September 2017 | 1,950   | 0.00                                      | 8,34,558                         | 0.75                                    |                                  |
| 08 September 2017 | 22,100  | 0.02                                      | 8,56,658                         | 0.77                                    |                                  |
| Sale:             |   |   |                                  |   |                                  |
| 15 September 2017 | -849  | 0.00                                      | 8,55,809                         | 0.77                                    |                                  |
| Purchase:         |   |   |                                  |   |                                  |
| 22 September 2017 | 7,261   | 0.01                                      | 8,63,070                         | 0.78                                    |                                  |

| Sl. No. | Shareholder's Name   | 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 |
|         | Sale:<br>29 September 2017   | -161                                      | 0.00                             | 8,62,909                                | 0.78                             |
|         | Purchase:<br>06 October 2017   | 5,000                                     | 0.00                             | 8,67,909                                | 0.78                             |
|         | Sale:<br>27 October 2017   | -13                                       | 0.00                             | 8,67,896                                | 0.78                             |
|         | Purchase:<br>03 November 2017  | 14,110                                    | 0.01                             | 8,82,006                                | 0.79                             |
|         | 10 November 2017   | 410                                       | 0.00                             | 8,82,416                                | 0.79                             |
|         | Sale:<br>01 December 2017  | -11                                       | 0.00                             | 8,82,405                                | 0.79                             |
|         | Purchase:<br>08 December 2017  | 2,187                                     | 0.00                             | 8,84,592                                | 0.80                             |
|         | 22 December 2017   | 22,627                                    | 0.02                             | 9,07,219                                | 0.82                             |
|         | 29 December 2017   | 29,989                                    | 0.03                             | 9,37,208                                | 0.84                             |
|         | 05 January 2018  | 676                                       | 0.00                             | 9,37,884                                | 0.84                             |
|         | Sale:<br>19 January 2018   | -18,092                                   | -0.02                            | 9,19,792                                | 0.83                             |
|         | 25 January 2018  | -5,218                                    | 0.00                             | 9,14,574                                | 0.82                             |
|         | Purchase:<br>02 February 2018  | 18,099                                    | 0.02                             | 9,32,673                                | 0.84                             |
|         | 09 February 2018   | 3,103                                     | 0.00                             | 9,35,776                                | 0.84                             |
|         | 16 February 2018   | 37,284                                    | 0.03                             | 9,73,060                                | 0.88                             |
|         | 23 February 2018   | 34,613                                    | 0.03                             | 10,07,673                               | 0.91                             |
|         | 02 March 2018  | 267                                       | 0.00                             | 10,07,940                               | 0.91                             |
|         | 09 March 2018  | 3,860                                     | 0.00                             | 10,11,800                               | 0.91                             |
|         | 16 March 2018  | 20,869                                    | 0.02                             | 10,32,669                               | 0.93                             |
|         | 23 March 2018  | 49,993                                    | 0.04                             | 10,82,662                               | 0.97                             |
|         | At the end of the Year   |   |                                  | 10,82,662                               | 0.97                             |
| 9       | Sundaram Finance Employees Welfare Trust<br>At the beginning of the year | 9,93,910                                  | 0.89                             |   |                                  |
|         | Transfer:<br>30 June 2017  | -14,400                                   | -0.01                            | 9,79,510                                | 0.88                             |
|         | At the end of the Year   |   |                                  | 9,79,510                                | 0.88                             |
| 10      | EAST SAIL<br>At the beginning of the year                                | 7,73,898                                  | 0.70                             |   |                                  |
|         | Date wise Increase / Decrease  | -   | -                                |   | 0.00                             |
|         | At the end of the Year   |   |                                  | 7,73,898                                | 0.70                             |

**(v) Shareholding of Directors and Key Managerial Personnel:**

| 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 Viji  |   |                                  |   |                                  |
|                                  | At the beginning of the year                            |   |                                  |   |                                  |
|                                  | (i) held individually                                   | 9,09,780                                  | 0.82                             |   |                                  |
|                                  | (ii) held as Karta of HUF                               | 4,79,912                                  | 0.43                             |   |                                  |
|                                  | (iii) held jointly with others                          | 8,684                                     | 0.01                             |   |                                  |
|                                  | Date wise Increase / Decrease                           | –   | –                                |   |                                  |
|                                  | At the end of the Year                                  |   |                                  |   |                                  |
| (i) held individually            |   |   | 9,09,780                         | 0.82                                    |                                  |
| (ii) held as Karta of HUF        |   |   | 4,79,912                         | 0.43                                    |                                  |
| (iii) held jointly with others   |   |   | 8,684                            | 0.01                                    |                                  |
| 2                                | Sri S Ram   |   |                                  |   |                                  |
|                                  | At the beginning of the year                            |   |                                  |   |                                  |
|                                  | (i) held individually                                   | 5,06,788                                  | 0.46                             |   |                                  |
|                                  | (ii) held as Executor / Trustee*                        | 12,25,160                                 | 1.10                             |   |                                  |
|                                  | Date wise Increase / Decrease                           | –   | –                                |   |                                  |
|                                  | Interse transfer - 23rd February 2018                   | 6,09,896                                  | 0.55                             |   |                                  |
|                                  | At the end of the Year                                  |   |                                  |   |                                  |
| (i) held individually            |   |   | 5,06,788                         | 0.46                                    |                                  |
| (ii) held jointly with others    |   |   | 6,09,896                         | 0.55                                    |                                  |
| (iii) held as Executor / Trustee |   |   | 12,25,160                        | 1.10                                    |                                  |
| 3                                | Sri N Venkataramani                                     |   |                                  |   |                                  |
|                                  | At the beginning of the year                            | –   | –                                |   |                                  |
|                                  | Date wise Increase / Decrease                           | –   | –                                |   |                                  |
| At the end of the Year           |   |   | –                                | –                                       |                                  |
| 4                                | Sri P N Venkatachalam                                   |   |                                  |   |                                  |
|                                  | At the beginning of the year                            | –   | –                                |   |                                  |
|                                  | Date wise Increase / Decrease                           | –   | –                                |   |                                  |
| At the end of the Year           |   |   | –                                | –                                       |                                  |
| 5                                | Sri S Mahalingam  |   |                                  |   |                                  |
|                                  | At the beginning of the year - held jointly with others | 3,200                                     | 0.00                             |   |                                  |
|                                  | Date wise Increase / Decrease                           | –   | –                                |   |                                  |
| At the end of the Year           |   |   | 3,200                            | 0.00                                    |                                  |
| 6                                | Sri S Prasad  |   |                                  |   |                                  |
|                                  | At the beginning of the year - held jointly with others | 12,600                                    | 0.01                             |   |                                  |
|                                  | Date wise Increase / Decrease                           | –   | –                                |   |                                  |
| At the end of the Year           |   |   | 12,600                           | 0.01                                    |                                  |
| 7                                | Sri S Ravindran   |   |                                  |   |                                  |
|                                  | At the beginning of the year                            |   |                                  |   |                                  |
|                                  | (i) held individually                                   | 3,89,920                                  | 0.35                             |   |                                  |
|                                  | (ii) held jointly with others                           | 2,26,720                                  | 0.20                             |   |                                  |
|                                  | Date wise Increase / Decrease                           | –   | –                                |   |                                  |
|                                  | Gift - 30th June 2017                                   | -1,41,098                                 | -0.12                            | 85,622                                  | 0.08                             |
|                                  | At the end of the Year                                  |   |                                  |   |                                  |
| (i) held individually            |   |   | 3,89,920                         | 0.35                                    |                                  |
| (ii) held jointly with others    |   |   | 85,622                           | 0.08                                    |                                  |

\* jointly with Sri S Viji as Trustees, Sri T S Santhanam Testamentary Trust

| 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 |
| 8       | Ms Shobhana Ramachandhran<br>At the beginning of the year<br>Date wise Increase / Decrease<br>At the end of the Year  | 3,44,720<br>–<br>–                        | 0.31<br>–<br>–                   | 3,44,720                                | 0.31                             |
| 9       | Sri Rajiv C Lochan<br>At the beginning of the year<br>Date wise Increase / Decrease<br>At the end of the Year   | –<br>–<br>–                               | –<br>–<br>–                      | –                                       | –                                |
| 10      | Sri T T Srinivasaraghavan, Managing Director<br>At the beginning of the year<br>(i) held as Karta of HUF<br>(ii) held jointly with others<br>(iii) held as Trustee<br>Date wise Increase / Decrease<br>At the end of the Year<br>(i) held as Karta of HUF<br>(ii) held jointly with others<br>(iii) held as Trustee | 1,23,192<br>3,26,376<br>1,10,000<br>–     | 0.11<br>0.29<br>0.10<br>–        | 1,23,192<br>3,26,376<br>1,10,000        | 0.11<br>0.29<br>0.10             |
| 11      | Sri Harsha Viji, Deputy Managing Director<br>At the beginning of the year<br>(i) held individually<br>(ii) held jointly with others<br>Date wise Increase / Decrease<br>At the end of the Year<br>(i) held individually<br>(ii) held jointly with others  | 13,66,068<br>3,156<br>–                   | 1.23<br>0.00<br>–                | 13,66,068<br>3,156                      | 1.23<br>0.00                     |
| 12      | Sri A N Raju, Director (Operations)<br>At the beginning of the year - held jointly with others<br>Exercise of ESOP -28th June 2017<br>At the end of the Year  | 28,028<br>2,000                           | 0.03<br>0.00                     | 30,028<br>30,028                        | 0.03<br>0.03                     |
| 13      | Sri M Ramaswamy, Chief Financial Officer<br>At the beginning of the year - held jointly with others<br>Exercise of ESOP -28th June 2017<br>At the end of the Year   | 23,902<br>2,000                           | 0.02<br>0.00                     | 25,902<br>25,902                        | 0.02<br>0.02                     |
| 14      | Sri P Viswanathan, Secretary & Compliance Officer<br>At the beginning of the year<br>(i) held individually<br>(ii) held jointly with others<br>Exercise of ESOP -28th June 2017<br>At the end of the Year<br>(i) held individually<br>(ii) held jointly with others   | 4,483<br>34,258<br>1,250                  | 0.01<br>0.03<br>0.00             | 39,991<br>4,483<br>35,508               | 0.04<br>0.01<br>0.03             |



**V. INDEBTEDNESS**

(₹ in lakhs)

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

| Particulars  | Secured Loans excluding deposits | Unsecured Loans * | Deposits          | Total Indebtedness |
|--|----------------------------------|-------------------|-------------------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                   |                   |                    |
| (i) Principal Amount                                       | 6782,08.88                       | 4717,67.16        | 2411,07.54        | 13910,83.58        |
| (ii) Interest due but not paid                             | –                                | –                 | –                 | –                  |
| (iii) Interest accrued but not due                         | 294,70.27                        | 42,86.96          | 118,76.69         | 456,33.92          |
| <b>Total (i + ii + iii)</b>                                | <b>7076,79.15</b>                | <b>4760,54.12</b> | <b>2529,84.23</b> | <b>14367,17.50</b> |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                   |                   |                    |
| Addition   | 8645,11.21                       | 16478,25.92       | 450,53.40         | 25573,90.53        |
| Reduction  | 4260,31.75                       | 17126,30.24       | 362,28.67         | 21748,90.66        |
| <b>Net Change</b>  | <b>4384,79.46</b>                | <b>-648,04.32</b> | <b>88,24.73</b>   | <b>3824,99.87</b>  |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                   |                   |                    |
| (i) Principal Amount                                       | 11166,88.33                      | 4069,62.84        | 2499,32.27        | 17735,83.44        |
| (ii) Interest due but not paid                             | –                                | –                 | –                 | –                  |
| (iii) Interest accrued but not due                         | 364,55.01                        | 74,84.73          | 117,67.72         | 557,07.46          |
| <b>Total (i + ii + iii)</b>                                | <b>11531,43.34</b>               | <b>4144,47.57</b> | <b>2616,99.99</b> | <b>18292,90.90</b> |

\* Unsecured Loans includes Commercial Paper and Subordinated Debentures

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and / or Manager:**

(₹ in lakhs)

| Sl. No. | Particulars of Remuneration  | Name of the MD/WTD/Manager                   |   |                                     | Total           |
|---------|--|--|---|-------------------------------------|-----------------|
|         |  | Sri T T Srinivasaraghavan, Managing Director | Sri Harsha Viji, Deputy Managing Director | Sri A N Raju, Director (Operations) |                 |
| 1       | Gross Salary   |  |   |                                     |                 |
|         | Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961 | 1,34.36                                      | 1,13.20                                   | 84.52                               | 332.08          |
|         | Value of perquisites u/s 17 (2) of the Income-tax Act, 1961                      | 3.07   | 1.94                                      | 0.98                                | 5.99            |
|         | Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961       | 0.00   | 0.00                                      | 0.00                                | 0.00            |
| 2       | Stock Option   | 0.00   | 0.00                                      | 31.06                               | 31.06           |
| 3       | Sweat Equity   | 0.00   | 0.00                                      | 0.00                                | 0.00            |
| 4       | Commission   | 3,25.00                                      | 2,25.00                                   | 1,10.00                             | 6,60.00         |
|         | - as % of profit   | 0.39   | 0.27                                      | 0.13                                | 0.80            |
|         | - others, specify  | 0.00   | 0.00                                      | 0.00                                | 0.00            |
| 5       | Contributions to Provident, Superannuation and Gratuity Funds                    | 13.30  | 9.88                                      | 9.06                                | 32.24           |
|         | <b>Total (A)</b>   | <b>4,75.73</b>                               | <b>3,50.02</b>                            | <b>2,35.62</b>                      | <b>10,61.37</b> |
|         | Ceiling as per the Act (10% of Net Profits)                                      |  |   |                                     | 82,62.17        |

**B. Remuneration to other Directors:**

(₹ in lakhs)

| Name of Directors  | Particulars of Remuneration                  |            |                        | Total          |
|--|--|------------|------------------------|----------------|
|  | Fee for attending board / committee meetings | Commission | Others, please specify |                |
| <b>Independent Directors:</b>                              |  |            |                        |                |
| Sri N Venkataramani  | 2.10   | 8.00       | –                      | 10.10          |
| Sri P N Venkatachalam                                      | 3.10   | 12.00      | –                      | 15.10          |
| Sri S Mahalingam   | 2.85   | 12.00      | –                      | 14.85          |
| Sri S Prasad   | 5.30   | 12.00      | –                      | 17.30          |
| Ms Shobhana Ramachandhran                                  | 4.80   | 12.00      | –                      | 16.80          |
| Sri Rajiv C Lochan   | 2.60   | 12.00      | –                      | 14.60          |
| Total (1)  |  |            |                        | 88.75          |
| <b>Other Non-Executive Directors:</b>                      |  |            |                        |                |
| Sri S Viji   | 2.50   | 8.00       | –                      | 10.50          |
| Sri S Ram  | 2.50   | 8.00       | –                      | 10.50          |
| Sri S Ravindran  | 5.20   | 12.00      | –                      | 17.20          |
| Total (2)  |  |            |                        | 38.20          |
| <b>Total B = (1)+(2)</b>                                   |  |            |                        | <b>126.95</b>  |
| <b>Total Managerial Remuneration (A)+(B)</b>               |  |            |                        | <b>1188.32</b> |
| <b>Overall Ceiling as per the Act (11% of Net Profits)</b> |  |            |                        | <b>9088.38</b> |

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

(₹ in lakhs)

| Sl. No. | Particulars of Remuneration  | Sri M Ramaswamy, CFO | Sri P Viswanathan, Company Secretary | Total         |
|---------|--|----------------------|--------------------------------------|---------------|
| 1       | Gross Salary   |                      |                                      |               |
|         | Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961 | 64.91                | 50.19                                | 115.10        |
|         | Value of perquisites u/s 17 (2) of the Income-tax Act, 1961                      | 1.06                 | 0.43                                 | 1.49          |
|         | Profits in lieu of salary under Section 17 (3) of the Income-tax Act, 1961       | –                    | –                                    | –             |
| 2       | Stock Option   | 31.06                | 19.41                                | 50.47         |
| 3       | Sweat Equity   | –                    | –                                    | –             |
| 4       | Commission   | 60.00                | 20.00                                | 80.00         |
|         | - as % of profit   | NA                   | NA                                   | NA            |
|         | - others, specify  | –                    | –                                    | –             |
| 5       | Contributions to Provident, Superannuation and Gratuity Funds                    | 7.05                 | 5.68                                 | 12.73         |
|         | <b>Total</b>   | 164.08               | 95.71                                | <b>259.79</b> |

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

There were no penalties /punishment / compounding of offences against Company, Directors and Other Officers in Default for the year ended 31st March 2018.

## Financial Highlights

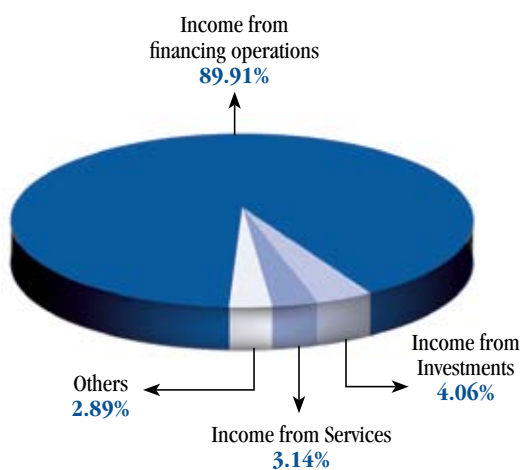
(₹ in Cr.)

| Year    | Paid-up Capital | Reserves             | Deposits | Borrowings | Total Receivables | PBDT   | PAT    | Dividend % | Dividend Amount |
|---------|-----------------|----------------------|----------|------------|-------------------|--------|--------|------------|-----------------|
| 1954    | 0.02            |                      | 0.10     | 0.10       | 0.10              |        |        |            |                 |
| 1972    | 1.00            | 0.58                 | 8.35     | 8.37       | 9.86              | 0.73   | 0.30   | 16.00      | 0.16            |
| 1976    | 1.50            | 0.99                 | 13.57    | 14.44      | 19.87             | 1.78   | 0.67   | 16.00      | 0.24            |
| 1978    | 2.00            | 1.37                 | 14.65    | 19.47      | 27.18             | 2.01   | 0.77   | 18.00      | 0.36            |
| 1982    | 3.00            | 3.00                 | 45.20    | 58.42      | 76.60             | 4.28   | 1.58   | 20.00      | 0.60            |
| 1986    | 6.00            | 6.59                 | 104.10   | 125.60     | 184.66            | 10.35  | 2.67   | 16.00      | 0.96            |
| 1990-91 | 12.00           | 30.24                | 201.02   | 334.29     | 483.21            | 34.69  | 12.01  | 25.00      | 3.00            |
| 1995-96 | 24.00           | 204.31               | 550.44   | 1138.69    | 1637.05           | 127.50 | 64.92  | 35.00      | 8.40            |
| 2004-05 | 27.78           | 655.22               | 740.25   | 3806.38    | 4488.30           | 144.55 | 75.99  | 75.00      | 21.87           |
| 2008-09 | 55.55           | 1097.12              | 940.06   | 6275.77    | 9203.53           | 257.47 | 150.73 | 65.00      | 36.11           |
| 2012-13 | 111.10          | 1974.72              | 1476.99  | 11487.36   | 17644.58          | 674.11 | 410.11 | 90.00      | 99.99           |
| 2013-14 | 111.10          | 2292.97              | 1665.57  | 11796.47   | 18157.83          | 738.91 | 442.51 | 100.00     | 111.10          |
| 2014-15 | 111.10          | 2865.66 <sup>#</sup> | 1924.72  | 12553.00   | 18733.73          | 742.49 | 454.14 | 105.00     | 116.66          |
| 2015-16 | 111.10          | 3199.73              | 2246.27  | 12620.15   | 20698.88          | 767.43 | 477.28 | 110.00     | 122.21          |
| 2016-17 | 111.10          | 3632.86              | 2411.08  | 13910.84   | 24034.85          | 802.23 | 495.35 | 115.00     | 127.77          |
| 2017-18 | 111.10          | 3857.44              | 2499.32  | 17735.83   | 28647.92          | 870.40 | 532.95 | 120.00     | 133.32          |

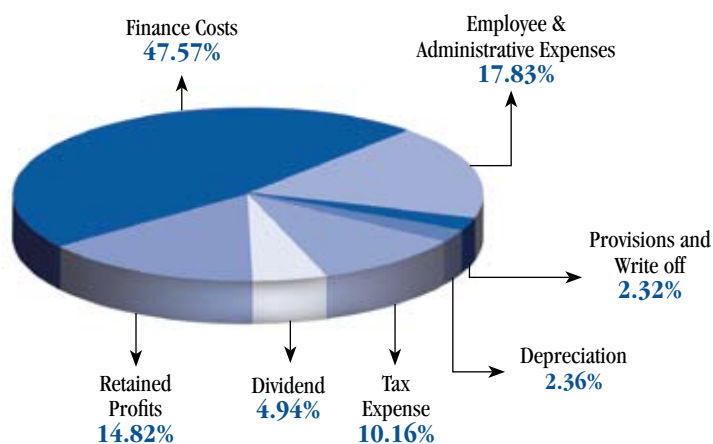
# includes net proceeds from SFL Shares Trust of ₹256.56 cr.

### Sources and Distribution of Income (2017-18) ₹ 2696.34 Cr.

#### SOURCES



#### DISTRIBUTION



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# Independent Auditors' Report

## to the Members of Sundaram Finance Limited

### 1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Sundaram Finance Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, 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 Standalone 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 standalone 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 standalone 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 standalone financial statements.

### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2018;

- 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 standalone 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 legal proceedings against it in its financial statements as mentioned in Note 26.06 of the Notes to the Accounts;
- ii. based on the current assessment of the long term contracts, in the ordinary course of business, the company has made adequate provision for losses where required, as explained in Note 26.11 of the Notes to the Accounts. The derivative contracts being in the nature of hedge contracts, the company does not anticipate any material losses from the same.
- iii. during the year, there has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund.

For **Sundaram & Srinivasan**,  
Chartered Accountants  
Firm Registration No. 004207S

**K.Srinivasan**  
Partner

Place: Chennai  
Date : 25th May 2018

Membership No. 005809

## “Annexure A” to the Auditors’ Report Referred to in Paragraph 5 of Our Report of Even Date

- i. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the Management during the year, in accordance with an annual plan of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- c) The title deeds of immovable properties are held in the name of the Company.
- ii. The Company has granted secured loans to two parties and unsecured loan to one party covered in the register maintained under Section 189 of the Act.
- a) The terms and conditions of the grant of such loans are not prejudicial to company’s interest;
- b) The repayment of principal and payment of interest has been stipulated and the repayments and receipts are regular;
- c) The amounts are not overdue.
- iii. 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 Companies Act, 2013 respectively.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the directions issued by the Reserve Bank of India and the provisions of Section 73 to 76 of the Act, and any other relevant provisions of the Act and the rules framed thereunder with regard to the deposits accepted from the public.
- v. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
- vi. a) In our opinion and according to the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, sales tax, Service tax, value added tax, cess, Goods and Service tax 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 2018 for a period of more than six months from the date they became payable.
- b) According to the records of the Company and the information and explanations given to us, the details of disputed value added tax and service tax not deposited are as follows:

| Nature of dues  | Amount (₹ Lakhs) | Period to which the amount relates | Forum where the dispute is pending      |
|-----------------|------------------|------------------------------------|---|
| Value added tax | 132.01           | 1993-94 to 2013-14                 | Assistant / Deputy / Joint Commissioner |
|                 | 31.16            | 1995-96 to 2011-12                 | Tribunal                                |
|                 | 599.48           | 1998-99 to 2004-05                 | High Court                              |
| Service tax     | 5.99             | 2013-14 to 2014-15                 | Commissioner – Appeals                  |
|                 | 9064.47          | 2005-06 to 2014-15                 | CESTAT                                  |

- vii. The Company has not defaulted in the repayment of dues to financial institutions, banks, government or debenture holders.
- viii. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and

- the term loans were applied for the purposes for which the loans were obtained.
- ix. 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 material fraud on the Company by its officers or employees were noticed or reported during the course of our audit.
- x. The Company has paid/provided for managerial remuneration within the limits of Section 197 read with Schedule V to the Act.
- xi. 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.
- xii. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xiii. 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.
- xiv. The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration.
- xv. 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 clauses (ii) (regarding inventory) and (xii) (regarding Nidhi Company) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year.

For **Sundaram & Srinivasan**,  
Chartered Accountants  
Firm Registration No. 004207S

**K.Srinivasan**  
Partner

Place: Chennai  
Date : 25th May 2018

Membership No. 005809



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## “Annexure B” to the Independent Auditors’ Report

### **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 Limited, Chennai (“the Company”) as at 31st March, 2018 in conjunction with our audit of the standalone financial statements of the Company for the period ended on that date.

### **Management’s Responsibility for Internal Financial Controls with reference to Financial Statements**

The Company’s Management is responsible for establishing and maintaining internal financial controls with reference to financial statements 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 with reference to financial statements that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to financial statements 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 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 with reference to financial statements were 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 with reference to financial statements over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to financial statements included obtaining an understanding of internal financial controls over financial reporting with reference to financial statements, 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 judgement, 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 with reference to financial statements over financial reporting with reference to financial statements.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control with reference to financial statements 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 with reference to financial statements over financial reporting includes those policies and procedures that;

- I. pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- II. 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
- III. 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 with reference to Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to financial statements, 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 with reference to financial statements 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 with reference to financial statements over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting with reference to financial statements 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 **Sundaram & Srinivasan**,  
Chartered Accountants  
Firm Registration No. 004207S

**K.Srinivasan**  
Partner

Place: Chennai  
Date : 25th May 2018

Membership No. 005809

# Balance Sheet

## as at 31st March, 2018

(₹ in lakhs)

|   | Note | March 31, 2018 |                           | March 31, 2017 |                           |
|---|------|----------------|---------------------------|----------------|---------------------------|
| <b><u>EQUITY AND LIABILITIES</u></b>  |      |                |                           |                |                           |
| <b>Shareholders' funds</b>  |      |                |                           |                |                           |
| Share capital   | 2    | 111,10.39      |                           | 111,10.39      |                           |
| Reserves and surplus  | 3    | 3859,74.12     | 3970,84.51                | 3634,52.55     | 3745,62.94                |
| <b>Non-current liabilities</b>  |      |                |                           |                |                           |
| Long-term borrowings  | 4    | 8902,85.10     |                           | 6028,89.89     |                           |
| Other Long-term liabilities   | 5    | 208,61.76      |                           | 188,59.34      |                           |
| Long-term provisions  | 6    | 123,80.53      | 9235,27.39                | 97,51.39       | 6315,00.62                |
| <b>Current liabilities</b>  |      |                |                           |                |                           |
| Short-term borrowings   | 7    | 4839,76.23     |                           | 3817,22.63     |                           |
| Trade Payables  | 8    |                |                           |                |                           |
| (i) total outstanding dues to micro and small enterprises                       |      | -              |                           | -              |                           |
| (ii) total outstanding dues of creditors other than micro and small enterprises |      | 97,82.90       |                           | 83,83.97       |                           |
| Other current liabilities   | 9    | 5134,16.56     |                           | 5034,44.29     |                           |
| Short-term provisions   | 10   | 169,02.39      | 10240,78.08               | 171,32.32      | 9106,83.21                |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |      |                | <b><u>23446,89.98</u></b> |                | <b><u>19167,46.77</u></b> |
| <b><u>ASSETS</u></b>  |      |                |                           |                |                           |
| <b>Non-current assets</b>   |      |                |                           |                |                           |
| <b>Fixed assets</b>   |      |                |                           |                |                           |
| Tangible assets   | 11   | 216,00.94      |                           | 266,27.65      |                           |
| Intangible assets   |      | 6,83.57        |                           | 10,41.81       |                           |
|   |      | 222,84.51      |                           | 276,69.46      |                           |
| Non-current investments   | 12   | 1967,25.12     |                           | 1657,38.86     |                           |
| Deferred tax assets (net)   | 13   | 116,41.10      |                           | 116,93.54      |                           |
| Long-term loans and advances  | 14   | 11492,81.54    |                           | 9057,19.64     |                           |
| Other non-current assets  | 15   | 31,11.29       | 13830,43.56               | 32,00.18       | 11140,21.68               |
| <b>Current Assets</b>   |      |                |                           |                |                           |
| Current investments   | 16   | 290,99.82      |                           | 225,78.39      |                           |
| Cash and Bank balances  | 17   | 981,35.80      |                           | 747,19.49      |                           |
| Short-term loans and advances   | 18   | 8124,45.52     |                           | 6892,48.37     |                           |
| Other current assets  | 19   | 219,65.28      | 9616,46.42                | 161,78.84      | 8027,25.09                |
| <b>TOTAL ASSETS</b>   |      |                | <b><u>23446,89.98</u></b> |                | <b><u>19167,46.77</u></b> |

See accompanying Notes forming part of the financial statements

As per our report of even date attached  
For **Sundaram & Srinivasan**  
Chartered Accountants  
Registration No.004207S

**K Srinivasan**  
Partner  
Membership No.5809

Place : Chennai  
Date : 25th May, 2018

**T T Srinivasaraghavan**  
Managing Director

**M Ramaswamy**  
Chief Financial Officer

**S Viji**  
Chairman

**Harsha Viji**  
Deputy Managing Director

**S Prasad**  
Director

**A N Raju**  
Director (Operations)

**P Viswanathan**  
Secretary & Compliance Officer

**SUNDARAM FINANCE LIMITED**

## Statement of Profit and Loss for the Year Ended 31st March, 2018

(₹ in lakhs)

|   | Note          | 2017-18                  | 2016-17                  |
|---|---------------|--------------------------|--------------------------|
| <b><u>REVENUE</u></b>                                     |               |                          |                          |
| Revenue from Operations                                   | 20            | 2618,29.14               | 2324,77.61               |
| Other income  | 21            | 78,04.74                 | 101,49.26                |
| <b>Total Revenue</b>                                      | <b>(A)</b>    | <b><u>2696,33.88</u></b> | <b><u>2426,26.87</u></b> |
| <b><u>EXPENSES</u></b>                                    |               |                          |                          |
| Finance Costs   | 22            | 1282,60.28               | 1164,52.47               |
| Employee benefits   | 23            | 279,24.06                | 234,62.65                |
| Administrative and Other expenses                         | 24            | 201,49.42                | 163,41.46                |
| Provisions and Write Off                                  | 25            | 47,36.58                 | 55,17.26                 |
| Depreciation and amortisation expense                     |               | 63,61.64                 | 82,02.06                 |
| Contingent Provision against Standard Assets              |               | 15,23.27                 | 6,30.29                  |
| <b>Total Expenses</b>                                     | <b>(B)</b>    | <b><u>1889,55.25</u></b> | <b><u>1706,06.19</u></b> |
| <b>Profit Before Tax</b>                                  | <b>(A- B)</b> | <b><u>806,78.63</u></b>  | <b><u>720,20.68</u></b>  |
| Tax expense:  |               |                          |                          |
| Current tax   |               | 273,39.58                | 220,19.57                |
| Deferred tax  |               | 43.97                    | 4,65.81                  |
|   |               | <u>273,83.55</u>         | <u>224,85.38</u>         |
| <b>Profit After Tax</b>                                   |               | <b><u>532,95.08</u></b>  | <b><u>495,35.30</u></b>  |
| Basic and Diluted Earnings Per Share of ₹10/- each (in ₹) |               | 47.97                    | 44.58                    |

See accompanying Notes forming part of the financial statements

As per our report of even date attached  
For **Sundaram & Srinivasan**  
Chartered Accountants  
Registration No.004207S  
**K Srinivasan**  
Partner  
Membership No.5809  
Place : Chennai  
Date : 25th May, 2018

**T T Srinivasaraghavan**  
Managing Director

**M Ramaswamy**  
Chief Financial Officer

**S Viji**  
Chairman

**Harsha Viji**  
Deputy Managing Director

**S Prasad**  
Director

**A N Raju**  
Director (Operations)

**P Viswanathan**  
Secretary & Compliance Officer

## Cash Flow Statement

(₹ in lakhs)

|  | 2017-18             | 2016-17             |
|--|---------------------|---------------------|
| <b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>          |                     |                     |
| Net Profit   | 532,95.08           | 495,35.30           |
| Provision for Taxation                                 | 273,83.55           | 224,85.38           |
|  | 806,78.63           | 720,20.68           |
| Add: Financial Cost                                    | 1282,60.28          | 2089,38.91          |
| Depreciation   | 63,61.64            | 82,02.20            |
| Provision against Investments (net)                    | 33.73               | 13,24.16            |
| Provision against Non - Performing assets (net)        | 47,24.44            | 42,47.71            |
| Contingent Provisions against Standard Assets          | 15,23.27            | 6,30.29             |
| Employee Stock Option Compensation Expenses            | 2,63.31             | 2,02.26             |
| (Profit) loss on sale of assets                        | 5,54.99             | 2,99.36             |
| (Profit) loss on sale of Investments                   | (4,53.14)           | (17,63.01)          |
| Dividend Income  | (26,34.87)          | (71,91.47)          |
| Effect of Foreign Exchange rates (net)                 | 2.71                | 1.18                |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b> | <b>2193,14.99</b>   | <b>1944,25.83</b>   |
| (Increase) Decrease in Leased assets - net of sales    | 3,54.26             | (55,69.70)          |
| (Increase) Decrease in Long Term Loans and Advances    | (2464,37.35)        | (1190,26.84)        |
| (Increase) Decrease in Other Non-Current Assets        | 82.54               | (1,53.64)           |
| (Increase) Decrease in Bank deposits                   | (306,63.80)         | (162,66.22)         |
| (Increase) Decrease in Short Term Loans and Advances   | (1286,89.35)        | (415,74.35)         |
| (Increase) Decrease in Other Current Assets            | (59,26.65)          | (5,52.02)           |
| (Increase) Decrease in SLR Investments (net)           | (26,60.01)          | 158,52.52           |
| Increase (Decrease) in Other Long-Term Provisions      | 1,86.32             | 2,03.47             |
| Increase (Decrease) in Other Short-Term Provisions     | 7,51.74             | 3,70.49             |
| Increase (Decrease) in Other Long-Term Liabilities     | 22.12               | 26,29.74            |
| Increase (Decrease) in Trade Payables                  | 13,50.26            | (3,98.65)           |
| Increase (Decrease) in Other Current Liabilities       | 2,82.22             | (4113,47.70)        |
| Cash generated from Operations                         | (1920,32.71)        | 123,98.04           |
| Financial Cost   | (1182,00.32)        | (1250,35.36)        |
| Direct Taxes Paid                                      | (238,00.00)         | (1420,00.32)        |
| <b>NET CASH FROM OPERATING ACTIVITIES (A)</b>          | <b>(3340,33.03)</b> | <b>(1024,96.69)</b> |

**Cash Flow Statement (Contd.)**

(₹ in lakhs)

|  | 2017-18            | 2016-17            |
|--|--------------------|--------------------|
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>                                   |                    |                    |
| Purchase of Fixed Assets   | (22,45.88)         | (33,14.50)         |
| Sale of Fixed Assets   | 2,53.04            | 4,46.62            |
| Purchase/Sale of current investments   | (34,76.50)         | (54,69.96)         |
| Purchase/Sale of non-current Investments                                       | (112,55.67)        | (135,07.79)        |
| Dividend Received  | 26,34.87           | 71,91.47           |
| Purchase / Sale of Investments in<br>Subsidiaries / Joint Venture / Associates | (226,45.50)        | (43,16.60)         |
| <b>NET CASH FROM INVESTING ACTIVITIES (B)</b>                                  | <b>(367,35.64)</b> | <b>(189,70.76)</b> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                                  |                    |                    |
| Increase (Decrease) in Long Term Borrowings                                    | 2810,47.36         | (306,07.69)        |
| Increase (Decrease) in Short Term Borrowings                                   | 1014,52.50         | 1596,75.86         |
| Dividend paid (including Corporate Dividend Tax)                               | (81,59.51)         | (75,43.29)         |
| <b>NET CASH FROM FINANCING ACTIVITIES (C)</b>                                  | <b>3743,40.35</b>  | <b>1215,24.88</b>  |
| Effect of Foreign Exchange rates (net)   | (2.71)             | (1.18)             |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>                   | <b>35,71.68</b>    | <b>57.43</b>       |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR *                       | 90,70.61           | 89,57.82           |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>                        | <b>126,39.58</b>   | <b>90,14.07</b>    |
| <b>COMPONENTS OF CASH AND CASH EQUIVALENTS<br/>AT THE END OF THE YEAR</b>      |                    |                    |
| Current Account with Banks   | 54,00.80           | 25,70.70           |
| Cash, Cheques & drafts on hand   | 72,38.78           | 64,43.37           |
|  | <b>126,39.58</b>   | <b>90,14.07</b>    |

Note : \* Includes Cash and Cash equivalents of Sundaram Infotech Solutions Limited, Infreight Logistics Solutions Limited and Sundaram Insurance Broking Services Limited as on 31.03.2017 of ₹56.54, pursuant to Scheme of Amalgamation.

As per our report of even date attached  
For **Sundaram & Srinivasan**  
Chartered Accountants  
Registration No.004207S  
**K Srinivasan**  
Partner  
Membership No.5809  
Place : Chennai  
Date : 25th May, 2018

**T T Srinivasaraghavan**  
Managing Director  
  
**M Ramaswamy**  
Chief Financial Officer

**S Viji**  
Chairman  
  
**Harsha Viji**  
Deputy Managing Director

**S Prasad**  
Director  
  
**A N Raju**  
Director (Operations)  
  
**P Viswanathan**  
Secretary & Compliance Officer

# NOTES TO THE ACCOUNTS

## Note 1: SIGNIFICANT ACCOUNTING POLICIES:

1.01 The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the provisions of the Companies Act, 2013. The Company follows the directions prescribed by the Reserve Bank of India (RBI) for Non Banking Financial Companies.

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the period and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

The assets and liabilities have been classified as non-current and current based on a 12 month operating cycle.

1.02 Income recognition:

- a) Income from Hypothecation loans and Hire Purchase transactions is accounted on the basis of the Internal Rate of Return method and on assets securitised / assigned, income is recognised over the life of the underlying assets based on the method prescribed by RBI.
- b) Income from leases entered into are accounted as per Accounting Standard –19 – 'Leases'.
- c) Income from investing activities, other financing activities and services is recognised on accrual basis.

1.03 Financial Instruments :

Commercial Paper, Non-Convertible Debentures and Zero Coupon Non-Convertible Debentures issued at a discount to the face value are accounted at their carrying cost, comprising issue price and accrued finance cost.

1.04 Fixed Assets and Depreciation / Amortisation:

Fixed Assets and Investment Property are stated at historical cost less accumulated depreciation.

Depreciation on assets is provided on the written down value method. The Company has adopted depreciation rates as per the useful life specified in the Schedule II of the Companies Act, 2013 except on certain category of assets for which the Company has re-assessed the useful life and residual value of the assets based on internal assessment, as below:

(in years)

| Assets               | Own | Operating Lease |
|----------------------|-----|-----------------|
| Plant and Machinery  | 15  | 5               |
| Computer             |     |                 |
| - End User devices   | 7   | 3               |
| - Servers & Networks | 10  | 6               |
| Vehicles             | 5   | 4               |
| Office Equipment     | 8   | -               |

Intangible assets represent Computer software whose cost is amortised over their expected useful life of 3 to 5 years, on a straight-line basis

1.05 Valuation of Investments:

Non-Current investments, other than investment property, are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary.

Current investments are valued at lower of cost and market value/net asset value.

1.06 Foreign Currency Transactions:

Transactions in foreign currencies are accounted at the exchange rates prevailing on the date(s) of the transaction.

## NOTES TO THE ACCOUNTS (Contd.)

Monetary items denominated in foreign currencies are restated at the prevailing rates of exchange at the Balance Sheet date. Gain or loss arising out of fluctuations in exchange rates are accounted for in the Statement of Profit and Loss.

Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of asset / liability are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Premium on forward exchange contracts is expensed over the tenure of the contract.

Secured / unsecured foreign currency loans together with interest accrued thereon, which are covered by forward contracts, has been provided at the forward exchange contract rate and on loans not so covered at the exchange rate prevailing at the end of the year.

### 1.07 Employee Benefits:

#### A. Short Term Employee Benefits:

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

#### B. Post Employment Benefits:

##### Defined Contribution Plan

##### i. Provident Fund:

Contributions are made to the company's Employees Provident Fund Trust in accordance with the fund rules. The interest rate payable by the trust to the beneficiaries every year is notified by the Government. The company has an obligation to make good the shortfall, if any, between the return from the Investment of the trust and the notified interest rate.

The company also contributes to a government administered Employees Pension Scheme under the Employees Provident Fund Act and to Employees' State Insurance Schemes on behalf of its employees.

##### ii. Superannuation:

The Company contributes to the Superannuation fund, which is administered by trustees and managed by the Life Insurance Corporation of India (LIC). The contributions are charged to the Statement of Profit and Loss.

##### Defined Benefit Plan

##### i. Gratuity:

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

##### ii. Leave Encashment :

The Company contributes to a staff leave encashment scheme managed by SBI Life Insurance Company Limited. 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 plans are recognised in the Statement of Profit and Loss on the basis of actuarial valuation.

#### C. Other Long Term Employee Benefits:

The estimated liability in respect of other long term benefits like Employee Assured Bonus Scheme and entitlement of sick leave has been provided on the basis of actuarial valuation.

#### D. Employee Stock Options:

The company determines the compensation cost based on the intrinsic value method. The compensation cost is amortised on a straight line basis over the vesting period.

## NOTES TO THE ACCOUNTS (Contd.)

### 1.08 Taxation:

Current tax is provided on the taxable income for the year.

Deferred tax liabilities arising from timing differences have been fully provided. Deferred tax assets are recognised on the consideration of prudence.

### 1.09 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 recognised 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.

### 1.10 Provisions:

Provisions are recognised 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.

### 1.11 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / loss before extraordinary items and 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. The cash flows from operating , investing and financing activities of the Company are segregated based on available information.

## BALANCE SHEET

### Note 2: Share Capital

|  | (₹ in lakhs) |            |
|--|--------------|------------|
|  | 31.03.2018   | 31.03.2017 |
| Authorised Capital                         |              |            |
| 27,81,00,000 Equity Shares of ₹10/- each * | 278,10.00    |            |
| 25,00,00,000 Equity Shares of ₹10/- each   |              | 250,00.00  |
| Issued, Subscribed and fully paid-up       |              |            |
| 11,11,03,860 Equity Shares of ₹10/- each   | 111,10.39    | 111,10.39  |

\* Authorised Share Capital has been increased pursuant to the Scheme of Arrangement and Amalgamation (refer note 26.02 and 26.03).

- No shareholder of the Company holds more than 5% of the Equity shares.
- Reconciliation of number of Equity shares outstanding at the beginning and at the end of the reporting period:

|                                      | 31.03.2018   | 31.03.2017   |
|--------------------------------------|--------------|--------------|
| At the beginning of the year         | 11,11,03,860 | 11,11,03,860 |
| Add: Issue of shares during the year | -            | -            |
| At the end of the year               | 11,11,03,860 | 11,11,03,860 |



**NOTES TO THE ACCOUNTS (Contd.)**

(₹ in lakhs)

**Note 3: Reserves and Surplus**

|  | 31.03.2018        | 31.03.2017        |
|--|-------------------|-------------------|
| <b>a) Capital Reserve</b>  |                   |                   |
| At the beginning of the year   | 307,49.79         | 307,49.79         |
| Add: On account of Scheme of Arrangement and Amalgamation (refer note 26.03)                 | (25,28.11)        | —                 |
| At the end of the year   | 282,21.68         | 307,49.79         |
| <b>b) Share Options Outstanding Account</b>  |                   |                   |
| At the beginning of the year   | 1,66.53           | 1,78.63           |
| Add: Deferred Employee Compensation Cost   | 33.30             | 35.73             |
| Less: Cost of shares transferred on exercise of option                                       | 4.93              | 4.87              |
| Less: Transfer to General Reserve  | 1,94.90           | 2,09.49           |
| Add : Granted during the year  | 2,76.01           | 1,99.83           |
| Less: Deferred Employee Compensation Cost  | 46.00             | 33.30             |
| At the end of the year   | 2,30.01           | 1,66.53           |
| <b>c) Statutory Reserve</b><br>(As per Section 45-IC of the Reserve Bank of India Act, 1934) |                   |                   |
| At the beginning of the year   | 889,83.45         | 790,76.39         |
| Add: Transfer from Surplus in the Statement of Profit and Loss                               | 106,59.02         | 99,07.06          |
| At the end of the year   | 996,42.47         | 889,83.45         |
| <b>d) General Reserve</b>  |                   |                   |
| At the beginning of the year   | 2150,00.00        | 1925,00.00        |
| Add: Transfer from Share Options Outstanding account   | 1,94.90           | 2,09.49           |
| Add: Transfer from Surplus in the Statement of Profit and Loss                               | 243,39.02         | 222,90.51         |
| Add: On account of Scheme of Arrangement and Amalgamation (refer note 26.02 & 26.03)         | (145,33.92)       | —                 |
| At the end of the year   | 2250,00.00        | 2150,00.00        |
| <b>e) Surplus in the Statement of Profit and Loss</b>  |                   |                   |
| At the beginning of the year   | 285,52.78         | 176,47.29         |
| Add: On account of Scheme of Arrangement and Amalgamation (refer note 26.02 & 26.03)         | (58,10.35)        | —                 |
| Add: Profit for the year   | 532,95.08         | 495,35.30         |
|  | 760,37.51         | 671,82.59         |
| Less : Appropriations  |                   |                   |
| Statutory Reserve  | 106,59.02         | 99,07.06          |
| General Reserve  | 243,39.02         | 222,90.51         |
| Dividend   |                   |                   |
| Interim  | —                 | 55,55.19          |
| Final  | 72,21.78          | —                 |
| Dividend Tax   | 9,37.73           | 8,77.05           |
| At the end of the year   | 328,79.96         | 285,52.78         |
|  | <b>3859,74.12</b> | <b>3634,52.55</b> |

## NOTES TO THE ACCOUNTS (Contd.)

### Note 4: Long-term Borrowings

(₹ in lakhs)

|   | 31.03.2018               | 31.03.2017               |
|---|--------------------------|--------------------------|
| <b>Secured</b>                          |                          |                          |
| Non-Convertible Debentures              |                          |                          |
| - A Subsidiary company                  | 20,00.00                 | 35,70.03                 |
| - Others                                | <u>4686,82.18</u>        | <u>3313,15.74</u>        |
|   | 4706,82.18               | 3348,85.77               |
| Term loans from banks                   | 1350,00.00               | 625,00.00                |
| <b>Unsecured</b>                        |                          |                          |
| Subordinated Non-Convertible Debentures |                          |                          |
| - A Subsidiary company                  | 15,00.00                 | 15,00.00                 |
| - Others                                | <u>1517,10.00</u>        | <u>842,10.00</u>         |
|   | 1532,10.00               | 857,10.00                |
| Fixed Deposits                          | <u>1313,92.92</u>        | <u>1197,94.12</u>        |
|   | <b><u>8902,85.10</u></b> | <b><u>6028,89.89</u></b> |

#### Maturity Pattern of Non Convertible Debentures and Term Loans from Banks

(₹ in lakhs)

| Maturities<br>Implicit interest<br>rate (%)  | As on 31.03.2018  |                   |                   |                    | As on 31.03.2017  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
|  | <1 year           | 1 - 3 years       | >3 years          | Total              | <1 year           | 1 - 3 years       | >3 years          | Total             |
| <b>Debentures</b>                            |                   |                   |                   |                    |                   |                   |                   |                   |
| <b>Secured</b>                               |                   |                   |                   |                    |                   |                   |                   |                   |
| > 7 to 8                                     | 1228,82.76        | 3463,86.41        | 101,00.00         | 4793,69.17         | 150,00.00         | 1634,85.79        | –                 | 1784,85.79        |
| > 8 to 9                                     | 523,00.00         | 495,00.00         | 431,95.78         | 1449,95.78         | 1170,13.76        | 918,00.00         | 150,00.00         | 2238,13.76        |
| > 9 to 10                                    | 231,00.00         | 215,00.00         | –                 | 446,00.00          | 1076,36.43        | 446,00.00         | –                 | 1522,36.43        |
| > 10 to 11                                   | 200,00.00         | –                 | –                 | 200,00.00          | –                 | 200,00.00         | –                 | 200,00.00         |
| <b>Total (A)</b>                             | <b>2182,82.76</b> | <b>4173,86.41</b> | <b>532,95.78</b>  | <b>6889,64.95</b>  | <b>2396,50.19</b> | <b>3198,85.79</b> | <b>150,00.00</b>  | <b>5745,35.98</b> |
| <b>Unsecured</b>                             |                   |                   |                   |                    |                   |                   |                   |                   |
| > 8 to 9                                     | –                 | –                 | 825,00.00         | 825,00.00          | –                 | –                 | 150,00.00         | 150,00.00         |
| > 9 to 10                                    | –                 | 142,10.00         | 325,00.00         | 467,10.00          | –                 | –                 | 467,10.00         | 467,10.00         |
| > 10 to 11                                   | –                 | –                 | 240,00.00         | 240,00.00          | –                 | –                 | 240,00.00         | 240,00.00         |
| <b>Total (B)</b>                             | <b>–</b>          | <b>142,10.00</b>  | <b>1390,00.00</b> | <b>1532,10.00</b>  | <b>–</b>          | <b>–</b>          | <b>857,10.00</b>  | <b>857,10.00</b>  |
| <b>Secured Term Loans<br/>from Banks (C)</b> | <b>625,00.00</b>  | <b>1350,00.00</b> | <b>–</b>          | <b>1975,00.00</b>  | <b>168,23.04</b>  | <b>625,00.00</b>  | <b>–</b>          | <b>793,23.04</b>  |
| <b>Total (A)+(B)+(C)</b>                     | <b>2807,82.76</b> | <b>5665,96.41</b> | <b>1922,95.78</b> | <b>10396,74.95</b> | <b>2564,73.23</b> | <b>3823,85.79</b> | <b>1007,10.00</b> | <b>7395,69.02</b> |

#### Non Convertible Debentures and Term Loans from Banks grouped as under:

(₹ in lakhs)

|                           |            | 31.03.2018         | 31.03.2017        |
|---------------------------|------------|--------------------|-------------------|
| Long Term Borrowings      | Note No. 4 | 7588,92.18         | 4830,95.77        |
| Other Current Liabilities | Note No. 9 | 2807,82.77         | 2564,73.25        |
|                           |            | <b>10396,74.95</b> | <b>7395,69.02</b> |

The Secured Non - Convertible Debentures are secured by mortgage of immovable property ranking pari passu with charges created in favour of the trustees and Hypothecation of specific Loan receivables / Hire purchase/ Lease agreements with a cover of 100%, as per the terms of issue.

The Term loans from banks are secured by hypothecation of specific assets covered by a charge on Hypothecation Loan Receivables/ Hire purchase / Lease agreements.

SUNDARAM FINANCE LIMITED

## NOTES TO THE ACCOUNTS (Contd.)

### Note 5: Other Long-term liabilities

|  | (₹ in lakhs)     |                  |
|--|------------------|------------------|
|  | 31.03.2018       | 31.03.2017       |
| Interest accrued but not due on borrowings | 82,28.01         | 62,47.73         |
| Other liabilities                          | 126,33.75        | 126,11.61        |
|  | <u>208,61.76</u> | <u>188,59.34</u> |

### Note 6: Long-term Provisions

|                           | (₹ in lakhs)     |                 |
|---------------------------|------------------|-----------------|
|                           | 31.03.2018       | 31.03.2017      |
| Employee Benefits         | 10,44.50         | 8,58.19         |
| For Non Performing assets | 36,54.53         | 27,34.97        |
| For Standard Assets       | 76,81.50         | 61,58.23        |
|                           | <u>123,80.53</u> | <u>97,51.39</u> |

### Note 7: Short-term Borrowings

|  | (₹ in lakhs)      |                   |
|--|-------------------|-------------------|
|  | 31.03.2018        | 31.03.2017        |
| <b>Secured</b>                               |                   |                   |
| Working capital demand loans and Cash Credit | 2102,23.39        | 243,49.85         |
| Term Loans from Banks                        | 200,00.00         | —                 |
|  | <u>2302,23.39</u> | <u>243,49.85</u>  |
| <b>Unsecured</b>                             |                   |                   |
| Credit facilities from Banks                 | 535,00.00         | 322,30.24         |
| Commercial paper                             | 2002,52.84        | 3251,42.54        |
|  | <u>2537,52.84</u> | <u>3573,72.78</u> |
|  | <u>4839,76.23</u> | <u>3817,22.63</u> |

Working capital demand loans and cash credit are secured by a charge on Hypothecation Loan Receivables / Hire Purchase / Lease agreements, ranking *pari passu*, excluding assets which are specifically charged to others.

Refer Note 4 for Security provided for Term Loans from Banks

Face value of commercial paper outstanding as on 31.03.2018 was ₹ 2025,00.00 lakhs (31.03.2017 ₹3630,00.00 lakhs).

Maximum amount of face value of commercial paper outstanding at any time during the period was ₹4905,00.00 lakhs (2016-17 ₹ 3975,00.00 lakhs).

## NOTES TO THE ACCOUNTS (Contd.)

### Note 8: Trade Payables

(₹ in lakhs)

|   | 31.03.2018      | 31.03.2017      |
|---|-----------------|-----------------|
| (i) total outstanding dues to micro and small enterprises                       | –               | –               |
| (ii) total outstanding dues of creditors other than micro and small enterprises |                 |                 |
| Dealer Balances   | 49,64.44        | 51,61.87        |
| Creditors for Expenses  | 6,81.78         | 7,62.57         |
| Outstanding Liabilities   | 41,36.68        | 24,59.53        |
|   | <u>97,82.90</u> | <u>83,83.97</u> |

### Note 9: Other Current Liabilities

(₹ in lakhs)

|   | 31.03.2018        | 31.03.2017        |
|---|-------------------|-------------------|
| <b>Secured</b>                                |                   |                   |
| Non-Convertible Debentures                    |                   |                   |
| - A Subsidiary company                        | 16,90.29          | –                 |
| - Others                                      | 2165,92.48        | 2396,50.21        |
| Term loans from Banks                         | 625,00.00         | 168,23.04         |
| <b>Unsecured</b>                              |                   |                   |
| Fixed Deposits                                | 1152,72.06        | 1172,45.04        |
| Commercial Paper                              | –                 | 286,84.38         |
| Interest accrued but not due on borrowings    | 469,41.98         | 389,15.12         |
| Amount due on Assets Securitised/assigned     | 525,92.22         | 443,94.38         |
| Unpaid matured deposits *                     | 32,67.29          | 40,68.39          |
| Advance from Customers                        | 42,54.44          | 57,87.26          |
| Interest accrued on unpaid matured deposits * | 5,23.90           | 4,71.08           |
| Unpaid dividends *                            | 2,25.33           | 2,44.28           |
| Income received in advance                    | 2,53.40           | 1,55.16           |
| Other Liabilities                             | 93,03.17          | 70,05.95          |
|   | <u>5134,16.56</u> | <u>5034,44.29</u> |

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

### Note 10: Short-term Provisions

(₹ in lakhs)

|                           | 31.03.2018       | 31.03.2017       |
|---------------------------|------------------|------------------|
| Employee Benefits         | 50,86.79         | 43,35.05         |
| For Non-Performing Assets | 118,15.60        | 127,97.27        |
|                           | <u>169,02.39</u> | <u>171,32.32</u> |

**NOTES TO THE ACCOUNTS (Contd.)**
**Note 11: Fixed Assets**

(₹ in lakhs)

|   | GROSS BLOCK AT COST |  |                 |                  |                     |                    | DEPRECIATION   |                 |                 |                    | NET BLOCK         |                     |                     |
|---|---------------------|--|-----------------|------------------|---------------------|--------------------|--|-----------------|-----------------|--------------------|-------------------|---------------------|---------------------|
|   | As at<br>31.3.2017  | On account<br>of Scheme of<br>Arrangement<br>& Amalgam-<br>ation | Additions       | Deductions       | As at<br>31.03.2018 | Upto<br>31.03.2017 | On account<br>of Scheme of<br>Arrangement<br>& Amalgam-<br>ation | Additions       | Deductions      | Upto<br>31.03.2018 | Net Book<br>Value | As at<br>31.03.2018 | As at<br>31.03.2017 |
|   |                     |  |                 |                  |                     |                    |  |                 |                 |                    |                   |                     |                     |
| <b>i) Tangible Assets</b>                       |                     |  |                 |                  |                     |                    |  |                 |                 |                    |                   |                     |                     |
| 1 Freehold Land and Buildings                   | 47,29.14            | (1,40.98)  | 1,44.42         | 2,04.42          | 45,28.16            | 10,79.90           | (87.82)  | 72.62           | 1,28.24         | 9,36.46            | 35,91.70          | 36,49.24            |                     |
| 2 Leasehold office / Residential Premises       | 14,26.86            | -  | -               | -                | 14,26.86            | 8,86.85            | -  | 26.38           | -               | 9,13.43            | 5,13.43           | 5,40.01             |                     |
| 3 Plant and Machinery and Computers             | 63,94.31            | 32.77  | 7,88.56         | 1,57.45          | 70,58.19            | 47,52.88           | 9.93   | 5,48.97         | 1,48.82         | 51,62.96           | 18,95.23          | 16,41.43            |                     |
| 4 Furniture and Fixtures                        | 24,51.49            | (9.20)   | 1,69.87         | 87.95            | 25,24.21            | 19,84.01           | (8.82)   | 1,37.36         | 84.90           | 20,27.65           | 4,96.56           | 4,67.48             |                     |
| 5 Vehicles                                      | 22,86.81            | 7.31   | 5,63.61         | 6,90.61          | 21,67.12            | 12,07.71           | 6.88   | 3,15.95         | 4,66.24         | 10,64.30           | 11,02.82          | 10,79.07            |                     |
| 6 Office Equipment                              | 18,77.05            | (0.40)   | 99.55           | 41.87            | 19,34.33            | 13,62.07           | (0.24)   | 1,18.77         | 37.43           | 14,43.17           | 4,91.16           | 5,14.98             |                     |
|   | 191,65.66           | (1,10.50)  | 17,66.01        | 11,82.30         | 196,38.87           | 112,73.42          | (80.07)  | 12,20.25        | 8,65.63         | 115,47.97          | 80,90.90          | 78,92.21            |                     |
| 7 Assets on Operating Lease                     |                     |  |                 |                  |                     |                    |  |                 |                 |                    |                   |                     |                     |
| a) Plant and Machinery and Computers            | 5,57.05             | -  | -               | 8.43             | 5,48.62             | 4,75.10            | -  | 4.35            | 7.31            | 4,72.14            | 76.48             | 81.95               |                     |
| b) Vehicles                                     | 329,58.47           | -  | 40,18.75        | 116,58.56        | 253,18.66           | 143,04.98          | -  | 42,92.75        | 67,12.63        | 118,85.10          | 134,33.56         | 186,53.49           |                     |
|   | 335,15.52           | -  | 40,18.75        | 116,66.99        | 258,67.28           | 147,80.08          | -  | 42,97.10        | 67,19.94        | 123,57.24          | 135,10.04         | 187,35.44           |                     |
| <b>ii) Intangible Assets</b>                    |                     |  |                 |                  |                     |                    |  |                 |                 |                    |                   |                     |                     |
| Computer Software                               | 74,09.95            | 12.82  | 5,24.41         | 12.78            | 79,34.40            | 64,66.89           | 12.82  | 8,04.84         | 12.78           | 72,71.77           | 6,62.63           | 9,43.06             |                     |
| <b>iii) Intangible Assets Under Development</b> |                     |  |                 |                  |                     |                    |  |                 |                 |                    |                   |                     |                     |
|   | 98.75               | -  | 1,43.21         | 2,21.02          | 20.94               | -                  | -  | -               | -               | -                  | 20.94             | 98.75               |                     |
| <b>Grand Total</b>                              | <b>601,89.88</b>    | <b>(97.68)</b>   | <b>64,52.38</b> | <b>130,83.09</b> | <b>534,61.49</b>    | <b>325,20.39</b>   | <b>(67.25)</b>   | <b>63,22.19</b> | <b>75,98.35</b> | <b>311,76.98</b>   | <b>222,84.51</b>  | <b>276,69.46</b>    |                     |
| Previous Year                                   | 610,22.10           | -  | 126,15.34       | 134,47.55        | 601,89.88           | 331,75.15          | -  | 81,41.37        | 87,96.13        | 325,20.44          | 276,69.44         | 278,44.00           |                     |

## NOTES TO THE ACCOUNTS (Contd.)

### Notes:

Net addition / reduction on account of Scheme of Arrangement & Amalgamation (₹ in lakhs)

| Particulars  | Gross Book value | Accumulated Depreciation |
|--|------------------|--------------------------|
| As on appointed date 01.04.2016 (refer note 26.02 & 26.03) | (88.27)          | (73.11)                  |
| Add: Additions during 2016 - 17                            | (4.32)           | 9.29                     |
| Less: Deletions during 2016 - 17                           | 5.09             | 3.43                     |
| <b>Balance as on 31.03.2017</b>                            | <b>(97.68)</b>   | <b>(67.25)</b>           |

- Additions / Deductions to Freehold Land and Buildings in Gross Block include assets transferred to / from Investment Property.
- Building on leasehold land include ₹12,32.82 lakhs (31.03.2017 ₹12,32.82 lakhs) being the cost of ownership of flats in co-operative societies.
- Free hold Land and Buildings includes ₹12,49.77 lakhs (31.03.2017 ₹11,73.89 lakhs) representing undivided share of land.
- In accordance with Accounting Standard, AS-26 -Intangible Assets, computer software purchased /developed amounting to ₹5,24.41 Lakhs (31.03.2017 ₹4,00.31 lakhs) is amortised over their expected useful life of three to five years based on a technical evaluation.

**Maturity pattern of the future minimum lease payments is given below:**

(₹ in lakhs)

| Year                                    | 31.03.2018       | 31.03.2017       |
|---|------------------|------------------|
| Less than 1 year                        | 57,62.06         | 79,72.38         |
| Later than 1 year and less than 5 years | 70,40.30         | 103,60.04        |
| <b>Total</b>                            | <b>128,02.36</b> | <b>183,32.42</b> |

### Note 12 : Non - Current Investments

(₹ in lakhs)

| Particulars  | Note No. | Face Value (₹) | As at 31.03.2018 |           | As at 31.03.2017 |           |
|--|----------|----------------|------------------|-----------|------------------|-----------|
|  |          |                | Holding (Number) | Cost      | Holding (Number) | Cost      |
| <b>Investment in Equity Instruments: Trade - In Subsidiary Companies</b>     |          |                |                  |           |                  |           |
| Royal Sundaram General Insurance Co. Limited                                 | i        | 10             | 34,07,91,000     | 888,15.84 | 25,12,29,000     | 664,25.34 |
| Sundaram Asset Management Company Limited                                    |          | 10             | 2,00,00,000      | 184,87.24 | 2,00,00,000      | 184,87.24 |
| Sundaram BNP Paribas Home Finance Limited                                    |          | 10             | 50,72,84,73      | 151,57.10 | 5,07,28,473      | 151,57.10 |
| Sundaram Trustee Company Limited   |          | 10             | 50,000           | 2,28.62   | 50,000           | 2,28.62   |
| LGF Services Limited   |          | 10             | 2,50,000         | 5.00      | 2,50,000         | 5.00      |
| Sundaram Finance Holdings Limited  |          | 10             | -                | -         | 2,00,00,000      | 20,15.18  |
| Sundaram Insurance Broking Services Limited                                  |          | 10             | -                | -         | 5,00,000         | 64.36     |
| <b>Investment in Equity Instruments: Non-Trade - In Subsidiary Companies</b> |          |                |                  |           |                  |           |
| Sundaram BNP Paribas Fund Services Limited                                   | i & iii  | 10             | 2,29,51,530      | 22,95.15  | 2,04,01,530      | 20,40.15  |
| Sundaram Infotech Solutions Limited  | ii       | 10             | -                | -         | 1,64,00,000      | 16,40.00  |
| Sundaram Business Services Limited   |          | 10             | -                | -         | 1,50,00,000      | 15,00.00  |
| Sundaram BPO India Limited   |          | 10             | -                | -         | 75,41,009        | 11,29.99  |
| Infreight Logistics Solutions Limited  |          | 10             | -                | -         | 56,11,200        | 1.11      |

**NOTES TO THE ACCOUNTS (Contd.)**

(₹ in lakhs)

| Particulars   | Note No. | Face Value (₹) | As at 31.03.2018 |                   | As at 31.03.2017 |                   |
|---|----------|----------------|------------------|-------------------|------------------|-------------------|
|   |          |                | Holding (Number) | Cost              | Holding (Number) | Cost              |
| <b>- In Associate Companies</b>   |          |                |                  |                   |                  |                   |
| Flometallic India Private Limited   |          | 1,00,000       | –                | –                 | 3,800            | 32,50.00          |
| Dunes Oman LLC (FZC)  |          | 1              | –                | –                 | 22,93,725        | 26,94.86          |
| Sundaram Hydraulics Limited   |          | 10             | –                | –                 | 1,12,50,000      | 11,25.00          |
| Axles India Limited   |          | 10             | –                | –                 | 98,91,754        | 10,15.70          |
| Turbo Energy Private Limited  |          | 10             | –                | –                 | 25,60,000        | 1,88.41           |
| Transenergy Limited   |          | 100            | –                | –                 | 1,20,000         | 1,87.50           |
| Sundaram Dynacast Private Limited   |          | 10             | –                | –                 | 11,70,000        | 1,17.00           |
| Sundaram Finance Holdings Limited   |          | 5              | 4,00,00,000      | 20,15.18          | –                | –                 |
| <b>- In Other Companies</b>   |          |                |                  |                   |                  |                   |
| Sundaram Clayton Limited  |          | 5              | –                | –                 | 22,73,081        | 14,28.25          |
| Wheels India Limited  |          | 10             | –                | –                 | 13,33,741        | 8,38.14           |
| India Motor Parts & Accessories Limited   |          | 10             | –                | –                 | 15,40,784        | 5,77.49           |
| TVS Investments Limited   |          | 5              | –                | –                 | 22,73,085        | 2,90.88           |
| Lucas-TVS Limited   |          | 100            | –                | –                 | 63,224           | 27.22             |
| Delphi TVS Diesel Systems Limited   |          | 10             | –                | –                 | 2,52,896         | 18.15             |
| Brakes India Private Limited  |          | 100            | –                | –                 | 1,59,460         | 15.33             |
| Techtran Polylenes Limited  |          | 10             | –                | –                 | 2,50,000         | 67.50             |
| Vishnu Forge Industries Limited   |          | 10             | –                | –                 | 2,97,110         | 45.93             |
| Equifax Credit Information Services Private Limited   |          | 10             | 1,35,00,000      | 13,50.00          | 1,35,00,000      | 13,50.00          |
| Experian Credit Information Company of India Private Limited  |          | 10             | 1,12,00,000      | 11,20.00          | 1,12,00,000      | 11,20.00          |
|   |          |                |                  | <b>1294,74.13</b> |                  | <b>1230,51.45</b> |
| <b>Investment in Preference Shares: Non-Trade</b>   |          |                |                  |                   |                  |                   |
| Sundaram Hydraulics Limited - 9% Redeemable Cumulative Non-Convertible Preference Shares                    |          | 100            | –                | –                 | 1,66,666         | <b>1,66.66</b>    |
| <b>Investment in Non-Convertible Debentures: Trade</b>  |          |                |                  |                   |                  |                   |
| Royal Sundaram General Insurance Co. Limited - Unsecured Subordinated Redeemable Non-Convertible Debentures |          | 10,00,000      | 1,000            | <b>100,00.00</b>  | 1,000            | <b>100,00.00</b>  |
| <b>Investment in Government Securities:</b>   |          |                |                  |                   |                  |                   |
| Central Government Loans  | iii      | 100            | 1,10,14,300      | 110,86.04         | 1,00,14,300      | 100,88.84         |
| State Government Loans  | iii      | 100            | 2,76,48,000      | 275,53.15         | 1,46,48,000      | 148,12.34         |
|   |          |                |                  | <b>386,39.19</b>  |                  | <b>249,01.18</b>  |
| <b>Investment in Mutual Funds:</b>  |          |                |                  |                   |                  |                   |
| Sundaram Mutual Fund  | iv       | 10             |                  | 8,93.95           |                  | 8,93.95           |
| HDFC Charity Fund for Cancer Cure 2017  |          | 10             | 30,00,000        | 3,00.00           | 30,00,000        | 3,00.00           |
| Sundaram Smart Nifty 100 Equal Weight Fund  |          | 10             | 2,69,121         | 26.91             | 2,69,121         | 26.91             |
| Sundaram Banking & PSU Debt Fund  |          | 10             | 1,61,805         | 41.45             | 1,61,805         | 41.45             |
|   |          |                |                  | <b>12,62.31</b>   |                  | <b>12,62.31</b>   |

**NOTES TO THE ACCOUNTS (Contd.)**

(₹ in lakhs)

| Particulars  | Note No. | Face Value (₹) | As at 31.03.2018 |                   | As at 31.03.2017 |                   |
|--|----------|----------------|------------------|-------------------|------------------|-------------------|
|  |          |                | Holding (Number) | Cost              | Holding (Number) | Cost              |
| <b>Investment in Alternative Investment Fund:</b>                                      |          |                |                  |                   |                  |                   |
| IFMR FImpact Medium Term Microfinance Fund   |          | 100000         | 1,199            | 12,00.00          | 1,199            | 12,00.00          |
| Sundaram Alternative Opportunities Fund –  |          |                |                  |                   |                  |                   |
| Nanocap Series I   | v        | 100000         | 900              | 10,00.00          | 150              | 1,50.00           |
| Nanocap Series II  | v        | 100000         | 913              | 10,00.00          | –                | –                 |
| Sundaram Alternative Opportunities Series –  |          |                |                  |                   |                  |                   |
| High Yield Secured Debt Fund   | v        |                |                  | 25,00.00          | –                | –                 |
| Lok Capital Growth Fund III  |          | 100            | 6,38,781         | 6,67.47           | –                | –                 |
|  |          |                |                  | <u>63,67.47</u>   |                  | <u>13,50.00</u>   |
| <b>Investment in Pass Through Certificates:</b>  |          |                |                  | <u>50,45.83</u>   |                  | <u>15,68.77</u>   |
| <b>Investment Property (net of depreciation)</b>                                       |          |                |                  | <u>70,91.14</u>   |                  | <u>72,77.65</u>   |
|  |          |                |                  | <u>1978,80.07</u> |                  | <u>1695,78.02</u> |
| <b>Less: Provision for diminution in value of equity investments</b>                   |          |                |                  | <u>8,08.13</u>    |                  | <u>35,13.92</u>   |
| <b>Less: Provision for cost over face value on investment in Government Securities</b> |          |                |                  | <u>3,46.82</u>    |                  | <u>3,25.24</u>    |
| <b>Non-Current Investments (Net)</b>   |          |                |                  | <u>1967,25.12</u> |                  | <u>1657,38.86</u> |

**Notes:**

Consequent to the Scheme, the non-core investments held by Sundaram Finance Limited (the company) in various companies, as mentioned below, have been transferred to Sundaram Finance Holdings Limited (SFHL) and in consideration, all shareholders of the company have been allotted 1 share of ₹5/- each fully paid up in SFHL, for every share held in the company. Consequently, the company holds 26.47% in SFHL and SFHL became an associate company effective 12/02/2018. The shares held by the company in SFHL are under lock-in period of 3 years. Further, investments held by the company in Sundaram Insurance Broking Services Limited & Infreight Logistics Solutions Limited stands cancelled on account of amalgamation with the company, in line with the said scheme. (Refer Note no. 26.03).

(Sundaram Business Services Limited, Sundaram BPO India Limited, Flometallic India Private Limited, Dunes Oman LLC (FZC), Sundaram Hydraulics Limited, Axles India Limited, Turbo Energy Private Limited, Transenergy Limited, Sundaram Dynacast Private Limited, Sundaram Clayton Limited, Wheels India Limited, India Motor Parts and Accessories Limited, TVS Investments Limited, Lucas-TVS Limited, Delphi-TVS Diesel Systems Limited, Brakes India Private Limited, Techtran Polylenses Limited and Vishnu Forge Industries Limited)

i) During the year, the company subscribed to the rights issue of equity shares offered by:

- Royal Sundaram General Insurance Co. Limited to the extent of 8,95,62,000 equity shares of ₹10/- each at a premium of ₹15/- per share, amounting to ₹223,90.50 lakhs.
- Sundaram BNP Paribas Fund Services Limited to the extent of 25,50,000 equity shares of ₹10/- each at par, amounting to ₹2,55.00 lakhs.

ii) Consequent to amalgamation of Sundaram Infotech Solutions Limited with the company during the year, investment (net of provision) stand cancelled. (Refer Note no. 26.02)

iii) Denotes investment where provision for diminution in value has been made.

iv) Investments in the growth option of the open-ended schemes of Sundaram Mutual Fund is in compliance with the seed capital requirements stipulated by SEBI Mutual Funds (Amendment) Regulations, 2014 and cannot be redeemed unless the scheme is wound up.

v) During the year, the company as sponsor of the fund, invested ₹8,50.00 lakhs & ₹10,00.00 lakhs in Sundaram Alternative Opportunities Fund – Nanocap Series I & Series II respectively, category III AIF, of Sundaram Alternative Investment Trust, in compliance with SEBI (Alternative Investment Funds) Regulations, 2012. Similarly, the company has also invested ₹25,00.00 lakhs, out of the overall commitment ₹50,00.00 lakhs, in Sundaram High Yield Debt Fund, a category II AIF.

vi) In accordance with the Reserve Bank of India directives, the company has created a floating charge on the statutory liquid assets comprising investment in Government Securities of face value ₹386,62.30 lakhs (cost - ₹386,39.19 lakhs) and bank deposits of ₹12,44.00 lakhs in favour of trustees representing the deposit holders of the company.

**Investments - Categorywise**

(₹ in lakhs)

|   | Cost              | Market Value |
|---|-------------------|--------------|
| Aggregate amount of Quoted Investments (Net of Provision)   | 406,07.55         | 1630,89.03   |
| Aggregate amount of Unquoted Investments (Net of Provision) | 1490,26.43        |              |
| Investment Property (Net of Depreciation)                   | 70,91.14          |              |
| <b>Total</b>  | <b>1967,25.12</b> |              |





## NOTES TO THE ACCOUNTS (Contd.)

### Note 15: Other Non-current Assets

(₹ in lakhs)

|                            | 31.03.2018      | 31.03.2017      |
|----------------------------|-----------------|-----------------|
| SF Employees Welfare Trust | 3,09.91         | 3,16.26         |
| Other assets               | 28,01.38        | 28,83.92        |
|                            | <b>31,11.29</b> | <b>32,00.18</b> |

Other assets includes Indirect Tax paid under dispute amounting to ₹27,69.89 lakhs (31.03.2017 ₹24,14.93 lakhs) of which ₹21,71.25 lakhs has been provided.

### Note 16: Current Investments

(₹ in lakhs)

| Particulars  | Note No. | Face Value (₹) | As at 31.03.2018 |                  | As at 31.03.2017 |                  |
|--|----------|----------------|------------------|------------------|------------------|------------------|
|  |          |                | Holding (Number) | Cost             | Holding (Number) | Cost             |
| <b>Investment in Preference Shares: Non-Trade</b>  |          |                |                  |                  |                  |                  |
| Sundaram Hydraulics Limited - 9% Redeemable Cumulative Non-Convertible Preference Shares | i        | 100            | –                | –                | 1,66,667         | <b>1,66.67</b>   |
| <b>Investment in Government Securities:</b>  |          |                |                  |                  |                  |                  |
| Central Government Loans   |          | 100            | –                | –                | 1,50,000         | <b>1,50.00</b>   |
| <b>Investment in Mutual Funds:</b>   |          |                |                  |                  |                  |                  |
| Sundaram Mutual Fund<br>(NAV as of 31st March 2018 - ₹200,30.89 lakhs)                   |          | 10             | 5,46,76,479      | <b>200,00.00</b> | 5,83,31,656      | <b>200,00.00</b> |
| <b>Investment in Pass Through Certificates</b>   |          |                |                  |                  |                  |                  |
|  |          |                | –                | <b>41,27.79</b>  | –                | <b>13,34.99</b>  |
| <b>Investment in Commercial Paper</b>  |          | 5,00,000       | 1,000            | <b>49,72.03</b>  | 200              | <b>9,26.73</b>   |
|  |          |                |                  | <b>290,99.82</b> |                  | <b>225,78.39</b> |
| <b>Less: Provision for diminution in value of investments</b>                            |          |                |                  | –                |                  | –                |
| <b>Current Investments (Net)</b>   |          |                |                  | <b>290,99.82</b> |                  | <b>225,78.39</b> |

#### Note:

i) Refer "Note 12 : Non - Current Investments".

#### Investments - Categorywise

(₹ in lakhs)

| Particulars                              | Cost             | Market Value |
|--|------------------|--------------|
| Aggregate amount of Quoted Investments   | –                | –            |
| Aggregate amount of Unquoted Investments | 290,99.82        |              |
| <b>Total</b>                             | <b>290,99.82</b> |              |

## NOTES TO THE ACCOUNTS (Contd.)

### Note 17: Cash and Bank balances

(₹ in lakhs)

|   | 31.03.2018              | 31.03.2017              |
|---|-------------------------|-------------------------|
| Cash and cash equivalents:              |                         |                         |
| Cash on hand                            | 15,72.87                | 14,44.08                |
| Balances with Banks in Current Accounts | 54,00.80                | 25,70.70                |
| Cheques, drafts on hand                 | <u>56,65.91</u>         | <u>49,99.29</u>         |
|   | 126,39.58               | 90,14.07                |
| Bank Deposits                           |                         |                         |
| Upto 12 months maturity                 | 627,40.89               | 454,31.14               |
| More than 12 months maturity            | <u>225,30.00</u>        | <u>200,30.00</u>        |
|   | 852,70.89               | 654,61.14               |
| Unpaid dividend account                 | <u>2,25.33</u>          | <u>2,44.28</u>          |
|   | <b><u>981,35.80</u></b> | <b><u>747,19.49</u></b> |

Bank Deposits include ₹ 601,11.00 lakhs (31.03.2017 ₹ 499,97.10 lakhs) provided as collateral for assets securitised.

### Note 18: Short-term Loans and Advances

(₹ in lakhs)

|  | 31.03.2018               | 31.03.2017               |
|--|--------------------------|--------------------------|
| <b>Secured, Considered good</b>                |                          |                          |
| Hypothecation Loans                            | 6910,49.50               | 5507,03.52               |
| Net Investment in Stock-on-hire                | 584,53.34                | 921,56.29                |
| Net Investment in lease                        | 6,23.76                  | 7,33.76                  |
| Trade receivables                              | 117,85.66                | 68,22.39                 |
| Other loans                                    | <u>22,21.08</u>          | <u>10,66.66</u>          |
|  | 7641,33.34               | 6514,82.62               |
| Amount retained on Assets securitised/assigned | 242,21.88                | 232,19.14                |
| <b>Unsecured, Considered good</b>              |                          |                          |
| Advance for business assets                    | 194,13.24                | 110,14.07                |
| Loans and advances to related parties          |                          |                          |
| Subsidiary companies                           | 7.44                     | 2,10.92                  |
| Associate Company                              | <u>–</u>                 | <u>3.40</u>              |
|  | 7.44                     | 2,14.32                  |
| Other loans                                    | 6,31.01                  | 5,99.31                  |
| Trade bills purchased                          | 12,67.90                 | 6,77.12                  |
| Other advances                                 | <u>27,70.71</u>          | <u>20,41.79</u>          |
|  | <b><u>8124,45.52</u></b> | <b><u>6892,48.37</u></b> |

Short-term loans and advances includes Non-Performing Assets of ₹190,99.64 Lakhs (31.03.2017 ₹198,21.10 lakhs)

In accordance with Accounting Standard (AS-19) – Leases, the reconciliation between the gross investment in lease (Gross Investment) and the present value of minimum lease payments (MLP) receivables as on 31.03.2018 is as follows:

(₹ in lakhs)

|                                | 31.03.2018               | 31.03.2017               |
|--------------------------------|--------------------------|--------------------------|
| Gross Investment in lease      | 1309,16.36               | 2734,83.22               |
| Less: Unearned Finance Charges | <u>160,94.99</u>         | <u>392,22.96</u>         |
|                                | <b><u>1148,21.37</u></b> | <b><u>2342,60.26</u></b> |

## NOTES TO THE ACCOUNTS (Contd.)

Maturity Pattern of the Gross Investment / Present Value of MLP receivables:

(₹ in lakhs)

|   | 31.03.2018        |                   | 31.03.2017        |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Gross Investment  | MLP Receivables   | Gross Investment  | MLP Receivables   |
| Less than 1 year                        | 688,52.40         | 587,54.51         | 1124,50.20        | 928,89.89         |
| Later than 1 year and less than 5 years | 620,63.96         | 560,66.86         | 1610,33.02        | 1413,70.37        |
| <b>Total</b>                            | <b>1309,16.36</b> | <b>1148,21.37</b> | <b>2734,83.22</b> | <b>2342,60.26</b> |

### Note 19: Other Current Assets

(₹ in lakhs)

|  | 31.03.2018       | 31.03.2017       |
|--|------------------|------------------|
| Interest accrued on investments          | 6,89.92          | 4,65.57          |
| Income Receivable                        | 186,40.70        | 137,06.38        |
| SFL Employees Welfare Trust              | 6.35             | 4.93             |
| Repossessed assets (at realisable value) | 25,07.84         | 19,12.20         |
| Stamps and Stamp papers on hand          | 1,20.47          | 89.76            |
|  | <b>219,65.28</b> | <b>161,78.84</b> |

## STATEMENT OF PROFIT AND LOSS

### Note 20: Revenue from Operations

(₹ in lakhs)

|   | 2017-18           | 2016-17           |
|---|-------------------|-------------------|
| Income from Financing Operations          |                   |                   |
| Hypothecation Loans / Hire Purchase       | 2128,94.54        | 1904,77.95        |
| Assets securitised / assigned             | 197,78.11         | 157,64.02         |
| Lease (Net)                               | 74,15.90          | 93,68.58          |
| Others                                    | 4,65.47           | 4,67.91           |
| Recovery of bad debts                     | 18,67.25          | 19,89.76          |
|   | <b>2424,21.27</b> | <b>2180,68.22</b> |
| Income from Investments                   |                   |                   |
| Interest Income (Net)                     | 104,92.90         | 74,36.16          |
| Profit on sale of Non-Current Investments | –                 | 9,12.83           |
| Profit on sale of Current Investments     | 4,53.14           | 8,20.81           |
|   | <b>109,46.04</b>  | <b>91,69.80</b>   |
| Income from other Financial Services      | 59,43.46          | 38,15.08          |
| Income from other Services                | 25,18.37          | 14,24.51          |
|   | <b>2618,29.14</b> | <b>2324,77.61</b> |

Income from Hypothecation Loans / Hire Purchase is net of business origination cost of ₹78,35.18 Lakhs (2016-17 ₹58,93.81 lakhs).

## NOTES TO THE ACCOUNTS (Contd.)

### Note 21: Other Income

|                               | (₹ in lakhs)           |                         |
|-------------------------------|------------------------|-------------------------|
|                               | 2017-18                | 2016-17                 |
| Interest Receipts             | 37,73.03               | 14,19.40                |
| Dividend Income               |                        |                         |
| Subsidiary companies          | 26,15.50               | 23,58.00                |
| Others                        | 19.37                  | 48,33.47                |
|                               | <u>26,34.87</u>        | <u>71,91.47</u>         |
| Profit on sale of investments | –                      | 29.37                   |
| Rent Receipts                 | 6,29.56                | 7,66.01                 |
| Profit on sale of assets      | 19.19                  | 2,01.46                 |
| Other non-operating income    | 7,48.09                | 5,41.55                 |
|                               | <u><b>78,04.74</b></u> | <u><b>101,49.26</b></u> |

### Note 22: Finance Costs

|                            | (₹ in lakhs)             |                          |
|----------------------------|--------------------------|--------------------------|
|                            | 2017-18                  | 2016-17                  |
| Interest expense           |                          |                          |
| Non convertible debentures | 654,63.75                | 654,18.47                |
| Term loans                 | 121,01.21                | 63,30.08                 |
| Fixed deposits             | 208,28.97                | 217,37.97                |
| Commercial paper           | 268,58.47                | 210,20.88                |
| Other interest             | 24,25.99                 | 17,18.69                 |
|                            | <u>1276,78.39</u>        | <u>1162,26.09</u>        |
| Other borrowing costs      | 5,81.89                  | 2,26.38                  |
|                            | <u><b>1282,60.28</b></u> | <u><b>1164,52.47</b></u> |

### Note 23: Employee Benefits

|   | (₹ in lakhs)            |                         |
|---|-------------------------|-------------------------|
|   | 2017-18                 | 2016-17                 |
| Salaries, bonus and commission            | 255,25.30               | 215,00.23               |
| Contribution to Provident and other funds | 16,88.14                | 13,18.25                |
| Employees Stock Options expense           | 1,77.93                 | 1,36.67                 |
| Staff welfare expenses                    | 5,32.69                 | 5,07.50                 |
|   | <u><b>279,24.06</b></u> | <u><b>234,62.65</b></u> |

Funded gratuity for the current and previous four years is as follows:

|                                      | (₹ in lakhs) |            |            |            |            |
|--------------------------------------|--------------|------------|------------|------------|------------|
| Particulars                          | 31.03.2018   | 31.03.2017 | 31.03.2016 | 31.03.2015 | 31.03.2014 |
| Defined Benefit Obligation           | 37,95.41     | 32,51.28   | 27,00.94   | 23,37.74   | 20,63.01   |
| Plan Assets                          | 36,37.92     | 31,42.73   | 25,85.15   | 22,45.91   | 20,52.86   |
| Surplus / (deficit)                  | (1,57.49)    | (1,08.55)  | (1,15.79)  | (91.83)    | (10.15)    |
| Actuarial (gain)/loss on obligations | 2,94.39      | 2,48.58    | 1,61.42    | 51.75      | 1,04.50    |
| Actuarial (gain)/loss on plan assets | (59.01)      | 9.47       | 7.71       | –          | –          |

## NOTES TO THE ACCOUNTS (Contd.)

### Defined Benefit Plans

(₹ in lakhs)

|    | Description of Benefit Plans  | Funded Gratuity |            | Funded Compensation Absences |            |
|----|---|-----------------|------------|------------------------------|------------|
|    |   | 31.03.2018      | 31.03.2017 | 31.03.2018                   | 31.03.2017 |
| A) | Reconciliation of opening and closing balances of the present value of the defined benefit obligation   |                 |            |                              |            |
|    | Opening Balance :Present value of obligation  | 32,51.28        | 27,00.94   | 9,19.24                      | 8,48.22    |
|    | Current service cost  | 2,63.07         | 2,05.16    | 24.68                        | 21.46      |
|    | Interest cost   | 2,29.26         | 2,11.48    | 63.54                        | 63.40      |
|    | Transfer of funds from Subsidiary companies/transfer within funds   | (64.57)         | –          | –                            | –          |
|    | Benefits paid   | (1,78.02)       | (1,14.88)  | (95.34)                      | (74.96)    |
|    | Actuarial (gain) / loss on obligations  | 2,94.39         | 2,48.58    | 1,72.78                      | 61.12      |
|    | Closing Balance :Present value of obligation  | 37,95.41        | 32,51.28   | 10,84.90                     | 9,19.24    |
| B) | Reconciliation of opening and closing balances of the fair value of plan assets   |                 |            |                              |            |
|    | Opening Balance :Fair value of plan assets  | 31,42.73        | 25,85.15   | 8,36.13                      | 6,77.54    |
|    | Expected return on plan assets  | 2,37.71         | 2,16.76    | 71.43                        | 58.34      |
|    | Contributions made  | 4,49.96         | 4,65.17    | 87.78                        | 1,71.06    |
|    | Transfer of funds from Subsidiary companies/transfer within funds   | (73.47)         | –          | –                            | –          |
|    | Benefits paid   | (1,78.02)       | (1,14.88)  | (95.34)                      | (74.96)    |
|    | Actuarial gain / (loss) on plan assets  | 59.01           | (9.47)     | (4.50)                       | 4.15       |
|    | Closing Balance : Fair value of plan assets   | 36,37.92        | 31,42.73   | 8,95.50                      | 8,36.13    |
| C) | Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities recognised in the Balance sheet |                 |            |                              |            |
|    | Closing Balance :Present value of obligation  | 37,95.41        | 32,51.28   | 10,84.90                     | 9,19.24    |
|    | Closing Balance :Fair value of plan assets  | 36,37.92        | 31,42.73   | 8,95.50                      | 8,36.13    |
|    | Unrecognised past service cost  | –               | –          | –                            | –          |
|    | Net Asset/(Liability) recognised in Balance Sheet (included under Other Current Liabilities in Note 9)  | (1,57.49)       | (1,08.55)  | (1,89.40)                    | (83.11)    |
| D) | Expenses recognised in the Statement of Profit and Loss   |                 |            |                              |            |
|    | Current service cost  | 2,63.07         | 2,05.16    | 24.68                        | 21.46      |
|    | Interest cost   | 2,29.26         | 2,11.48    | 63.54                        | 63.40      |
|    | Expected return on plan assets  | 2,37.71         | 2,16.76    | 71.43                        | 58.34      |
|    | Net actuarial (gain) / loss recognized  | 2,35.38         | 2,58.05    | 1,77.28                      | 56.97      |
|    | Total Expenses (included under Employee benefits in Note 23)  | 4,90.01         | 4,57.93    | 1,94.07                      | 83.49      |
| E) | Actual return on plan assets  |                 |            |                              |            |
|    | Expected return on plan assets  | 2,37.71         | 2,16.76    | 71.43                        | 58.34      |
|    | Actuarial gain / (loss) on plan assets  | 59.01           | (9.47)     | (4.50)                       | 4.15       |
|    | Actual return on plan assets  | 2,96.72         | 2,07.29    | 66.93                        | 62.49      |
| F) | Actuarial assumptions*  |                 |            |                              |            |
|    | Discount rate   | 7.99%           | 7.25%      | 7.70%                        | 7.29%      |
|    | Expected rate of return on plan assets  | 7.99%           | 8.00%      | 7.70%                        | 7.29%      |
|    | Rate of increase in compensation levels   | 8.00%           | 7.00%      | 8.00%                        | 7.00%      |
|    | Attrition rate  | 1-3%            | 1-3%       | 7.00%                        | 6.00%      |

\* The estimates of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors.

The actuarial value of sick leave entitlement as on 31.03.2018 is ₹1,80.84 lakhs (31.03.2017 ₹1,36.22 lakhs) and is provided for in the books of accounts.

## NOTES TO THE ACCOUNTS (Contd.)

### Other Long Term Benefits

The Company's liability towards other long term benefits are given below:

(₹ in lakhs)

|                                 | 31.03.2018 | 31.03.2017 | 31.03.2016 | 31.03.2015 | 31.03.2014 |
|---------------------------------|------------|------------|------------|------------|------------|
| Employee assured bonus scheme   | 20,89.35   | 18,46.85   | 17,78.61   | 17,19.23   | 14,48.85   |
| Staff Medical Scheme            | 36.38      | 63.71      | 3,15.05    | 2,79.46    | 2,14.74    |
| Retired Employee Medical Scheme | 1,02.55    | 1,05.96    | 1,09.77    | 1,09.86    | 1,08.44    |

### Employee Stock Option Scheme - SFESOS

The Board has approved issue of stock options in a manner provided in the SEBI

(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as follows:

#### Particulars

Board Meeting Date

Options Granted

Exercise Price (₹ Per share)

Date of Grant

Vesting Date

Vesting Period

Exercise Period

Market Price on a date immediately prior to Grant Date (₹)

Intrinsic Value (₹)

Expenses recognised for 2017-18 (₹ in lakhs)

The key assumptions used for calculating in Black scholes model are:

Risk Free interest rate (% per annum)

Life of the option

Expected Volatility

Fair Value of the Option (₹)

During the vesting period, the option holders are not entitled to receive dividends

The Company has followed Intrinsic Value for accounting SFESOS. Had compensation cost for the stock options granted under the Scheme been determined based on fair value approach, the Company's Profit after Tax (PAT) and Earnings per share would have been as per the amounts indicated below:

(₹ in lakhs)

|  | 2017-18          | 2016-17          |
|--|------------------|------------------|
| Profit after Tax (as reported)   | 532,95.08        | 495,35.30        |
| Add: SFESOS compensation expense included in PAT                           | 2,63.31          | 2,02.25          |
| Less: SFESOS compensation expense determined under fair value based method | 2,63.43          | 2,02.36          |
| Profit after Tax (adjusted)  | <u>532,94.96</u> | <u>495,35.19</u> |
| Basic Earnings per Share of ₹10/- each (as reported) (₹)                   | 47.97            | 44.58            |
| Basic Earnings per Share of ₹10/- each (adjusted) (₹)                      | 47.97            | 44.58            |

## NOTES TO THE ACCOUNTS (Contd.)

### Note 24: Administrative and Other Expenses

(₹ in lakhs)

|  | 2017-18          | 2016-17          |
|--|------------------|------------------|
| Rent   | 14,88.92         | 13,38.57         |
| Rates and taxes  | 5,67.74          | 2,84.18          |
| Communication expenses                                   | 11,64.68         | 11,35.22         |
| Electricity expenses                                     | 6,84.50          | 6,62.44          |
| Travelling and conveyance                                | 15,37.37         | 15,76.83         |
| Outsourcing cost   | 65,93.98         | 42,82.02         |
| Insurance  | 1,73.03          | 1,67.10          |
| Contribution to CSR                                      | 10,25.45         | 10,05.82         |
| Repairs  |                  |                  |
| – Buildings  | 20.38            | 55.29            |
| – Others   | 15,69.49         | 19,05.00         |
|  | 15,89.87         | 19,60.29         |
| Net loss on foreign currency transactions & translations | 2.72             | 1.18             |
| Miscellaneous expenses*                                  | 53,21.16         | 39,27.81         |
|  | <b>201,49.42</b> | <b>163,41.46</b> |

\* Includes ₹85.38 lakhs (2016-17 ₹65.59 lakhs) incurred towards the cost of Employee Stock Option Scheme issued under Sundaram Finance Employee Stock Option Scheme 2008 to executives of Subsidiary Companies

### Note 25: Provisions and Write Off

(₹ in lakhs)

|   | 2017-18         | 2016-17         |
|---|-----------------|-----------------|
| Provision against non-performing assets (net) | 43,63.99        | 42,70.06        |
| Provision against Repossessed assets          | 3,60.45         | (22.35)         |
| Provision against Investments                 |                 |                 |
| A Subsidiary company                          | 12.14           | 2,34.82         |
| Others  | –               | 10,34.73        |
|   | <b>47,36.58</b> | <b>55,17.26</b> |



## NOTES TO THE ACCOUNTS (Contd.)

### Note 26: General

#### 26.01 Segment Reporting

Segment information is presented in the Consolidated Financial Statements in terms of the Accounting Standard 17 - Segment Reporting.

- 26.02 a) Pursuant to the Scheme of Amalgamation of Sundaram Infotech Solutions Limited (SISL) - a wholly owned subsidiary (transferor company) with the Company, as sanctioned by the National Company Law Tribunal vide their order dated September 26, 2017, the assets and liabilities of the transferor company were transferred to and vested with the Company with effect from the appointed date, April 1, 2016. The Scheme was to be effective from the Appointed Date, i.e. 1st April 2016, and is operative from the Effective Date, i.e. 27th September 2017.
- b) The Amalgamation has been accounted for under the "Pooling of Interests method" prescribed by Accounting Standard (AS - 14) - Accounting for Amalgamations issued by the Institute of Chartered Accountants of India. (ICAI) and other Generally Accepted Accounting Principles.
- c) Pursuant to the Scheme of Amalgamation, the authorised equity share capital of the Company stands increased by ₹17,00.00 Lakhs (1,70,00,000 equity shares of ₹10/- each). Consequent to the merger, the entire issued, subscribed and paid up capital of SISL, held by the company and its nominees would stand cancelled.
- d) The results for the year ended 31st March 2018 reflect the impact of merger as contemplated under the Scheme, as set out below :

| Particulars  | ₹ in lakhs     |
|--|----------------|
| (i) Net Assets taken over  | 7,91.25        |
| (ii) Tax adjustments   | 3,53.21        |
| (iii) Loss for the period 2016-17                                      | (1,59.71)      |
| <b>(iv) Net amount credited to Reserves and Surplus (i)+(ii)+(iii)</b> | <b>9,84.75</b> |

- 26.03 The National Company Law Tribunal, Division Bench, Chennai vide Order No. CP/210-214/CAA/2017 dated 12th January 2018 approved the Composite Scheme of Arrangement and Amalgamation (Scheme) between the Company and its four subsidiaries, viz., Sundaram Insurance Broking Services Limited, Infreight Logistics Solutions Limited, Sundaram BPO India Limited and Sundaram Finance Holdings Limited which was received on 18th January 2018. The Scheme was to be effective from the Appointed Date, i.e. 1st April 2016, and is operative from the Effective Date, i.e. 18th January 2018. The scheme envisages the following:

- Amalgamation of Sundaram Insurance Broking Services Limited (SIBSL) and Infreight Logistics Solutions Limited (ILSL) into the Company. Pursuant to the scheme, the authorised equity share capital of the Company stands increased by 1,11,00,000 equity shares of ₹10/- each aggregating to ₹11,10.00 Lakhs. Consequent to the merger, the entire issued, subscribed and paid up capital of SIBSL & ILSL, held by the company and its nominees would stand cancelled. The net amount debited to reserves on account of the Amalgamation amounts to ₹1,73.43 lakhs;
- Demerger of the shared services of Sundaram BPO India Limited (SBPO) into the Company; and subsequently
- Demerger of the non-core investments and shared services of the Company into Sundaram Finance Holdings Limited (SFHL). All shareholders of the company have been allotted shares in SFHL, in the ratio of 1:1 and the shares have been listed in NSE.

## NOTES TO THE ACCOUNTS (Contd.)

The results for the year ended 31st March 2018 reflect the impact of demerger as contemplated under the Scheme, as set out below:

- a) A net amount of ₹202,02.05 lakhs towards transfer of assets and liabilities as of 1st Apr 2016, has been reduced from the Reserves.

|                                       | (₹ in lakhs) |                  |
|---------------------------------------|--------------|------------------|
| Particulars                           | SBPO         | SFHL             |
| <b>Assets:</b>                        |              |                  |
| Fixed assets (net of depreciation)    | 38.20        | 1,11.49          |
| Non-current investments               | –            | 149,64.05        |
| Current investments                   | –            | 1,66.67          |
| Other assets                          | 14.53        | 50,14.53         |
| <b>Total Assets</b>                   | <b>52.73</b> | <b>202,56.74</b> |
| <b>Liabilities:</b>                   |              |                  |
| Deferred tax liabilities              | –            | 1.96             |
| Other liabilities                     | 14.53        | 14.53            |
| <b>Total Liabilities</b>              | <b>14.53</b> | <b>16.49</b>     |
| Net assets transferred to SFL         | 38.20        |                  |
| Net assets transferred to SFHL        |              | 202,40.25        |
| <b>Net amount debited to reserves</b> |              | <b>202,02.05</b> |

- b) A net amount of ₹34,81.65 lakhs towards transfer of profits for the financial year 2016-17 has been reduced from the Reserves.

26.05 The Company has spent an amount of ₹12,64.84 lakhs (2016-17 - ₹12,37.42 lakhs) towards Corporate Social Responsibility (CSR) under Sec 135 of the Companies Act 2013, in the various areas covered under the regulatory provisions like healthcare, education, environment and protection of art and culture.

26.06 The pending litigations as on 31st March 2018 have been compiled by the company and reviewed by the Statutory Auditors. The current position of the litigation has been evaluated and the effect thereof has been appropriately disclosed in the financial statements.

26.07 In respect of a lease transaction, the Company preferred appeals against the demands raised by Commissioner of Customs / CESTAT / Appellate Tribunal for Foreign Exchange, towards duty and penalty, aggregating to ₹63.79 lakhs (2016-17 - ₹63.79 lakhs).

26.08 Contingent liabilities in respect of (₹ in lakhs)

|   | 31.03.2018 | 31.03.2017 |
|---|------------|------------|
| a) On Cheques discounted                                | 27.80      | 99.79      |
| b) Bank guarantee and Letter of credit                  | 8,15.14    | 1,94.30    |
| c) Claims against the company not acknowledged as debts | 6,34.29    | 5,71.46    |
| d) Tax disputes   | 73,50.89   | 98,24.11   |

Tax disputes in respect of Income Tax, Service Tax and VAT demands are pending before various appellate forums/authorities and the cash flows would be determined only upon the receipt of decisions. The Company is of the opinion that the demands are not sustainable and expects to succeed in its appeal.

The contested tax demands have been ascertained on the basis of relief allowed by the appellate authorities, on similar issues in earlier assessment years.

## NOTES TO THE ACCOUNTS (Contd.)

### 26.04 RELATED PARTIES DISCLOSURES:

Related party disclosures, as per Accounting Standard 18 - 'Related Party Disclosures', for the year ended 31st March 2018 , are given below:

#### RELATED PARTIES:

##### Subsidiary Companies:

Sundaram BNP Paribas Home Finance Ltd.  
  
Sundaram Asset Management Company Ltd.  
Sundaram Asset Management Singapore Pte Ltd.  
Sundaram Trustee Company Ltd.  
Sundaram Alternate Assets Limited  
LGF Services Ltd.  
Sundaram BNP Paribas Fund Services Ltd.  
Royal Sundaram General Insurance Co. Ltd.  
Sundaram Business Services Limited (till 18/01/2018)\*  
Sundaram BPO India Limited (till 18/01/2018)\*  
Sundaram Finance Holdings limited (till 11/02/2018)\*  
Sundaram Infotech Solutions Ltd.\*  
Infreight Logistics Solutions Ltd.\*  
Sundaram Insurance Broking Services Ltd.\*

##### Associates:

Sundaram Finance Holdings Limited (from 12/02/2018)\*  
  
Axles India Ltd.\*  
Turbo Energy Private Ltd.\*  
Transenergy Ltd.\*  
Sundaram Dynacast Private Ltd.\*  
Sundaram Hydraulics Ltd.\*  
Flometallic India Private Ltd.\*  
Dunes Oman LLC (FZC)\*

#### Key Management Personnel (KMP):

Mr. T.T. Srinivasaraghavan, Managing Director  
Mr. Harsha Viji, Deputy Managing Director  
Mr. A.N. Raju, Director (Operations)

#### Relatives of Key Management Personnel: (with whom the company has transactions)

|          | Mr. T.T. Srinivasaraghavan | Mr. Harsha Viji  | Mr. A.N. Raju    |
|----------|----------------------------|------------------|------------------|
| Father   | Mr. T.T. Rangaswamy        | Mr. S.Viji       |                  |
| Mother   | Mrs. Vimala Rangaswamy     | Mrs. Chitra Viji |                  |
| Wife     | Mrs. Bagyam Raghavan       |                  | Mrs. RN. Mala    |
| Daughter | Miss. Anjana Raghavan      |                  |                  |
| Son      | Mr T.T. Venkatraghavan     |                  |                  |
| Brother  | Mr. T.T. Narendran         | Mr. Sriram Viji  | Mr. AN . Sreeram |

#### Enterprises over which Key Management Personnel (KMP) and his relatives can exercise significant influence

Mr. Harsha Viji

M/s. Athreya Harsha Holdings Private Ltd.

Mrs. Chitra Viji & Mr. Sriram Viji

M/s. Uthirattadhi Sriram Holdings Private Ltd.

\* As per Scheme , refer note 26.02 and 26.03

## NOTES TO THE ACCOUNTS (Contd.)

### RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31ST MARCH 2018

The nature and volume of transactions for the year ended 31st March 2018 with the above related parties are as follows.

(₹ in lakhs)

| Particulars                              | Subsidiary Companies* | Associates* | Key Management Personnel and Relatives | Enterprises over which KMP and his relatives is exercising significant influence | 2017-18   | 2016-17   |
|--|-----------------------|-------------|--|--|-----------|-----------|
| <b>INCOME</b>                            |                       |             |  |  |           |           |
| Income from Financing Operations         | 72.45                 | —           | —                                      | —  | 72.45     | 1,93.64   |
| Income from Investments                  | 10,75.00              | —           | —                                      | —  | 10,75.00  | 2,84.45   |
| Income from Services                     | 56,12.59              | —           | —                                      | —  | 56,12.59  | 42,06.27  |
| Dividend                                 | 25,78.00              | 37.50       | —                                      | —  | 26,15.50  | 54,80.20  |
| Rent Receipts                            | 4,45.21               | —           | —                                      | —  | 4,45.21   | 6,57.70   |
| Profit on sale of Investment             | —                     | —           | —                                      | —  | —         | 14.20     |
| Other non-operating income               | 2,01.04               | 0.50        | —                                      | —  | 2,01.54   | 2,12.63   |
| <b>EXPENDITURE</b>                       |                       |             |  |  |           |           |
| Interest                                 | 3,18.00               | —           | 83.95                                  | —  | 4,01.95   | 4,60.21   |
| Remuneration                             | —                     | —           | 10,81.07                               | —  | 10,81.07  | 8,58.12   |
| Support Services                         | 4.55                  | 2,44.20     | —                                      | —  | 2,48.75   | 5,77.22   |
| Software & Other Expenses                | —                     | —           | —                                      | —  | —         | 24.84     |
| Rent Paid                                | 4.32                  | 21.02       | —                                      | —  | 25.34     | 6.98      |
| Insurance Premium                        | 1,28.13               | —           | —                                      | —  | 1,28.13   | 1,28.45   |
| Discounting Charges                      | 1,20.26               | —           | —                                      | —  | 1,20.26   | 17.06     |
| <b>DIVIDEND PAID</b>                     | —                     | —           | 4,85.06                                | 1,51.43  | 6,36.49   | 5,87.96   |
| <b>ASSETS</b>                            |                       |             |  |  |           |           |
| Investments                              | 226,45.50             | —           | —                                      | —  | 226,45.50 | 145,47.47 |
| Disinvestment                            | —                     | —           | —                                      | —  | —         | 2,16.67   |
| Loans and Advances Disbursed             | 5.70                  | —           | —                                      | —  | 5.70      | 7.46      |
| Repayment of Loans and Advances          | 5.82                  | —           | —                                      | —  | 5.82      | 7.67      |
| Insurance Premium paid in advance        | 1,19.37               | —           | —                                      | —  | 1,19.37   | 1,15.97   |
| <b>LIABILITIES</b>                       |                       |             |  |  |           |           |
| Issue of Non Convertible Debentures      | —                     | —           | —                                      | —  | —         | 25,52.97  |
| Redemption of Non Convertible Debentures | —                     | —           | —                                      | —  | —         | 15,00.00  |
| Discounting Charges                      | —                     | —           | —                                      | —  | —         | 17.06     |
| Other Liabilities                        | —                     | 1,39.81     | —                                      | —  | 1,39.81   | —         |

\* As per the scheme - Refer Note 26.03

## NOTES TO THE ACCOUNTS (Contd.)

### Disclosure Of Material Transactions With Related Parties

(₹ in lakhs)

| Particulars                      | Related Parties                           | 2017-18  | 2016-17  |
|----------------------------------|---|----------|----------|
| <b>INCOME</b>                    |   |          |          |
| Income from Financing Operations | Royal Sundaram General Insurance Co. Ltd. | 28.28    | 42.19    |
|                                  | Turbo Energy Private Ltd.                 | –        | 62.57    |
|                                  | Sundaram Asset Management Company Ltd.    | 28.68    | 35.03    |
| Income from Investments          | Royal Sundaram General Insurance Co. Ltd. | 10,75.00 | 2,84.45  |
| Income from Services             | Royal Sundaram General Insurance Co. Ltd. | 18,44.52 | 10,78.88 |
|                                  | Sundaram BNP Paribas Home Finance Ltd.    | 13,11.25 | 10,75.10 |
|                                  | Sundaram Asset Management Company Ltd.    | 15,57.84 | 8,64.62  |
|                                  | Sundaram BNP Paribas Fund Services Ltd.   | 8,31.78  | 6,99.23  |
|                                  | Sundaram Infotech Solutions Ltd.          | –        | 1,94.56  |
|                                  | Sundaram Finance Holdings Ltd.            | –        | 1,56.00  |
|                                  | LGF Services Ltd.                         | 67.20    | 1,24.80  |
|                                  | Turbo Energy Private Ltd.                 | –        | 11.72    |
| Dividend                         | Sundaram BNP Paribas Home Finance Ltd.    | 17,75.50 | 17,75.50 |
|                                  | Sundaram Asset Management Company Ltd.    | 7,00.00  | 3,60.00  |
|                                  | Dunes Oman LLC (FZC)                      | –        | 22,66.83 |
|                                  | Flometallic India Private Limited         | –        | 3,25.00  |
|                                  | Turbo Energy Private Ltd.                 | –        | 2,56.00  |
|                                  | Sundaram Trustee Company Ltd.             | 40.00    | 35.00    |
|                                  | LGF Services Limited                      | 62.50    | 87.50    |
|                                  | Sundaram Finance Holdings Limited         | 37.50    | 1,00.00  |
| Rent Receipts                    | Sundaram Asset Management Company Ltd.    | 1,99.97  | 1,99.30  |
|                                  | Sundaram BNP Paribas Home Finance Ltd.    | 1,73.68  | 1,74.60  |
|                                  | Sundaram Business Services Ltd.           | –        | 1,26.29  |
| Profit on sale of Investment     | LGF Services Limited                      | –        | 14.20    |
| Other non-operating income       | Sundaram BNP Paribas Home Finance Ltd.    | 1,14.47  | 1,29.15  |
|                                  | Sundaram BNP Paribas Fund Services Ltd.   | 29.07    | 28.47    |
|                                  | Sundaram Asset Management Company Ltd.    | 31.68    | 22.72    |
|                                  | Royal Sundaram General Insurance Co. Ltd. | 25.83    | 15.97    |
| <b>EXPENDITURE</b>               |   |          |          |
| Interest                         | Royal Sundaram General Insurance Co. Ltd. | 3,18.00  | 3,66.14  |
| Support Services                 | Sundaram BPO India Ltd.                   | –        | 5,77.22  |
|                                  | Sundaram Finance Holdings Limited         | 2,44.20  | –        |
| Software Expenses                | Sundaram Infotech Solutions Ltd.          | –        | 24.84    |
| Rent Paid                        | Sundaram BNP Paribas Home Finance Ltd.    | 1.41     | 1.23     |
|                                  | Royal Sundaram General Insurance Co. Ltd. | 2.91     | 5.76     |
|                                  | Sundaram Finance Holdings Limited         | 21.02    | –        |
| Insurance Premium                | Royal Sundaram General Insurance Co. Ltd. | 1,28.13  | 1,28.45  |
| Discounting Charges              | Royal Sundaram General Insurance Co. Ltd. | 1,20.26  | 17.06    |

## NOTES TO THE ACCOUNTS (Contd.)

### Disclosure of Material Transactions with Related Parties

(₹ in lakhs)

| Particulars                              | Related Parties                           | 2017-18   | 2016-17   |
|--|---|-----------|-----------|
| <b>ASSETS</b>                            |   |           |           |
| Sale of Fixed Assets/ Software Licenses  | Sundaram BNP Paribas Fund Services Ltd.   | –         | 8.35      |
| Investments                              | Sundaram Finance Holdings Ltd.            | –         | 19,50.00  |
|  | Royal Sundaram General Insurance Co. Ltd. | 223,90.50 | 122,77.00 |
|  | Sundaram BNP Paribas Fund Services Ltd.   | 2,55.00   | 2,55.00   |
|  | Sundaram Insurance Broking Services Ltd.  | –         | 64.36     |
|  | Infreight Logistics Solutions Ltd.        | –         | 1.11      |
| Disinvestments                           | Sundaram Insurance Broking Services Ltd.  | –         | 50.00     |
|  | Sundaram Hydraulics Limited               | –         | 1,66.67   |
| Loans and Advances Disbursed             | Sundaram Asset Management Company Ltd.    | 5.70      | 5.43      |
|  | Sundaram Business Services Ltd.           | –         | 1.46      |
| Repayment of Loans and Advances          | Sundaram Asset Management Company Ltd.    | 5.82      | 5.58      |
|  | Sundaram Business Services Ltd.           | –         | 1.50      |
| Insurance Premium paid in advance        | Royal Sundaram General Insurance Co. Ltd. | 1,19.37   | 1,15.97   |
| <b>LIABILITIES</b>                       |   |           |           |
| Issue of Non Convertible Debentures      | Royal Sundaram General Insurance Co. Ltd. | –         | 25,52.97  |
| Redemption of Non Convertible Debentures | Royal Sundaram General Insurance Co. Ltd. | –         | 15,00.00  |
| Discounting Charges                      | Royal Sundaram General Insurance Co. Ltd. | –         | 17.06     |
| Other Liabilities                        | Sundaram Finance Holdings Ltd             | 1,39.81   | –         |

### Balances With Related Parties as at 31st March 2018

(₹ in Lakhs)

| Balances Outstanding       | Subsidiary Companies* | Associates * | Key Management Personnel | Relatives of Key Management Personnel | Enterprises over which KMP and his relatives is exercising significant influence | 31.03.2018 | 31.03.2017 |
|----------------------------|-----------------------|--------------|--------------------------|---------------------------------------|--|------------|------------|
| <b>ASSETS</b>              |                       |              |                          |                                       |  |            |            |
| Investments                | 1349,88.95            | 20,15.18     | –                        | –                                     | –  | 1370,04.13 | 1176,04.78 |
| Loans and Advances         | 2,47.87               | –            | –                        | –                                     | –  | 2,47.87    | 3,70.52    |
| Other Assets               | 14,42.36              | 0.33         | –                        | –                                     | –  | 14,42.69   | 8,15.85    |
| <b>LIABILITIES</b>         |                       |              |                          |                                       |  |            |            |
| Equity Holdings            | –                     | –            | 1,71.75                  | 5,74.49                               | 2,32.97  | 9,79.21    | 9,79.01    |
| Non Convertible Debentures | 51,90.29              | –            | –                        | –                                     | –  | 51,90.29   | 50,70.03   |
| Deposits                   | –                     | –            | 27.00                    | 6,22.69                               | –  | 6,49.69    | 9,66.48    |
| Interest on deposits       | –                     | –            | 1.74                     | 51.76                                 | –  | 53.50      | 98.13      |
| Interest accrued           | 3,58.98               | –            | –                        | –                                     | –  | 3,58.98    | 2,06.02    |
| Other Liabilities          | 2,08.42               | 1,39.81      | –                        | –                                     | –  | 3,48.23    | 2,72.99    |
| Remuneration payable       | –                     | –            | 7,07.48                  | –                                     | –  | 7,07.48    | 5,50.21    |

\* As per the scheme - Refer Note 26.03

## NOTES TO THE ACCOUNTS (Contd.)

### Disclosure Of Material Balances With Related Parties as at 31st March 2018

(₹ in Lakhs)

| Balances Outstanding                         | Subsidiary Companies * | Associates *    | Key Management Personnel | Relatives of Key Management Personnel | Enterprises over which KMP and his relatives is exercising significant influence | 31.03.2018        | 31.03.2017        |
|--|------------------------|-----------------|--------------------------|---------------------------------------|--|-------------------|-------------------|
| <b>ASSETS</b>                                |                        |                 |                          |                                       |  |                   |                   |
| Investments                                  |                        |                 |                          |                                       |  |                   |                   |
| a) Investments In Equity Shares              |                        |                 |                          |                                       |  |                   |                   |
| Royal Sundaram General Insurance Co. Ltd     | 888,15.84              |                 |                          |                                       |  | 888,15.84         | 664,25.34         |
| Sundaram Asset Management Company Ltd.       | 184,87.24              |                 |                          |                                       |  | 184,87.24         | 184,87.24         |
| Sundaram BNP Paribas Home Finance Ltd.       | 151,57.10              |                 |                          |                                       |  | 151,57.10         | 151,57.10         |
| Sundaram BNP Paribas Fund Services Ltd.      | 22,95.15               |                 |                          |                                       |  | 22,95.15          | 20,40.15          |
| Dunes Oman LLC (FZC)                         |                        |                 |                          |                                       |  |                   | 26,94.86          |
| Sundaram Infotech Solution Ltd.              |                        |                 |                          |                                       |  |                   | 16,40.00          |
| Flometallic India Private Ltd.               |                        |                 |                          |                                       |  |                   | 32,50.00          |
| Axles India Ltd.                             |                        |                 |                          |                                       |  |                   | 10,15.70          |
| Sundaram Hydraulics Ltd.                     |                        |                 |                          |                                       |  |                   | 11,25.00          |
| Sundaram Business Services Ltd.              |                        |                 |                          |                                       |  |                   | 15,00.00          |
| Sundaram BPO India Ltd.                      |                        |                 |                          |                                       |  |                   | 11,29.99          |
| Sundaram Trustee Company Ltd.                | 2,28.62                |                 |                          |                                       |  | 2,28.62           | 2,28.62           |
| Turbo Energy Ltd.                            |                        |                 |                          |                                       |  |                   | 1,88.41           |
| Transenergy Ltd.                             |                        |                 |                          |                                       |  |                   | 1,87.50           |
| Sundaram Dynacast Private Ltd.               |                        |                 |                          |                                       |  |                   | 1,17.00           |
| Sundaram Finance Holdings Ltd.               |                        | 20,15.18        |                          |                                       |  | 20,15.18          | 20,15.18          |
| Sundaram Insurance Broking Services Ltd.     |                        |                 |                          |                                       |  |                   | 64.36             |
| LGF Services Ltd.                            | 5.00                   |                 |                          |                                       |  | 5.00              | 5.00              |
| <b>Total</b>                                 | <b>1249,88.95</b>      | <b>20,15.18</b> |                          |                                       |  | <b>1270,04.13</b> | <b>1172,71.45</b> |
| b) Investments In Preference Shares          |                        |                 |                          |                                       |  |                   |                   |
| Sundaram Hydraulics Ltd.                     |                        |                 |                          |                                       |  | -                 | 3,33.33           |
| c) Investments In Non-Convertible Debentures |                        |                 |                          |                                       |  |                   |                   |
| Royal Sundaram General Insurance Co. Ltd.    | 100,00.00              |                 |                          |                                       |  | 100,00.00         | 100,00.00         |

\* As per the scheme - Refer Note 26.03

## NOTES TO THE ACCOUNTS (Contd.)

Disclosure of Material Balances With Related Parties as at 31st March 2018

(₹ in Lakhs)

| BALANCES OUTSTANDING                      | Subsidiary Companies * | Associates *   | Key Management Personnel | Relatives of Key Management Personnel | Enterprises over which KMP and his relatives is exercising significant influence | 31.03.2018      | 31.03.2017     |
|---|------------------------|----------------|--------------------------|---------------------------------------|--|-----------------|----------------|
| <b>Loans and Advances</b>                 |                        |                |                          |                                       |  |                 |                |
| a) Intercorporate Loans                   |                        |                |                          |                                       |  |                 |                |
| Sundaram Business Services Ltd.           |                        |                |                          |                                       |  | –               | 2,00.00        |
| b) Lease Receivables                      |                        |                |                          |                                       |  |                 |                |
| Sundaram BNP Paribas Fund Services Ltd.   | 2,47.42                |                |                          |                                       |  | 2,47.42         | 89.49          |
| Sundaram Infotech Solutions Ltd.          |                        |                |                          |                                       |  | –               | 40.69          |
| Axles India Ltd.                          |                        |                |                          |                                       |  | –               | 15.36          |
| c) Hypothecation Loans                    |                        |                |                          |                                       |  |                 |                |
| Sundaram Hydraulics Ltd.                  |                        |                |                          |                                       |  | –               | 24.37          |
| <b>Other Assets</b>                       |                        |                |                          |                                       |  |                 |                |
| Royal Sundaram General Insurance Co. Ltd. | 7,62.84                |                |                          |                                       |  | 7,62.84         | 5,12.50        |
| Sundaram Asset Management Company Ltd.    | 3,52.97                |                |                          |                                       |  | 3,52.97         | 1,77.31        |
| Sundaram BNP Paribas Fund Services Ltd.   | 88.81                  |                |                          |                                       |  | 88.81           | 50.89          |
| Sundaram BNP Paribas Home Finance Ltd.    | 2,37.74                |                |                          |                                       |  | 2,37.74         | 39.33          |
| Sundaram Infotech Solution Ltd.           |                        |                |                          |                                       |  | –               | 22.00          |
| Sundaram Finance Holdings Ltd.            |                        | 0.33           |                          |                                       |  | 0.33            | –              |
| <b>Total</b>                              | <b>14,42.36</b>        | <b>0.33</b>    |                          |                                       |  | <b>14,42.69</b> | <b>8,02.03</b> |
| <b>LIABILITIES</b>                        |                        |                |                          |                                       |  |                 |                |
| <b>Equity Holdings</b>                    |                        |                | 1,71.75                  | 5,74.49                               | 2,32.97  | 9,79.21         | 9,79.02        |
| <b>Non Convertible Debentures</b>         |                        |                |                          |                                       |  |                 |                |
| Royal Sundaram General Insurance Co. Ltd. | 51,90.29               |                |                          |                                       |  | 51,90.29        | 50,70.03       |
| <b>Deposits</b>                           |                        |                | 27.00                    | 6,22.69                               |  | 6,49.69         | 9,66.48        |
| <b>Interest on deposits</b>               |                        |                | 1.74                     | 51.76                                 |  | 53.50           | 98.14          |
| <b>Interest accrued</b>                   |                        |                |                          |                                       |  |                 |                |
| Royal Sundaram General Insurance Co. Ltd. | 3,58.98                |                |                          |                                       |  | 3,58.98         | 2,06.02        |
| <b>Other Liabilities</b>                  |                        |                |                          |                                       |  |                 |                |
| Sundaram BNP Paribas Home Finance Ltd.    | 1,43.58                |                |                          |                                       |  | 1,43.58         | 1,44.02        |
| Royal Sundaram General Insurance Co. Ltd. | 36.25                  |                |                          |                                       |  | 36.25           | 36.25          |
| Sundaram Asset Management Company Ltd.    | 26.95                  |                |                          |                                       |  | 26.95           | 26.95          |
| Sundaram BPO India Ltd.                   |                        |                |                          |                                       |  | –               | 51.27          |
| Sundaram Finance Holdings Ltd             |                        | 1,39.81        |                          |                                       |  | 1,39.81         | –              |
| LGF Services Ltd                          | 1.64                   |                |                          |                                       |  | 1.64            | –              |
| Remuneration payable                      |                        |                | 7,07.48                  |                                       |  | 7,07.48         | 5,50.21        |
| <b>Total</b>                              | <b>2,08.42</b>         | <b>1,39.81</b> | <b>7,07.48</b>           |                                       |  | <b>10,55.71</b> | <b>8,08.70</b> |

\* As per the Scheme - Refer Note 26.03

(₹ in Lakhs)

| Maximum amount outstanding in respect of Loans and Advances | 2017-18 | 2016-17 |
|---|---------|---------|
| Sundaram Business Services Ltd                              | –       | 2,00.00 |
| Sundaram BNP Paribas Fund Services Ltd                      | 2,47.42 | 89.49   |
| Sundaram Infotech Solution Ltd.                             | –       | 53.90   |
| Axles India Ltd   | –       | 50.97   |
| Sundaram Hydraulics Limited                                 | –       | 31.51   |

SUNDARAM FINANCE LIMITED



## NOTES TO THE ACCOUNTS (Contd.)

26.09 Estimated amount of contracts remaining to be executed on capital account ₹3,24.86 lakhs (net of advances of ₹35.67 lakhs) (31.03.2017 - ₹6,11.15 lakhs, net of advances of ₹2,28.11 lakhs). Uncalled liability on partly paid equity shares ₹ Nil (31.03.2017 - ₹5,50.00 lakhs) and uncalled commitment in Alternate Investment Fund Schemes amounting to ₹33,61.22 lakhs (31.03.2017 - ₹13,50.00 lakhs).

26.10 Interim Dividend of ₹ 55,55.19 lakhs (₹ 5/- per share) has been approved by the Board for the year ended 31st March 2018 during Apr 18. Final dividend of ₹ 77,77.27 lakhs (₹ 7/- per share) has been recommended by the board for the year ended 31st March 2018 in May 18.

26.11 Based on the current assessment of the long-term contracts in the ordinary course of business, the Company has made adequate provision for losses where required. The derivative contracts have been entered into for hedging the foreign currency liability and interest liability. Derivative contracts being in the nature of hedge contracts, the Company does not anticipate any material losses from the same.

26.12 Miscellaneous expenses under Administrative and other expenses include payment to Auditors towards:

(₹ in lakhs)

|   | 2017-18 | 2016-17 |
|---|---------|---------|
| Statutory Audit   | 60.00   | 60.00   |
| Tax Audit   | 15.00   | 15.00   |
| Certification (includes ₹ 9.70 lakhs paid to previous auditors) | 29.70   | 30.20   |
| Reimbursement of Expenses                                       | 0.09    | 0.12    |

26.13 There are no amounts due to Small Scale Industries in terms of "The Micro, Small and Medium Enterprises Development Act, 2006".

26.14 Earnings per share (Basic & diluted)

|   | 2017-18      | 2016-17      |
|---|--------------|--------------|
| Profit for the year after taxation (₹ in lakhs)           | 532,95.08    | 495,35.30    |
| Number of equity shares of ₹10/- each                     | 11,11,03,860 | 11,11,03,860 |
| Basic and Diluted Earnings Per Share of ₹10/- each (in ₹) | 47.97        | 44.58        |

26.15 Expenditure in foreign currency (on payment basis):

(₹ in lakhs)

|                  | 2017-18  | 2016-17  |
|------------------|----------|----------|
| Interest         | 77,75.01 | 45,65.84 |
| On other matters | 80.95    | 9.05     |

26.16 Earnings in foreign currency

(₹ in lakhs)

|                                    | 2017-18 | 2016-17  |
|------------------------------------|---------|----------|
| Dividend from an Associate company | –       | 22,66.83 |
| Income from other services         | 6,45.67 | 59.73    |

## NOTES TO THE ACCOUNTS (Contd.)

### Note 27: Disclosures as per Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

#### 27.01 Capital to Risk (weighted) Assets Ratio

| Particulars  | 31.03.2018 | 31.03.2017 |
|--|------------|------------|
| CRAR (%)   | 17.64      | 17.84      |
| CRAR - Tier I Capital (%)                                    | 12.18      | 14.34      |
| CRAR - Tier II Capital (%)                                   | 5.46       | 3.50       |
| Subordinated debt considered as Tier II Capital (₹ in lakhs) | 1356,84.00 | 780,26.00  |

#### 27.02 Investments (₹ in lakhs)

|  | 31.03.2018 | 31.03.2017 |
|--|------------|------------|
| Value of Investments   |            |            |
| Gross Value of Investments   |            |            |
| a) In India  | 2269,79.89 | 1894,61.55 |
| b) Outside India   | –          | 26,94.86   |
| Provisions for Depreciation  |            |            |
| a) In India  | 11,54.95   | 38,39.16   |
| b) Outside India   | –          | –          |
| Net Value of Investments   |            |            |
| a) In India  | 2258,24.94 | 1856,22.39 |
| b) Outside India   | –          | 26,94.86   |
| Movement of provisions held towards depreciation on investments          |            |            |
| Opening balance  | 38,39.16   | 25,16.52   |
| Add : Provisions made during the year                                    | 33.73      | 14,36.22   |
| Less : Reversal of provisions during the year (Refer Note 26.02 & 26.03) | 27,17.94   | 1,13.57    |
| Closing balance  | 11,54.95   | 38,39.16   |

#### 27.03 Derivatives

##### 27.03.01 Forward Rate Agreement / Interest Rate Swap / Coupon Only Swap (FRA / IRS / COS) (₹ in lakhs)

|   | 31.03.2018      | 31.03.2017 |
|---|-----------------|------------|
| The notional principal of swap agreements   | –               | 150,00.00  |
| Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements | –               | 17.34      |
| Collateral required by NBFC upon entering into swaps  | –               | –          |
| Concentration of credit risk arising from the swaps   | 100% with Banks |            |
| The fair value of the swap book   | –               | 17.34      |

The details and terms of COS (Hedging) are set out below: (₹ in lakhs)

| Derivatives      | 31.03.2018         | 31.03.2017 | Benchmark | Terms                                 |
|------------------|--------------------|------------|-----------|---------------------------------------|
|                  | Notional Principal |            |           |                                       |
| Coupon Only Swap | –                  | 150,00.00  | USD LIBOR | Fixed Payable v/s Floating Receivable |

## NOTES TO THE ACCOUNTS (Contd.)

27.03.02 Exchange Traded Interest Rate (IR) Derivatives : NIL

27.03.03 Qualitative disclosures on risk exposure of derivatives

i) Qualitative disclosures

The Company has a Board approved policy for entering into derivative transactions. Derivative transaction comprises Forward Rate Agreements, Interest Rate Swaps, Coupon Only Swaps, Currency and Interest Rate Swap and Forward Exchange contracts. The Company undertakes such transactions for hedging balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Asset Liability Management Committee and Risk Management Committee periodically monitors and reviews the risks involved.

ii) Quantitative disclosures

(₹ in lakhs)

|  | Currency Derivatives |            | Interest Rate Derivatives |            |
|--|----------------------|------------|---------------------------|------------|
|  | 31.03.2018           | 31.03.2017 | 31.03.2018                | 31.03.2017 |
| i) Derivatives (Notional Principal Amount) |                      |            |                           |            |
| For Hedging                                | 1795,59.42           | 912,89.56  | –                         | 150,00.00  |
| ii) Marked to Market Position              |                      |            |                           |            |
| - Asset (+)                                | 11,87.90             | –          | –                         | 17.34      |
| - Liability (-)                            | 25,66.45             | 49,55.85   | –                         | –          |
| iii) Credit Exposure                       | 102,95.60            | 65,24.82   | –                         | 75.00      |
| iv) Unhedged Exposures                     | –                    | –          | –                         | –          |

27.04 Disclosures relating to Securitisation

27.04.01 Special Purpose Vehicles (SPVs) and Minimum Retention Requirements

(₹ in lakhs)

|   | 31.03.2018 | 31.03.2017 |
|---|------------|------------|
| No. of SPVs Sponsored by the NBFC for Securitisation Transactions                                 | 15         | 13         |
| Total amount of securitised assets as per books of the SPVs sponsored                             | 4395,51.72 | 3358,16.58 |
| Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet |            |            |
| Off-balance sheet exposures   |            |            |
| First loss  | –          | –          |
| Others  | –          | –          |
| On-balance sheet exposures  |            |            |
| First loss  | 597,94.66  | 494,59.50  |
| Others  | 91,73.62   | 29,03.76   |
| Total amount of exposures to securitisation transactions other than MRR                           |            |            |
| Off-balance sheet exposures   |            |            |
| Exposures to own securitisations  |            |            |
| First loss  | –          | –          |
| Others  | –          | –          |
| Exposure to third party securitisations   |            |            |
| First loss  | –          | –          |
| Others  | –          | –          |
| On-balance sheet exposures  |            |            |
| Exposures to own securitisations  |            |            |
| First loss  | –          | –          |
| Others  | –          | –          |
| Exposure to third party securitisations   |            |            |
| First loss  | –          | –          |
| Others  | –          | –          |

## NOTES TO THE ACCOUNTS (Contd.)

27.04.02 Details of Assignment transactions undertaken (₹ in lakhs)

|   | 2017-18   | 2016-17    |
|---|-----------|------------|
| No. of accounts   | 5829      | 16158      |
| Aggregate consideration on sale   | 489,64.01 | 1461,16.60 |
| Aggregate value (net of provisions) of accounts sold                                  | 476,84.62 | 1423,92.87 |
| Additional consideration realized in respect of accounts transferred in earlier years | –         | –          |
| Aggregate gain / (loss) over net book value   | 12,79.39  | 37,23.73   |

27.04.03 Details of Financial Assets Sold to Securitisation / Reconstruction Company for Asset Reconstruction: NIL

27.04.04 Details of non-performing financial assets purchased / sold : NIL

27.05 Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2018:

(₹ in lakhs)

|                                 | Upto 30/<br>31 days | Over 1<br>month<br>upto<br>2 months | Over 2<br>months<br>upto<br>3 months | Over 3<br>months<br>& upto<br>6 months | Over 6<br>months<br>& upto<br>1 year | Over 1<br>year<br>& upto<br>3 years | Over 3<br>years<br>& upto<br>5 years | Over 5<br>years | Total       |
|---------------------------------|---------------------|-------------------------------------|--------------------------------------|--|--------------------------------------|-------------------------------------|--------------------------------------|-----------------|-------------|
| Deposits                        | 114,75.56           | 91,77.82                            | 96,46.94                             | 336,02.33                              | 546,36.70                            | 1313,92.92                          | –                                    | –               | 2499,32.27  |
| Borrowings                      | 287,99.98           | 298,00.00                           | 1431,66.41                           | 446,46.02                              | 4354,40.38                           | 4815,96.42                          | 882,95.78                            | 1040,00.00      | 13557,44.99 |
| Foreign Currency<br>Liabilities | –                   | –                                   | 500,00.00                            | –                                      | 329,06.19                            | 850,00.00                           | –                                    | –               | 1679,06.19  |
| Advances                        | 1104,31.30          | 915,38.67                           | 991,41.01                            | 2316,34.60                             | 4170,28.59                           | 10408,58.55                         | 2176,71.37                           | 3,82.82         | 22086,86.91 |
| Investments                     | 270,79.58           | 17,61.11                            | 18,35.62                             | 62,26.73                               | 103,58.30                            | 262,71.25                           | 49,05.41                             | 1402,95.80      | 2187,33.80  |
| Foreign Currency<br>Assets      | 64.18               | –                                   | –                                    | –                                      | –                                    | –                                   | –                                    | –               | 64.18       |

## NOTES TO THE ACCOUNTS (Contd.)

27.06 Exposures

27.06.01 Exposure to Real Estate Sector (₹ in lakhs)

| Particulars  | 31.03.2018      | 31.03.2017      |
|--|-----------------|-----------------|
| Residential Mortgages -<br>Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented  | 16,72.62        | 18,00.61        |
| Commercial Real Estate -<br>Lending secured by mortgages on commercial real estates (office buildings, retail space, multi purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc). Exposure would also include non-fund based limits | 10,00.00        | –               |
| Investments in Mortgage Backed Securities (MBS) and other securitised exposures  |                 |                 |
| – Residential  | –               | –               |
| – Commercial Real Estate   | –               | –               |
| <b>Total Exposure to Real Estate Sector</b>  | <b>26,72.62</b> | <b>18,00.61</b> |

27.06.02 Exposure to Capital Market (₹ in lakhs)

| Particulars   | 31.03.2018      | 31.03.2017      |
|---|-----------------|-----------------|
| Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt; (listed Securities)  | 23,15.18        | 31,52.68        |
| Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;  | –               | –               |
| Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;   | –               | –               |
| Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e where the primary security other than shares/convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances; | –               | –               |
| Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;   | –               | –               |
| Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;   | –               | –               |
| Bridge loans to companies against expected equity flows / issues  | –               | –               |
| All exposures to Venture Capital Funds (both registered and unregistered)   | –               | –               |
| <b>Total Exposure to Capital Market</b>   | <b>23,15.18</b> | <b>31,52.68</b> |

## NOTES TO THE ACCOUNTS (Contd.)

- 27.06.03 Details of financing of parent company products : NIL
- 27.06.04 Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the company : NIL
- 27.07 Registration obtained from other financial sector regulators during the year : NIL
- 27.08 Disclosure of penalties imposed by RBI and other regulators : NIL
- 27.09 Rating Assignment by Credit Rating Agencies and migration of ratings during the year

| Instrument                 | ICRA | CRISIL | INDIA RATINGS |
|----------------------------|------|--------|---------------|
| Deposits                   | AAA  | AAA    | –             |
| Debentures                 | AAA  | AAA    | –             |
| Subordinated Debentures    | AAA  | AAA    | AA+           |
| Long Term Bank Loans       | AAA  | AAA    | –             |
| Consortium Bank Facilities | AAA  | –      | –             |
| Commercial Paper           | A1+  | A1+    | –             |
| Short Term Bank Loans      | A1+  | –      | –             |

Migration of ratings during the year :

ICRA & CRISIL have upgraded the long term borrowing ratings of the company from AA+ to AAA

- 27.10 Provisions and Contingencies (₹ in lakhs)

| Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account | 2017-18   | 2016-17   |
|--|-----------|-----------|
| Provisions for depreciation on Investments   | 12.14     | 12,69.55  |
| Provisions towards NPA   | 43,63.99  | 42,70.06  |
| Provisions for Standard Assets   | 15,23.27  | 6,30.23   |
| Provisions made towards Income tax   | 273,83.55 | 224,85.38 |

- 27.11 Concentration of Deposits (₹ in lakhs)

|   | 31.03.2018 | 31.03.2017 |
|---|------------|------------|
| Total Deposits of twenty largest depositors | 105,65.16  | 100,70.61  |
| % of Twenty largest depositors              | 4.23%      | 4.18%      |

- 27.12 Concentration of Advances (₹ in lakhs)

|  | 2017-18   | 2016-17   |
|--|-----------|-----------|
| Total Advances to twenty largest borrowers | 250,74.62 | 222,40.41 |
| % of Twenty largest borrowers              | 1.60%     | 1.69%     |

- 27.13 Concentration of Exposures (₹ in lakhs)

|  | 31.03.2018 | 31.03.2017 |
|--|------------|------------|
| Total Exposure to twenty largest borrowers | 516,20.29  | 446,77.03  |
| % of Twenty largest borrowers              | 2.66%      | 2.84%      |

## NOTES TO THE ACCOUNTS (Contd.)

27.14 Concentration of NPAs (₹ in lakhs)

|   | 31.03.2018 | 31.03.2017 |
|---|------------|------------|
| Total Exposure to top four NPA accounts | 13,09.78   | 20,81.17   |

27.15 Sector-wise NPAs as a percentage to Total Advances

| Sector               | 31.03.2018 | 31.03.2017 |
|----------------------|------------|------------|
| Truck Operators      | 1.18       | 1.35       |
| Auto Loans           | 1.06       | 1.13       |
| Infrastructure Loans | 0.87       | 2.02       |
| Agriculture          | 4.70       | 5.35       |
| Others               | 1.28       | 2.38       |

27.16 Movement of NPAs (₹ in lakhs)

|  | 31.03.2018 | 31.03.2017 |
|--|------------|------------|
| Net NPAs to Net Advances (%)   | 0.50%      | 0.55%      |
| Movement of NPAs (Gross)   |            |            |
| Opening balance  | 240,74.04  | 293,20.69  |
| Additions during the year  | 187,31.82  | 131,99.62  |
| Reductions during the year   | 177,67.40  | 184,46.27  |
| Closing balance  | 250,38.46  | 240,74.04  |
| Movement of Net NPAs   |            |            |
| Opening balance  | 85,41.80   | 127,70.93  |
| Additions during the year  | 86,13.96   | 48,53.02   |
| Reductions during the year   | 75,87.43   | 90,82.15   |
| Closing balance  | 95,68.33   | 85,41.80   |
| Movement of provisions of NPAs (excluding provisions on standard assets) |            |            |
| Opening balance  | 155,32.24  | 165,49.76  |
| Provisions made during the year  | 101,17.86  | 83,46.60   |
| Write-off / Write-back of excess provisions                              | 101,79.97  | 93,64.12   |
| Closing balance  | 154,70.13  | 155,32.24  |

27.17 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad) : NIL

27.18 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms) : NIL

27.19 Customer Complaints

|  | 2017-18 | 2016-17 |
|--|---------|---------|
| No. of complaints pending at the beginning of the year | 2       | 3       |
| No. of complaints received during the year             | 162     | 160     |
| No. of complaints redressed during the year            | 164     | 161     |
| No. of complaints pending at the end of the year *     | –       | 2       |

\* Since resolved

## NOTES TO THE ACCOUNTS (Contd.)

### Note 28: Disclosure on Restructured Accounts

(₹ in lakhs)

| Type of Restructuring<br>Asset Classification<br>Details  |                    | Others   |                   |          |      |         |
|---|--------------------|----------|-------------------|----------|------|---------|
|   |                    | Standard | Sub -<br>Standard | Doubtful | Loss | Total   |
| Restructured Accounts as on<br>April 1, 2017  | No. of borrowers   | –        | 3                 | –        | –    | 3       |
|   | Amount outstanding | –        | 2,18.38           | –        | –    | 2,18.38 |
|   | Provision thereon  | –        | 54.59             | –        | –    | 54.59   |
| Fresh restructuring during the year   | No. of borrowers   | –        | 1                 | –        | –    | 1       |
|   | Amount outstanding | –        | 2,45.89           | –        | –    | 2,45.89 |
|   | Provision thereon  | –        | 32.18             | –        | –    | 32.18   |
| Upgradations to restructured standard<br>category during the year   | No. of borrowers   | 1        | –                 | –        | –    | 1       |
|   | Amount outstanding | 81.34    | –                 | –        | –    | 81.34   |
|   | Provision thereon  | 20.34    | –                 | –        | –    | 20.34   |
| Restructured standard advances which<br>cease to attract higher provisioning and<br>/ or additional risk weight at the end of<br>the year and hence need not be shown<br>as restructured standard advances at<br>the beginning of the next year | No. of borrowers   | –        | –                 | –        | –    | –       |
|   | Amount outstanding | –        | –                 | –        | –    | –       |
|   | Provision thereon  | –        | –                 | –        | –    | –       |
| Downgradations of restructured<br>accounts during the year  | No. of borrowers   | –        | –                 | 1        | –    | 1       |
|   | Amount outstanding | –        | –                 | 1,19.98  | –    | 1,19.98 |
|   | Provision thereon  | –        | –                 | 1,19.98  | –    | 1,19.98 |
| Write-offs of restructured accounts<br>during the year  | No. of borrowers   | –        | –                 | –        | –    | –       |
|   | Amount outstanding | –        | –                 | –        | –    | –       |
|   | Provision thereon  | –        | –                 | –        | –    | –       |
| Restructured Accounts as on<br>March 31, 2018   | No. of borrowers   | –        | 2                 | 1        | –    | 3       |
|   | Amount outstanding | –        | 2,50.40           | 1,19.98  | –    | 3,70.38 |
|   | Provision thereon  | –        | 33.31             | 1,19.98  | –    | 1,53.29 |

### Note 29: Disclosure on frauds

During the year, frauds committed by four borrowers, in the nature of criminal breach of trust, to the extent of ₹2,32.50 lakhs in aggregate were detected and reported to Reserve Bank of India. The company has provided for / written off the amount and has proceeded legally to recover the dues from the respective borrowers.

**Note 30:** Figures for the current year are after giving effect to the Scheme of Arrangement and Amalgamation (Note 26.02 & 26.03) and hence not comparable with the previous year. Figures for the previous year have been regrouped / reclassified wherever necessary to conform to the current year's presentation.

Signatures to Notes 1 to 30

As per our report of even date attached  
For **Sundaram & Srinivasan**  
Chartered Accountants  
Registration No.004207S  
**K Srinivasan**  
Partner  
Membership No.5809  
Place : Chennai  
Date : 25th May, 2018

**T T Srinivasaraghavan**  
Managing Director

**M Ramaswamy**  
Chief Financial Officer

**S Viji**  
Chairman

**Harsha Viji**  
Deputy Managing Director

**S Prasad**  
Director

**A N Raju**  
Director (Operations)

**P Viswanathan**  
Secretary & Compliance Officer

SUNDARAM FINANCE LIMITED



## SCHEDULE

(as required under Annexure I of Master Direction - Non-Banking Financial Company - Systemically Important  
Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(₹ in lakhs)

|     | Particulars  | Amount Outstanding | Amount Overdue        |
|-----|--|--------------------|-----------------------|
| (1) | <b>Liabilities side:</b><br><b>Loans and advances availed by the NBFCs<sup>®</sup></b>                   |                    |                       |
| a   | Debtures : Secured   | 7246,28.28         | —                     |
|     | : Unsecured  | 1605,20.54         | —                     |
|     | (other than falling within the meaning of public deposits)   |                    |                       |
| b   | Deferred Credits   | —                  | —                     |
| c   | Term Loans   | 1979,18.98         | —                     |
| d   | Inter-corporate loans and borrowings   | —                  | —                     |
| e   | Commercial paper   | 2002,52.84         | —                     |
| f   | Public Deposits  | 2614,86.70         | 37,91.19 <sup>#</sup> |
| g   | Other loans  |                    |                       |
|     | - Bank Borrowing   | 2842,56.70         | —                     |
|     | - Deposits from Corporates   | 2,13.29            | —                     |
| (2) | <b>Break-up of (1)(f) above (Outstanding public deposits)<sup>®</sup></b>                                |                    |                       |
| a   | In the form of Unsecured debtures  | —                  | —                     |
| b   | In the form of partly secured debtures i.e. debtures where there is a shortfall in the value of security | —                  | —                     |
| c   | Other public deposits  | 2614,86.70         | 37,91.19 <sup>#</sup> |

@ Includes interest accrued thereon but not due and hence not paid

# Represents unrenewed deposits and interest accrued thereon

(₹ in lakhs)

|       | Particulars  | Amount Outstanding |
|-------|--|--------------------|
| (3)   | <b>Assets side:</b><br><b>Break-up of Loans and Advances including bills receivables (other than those included in (4) below):</b> |                    |
| a     | Secured  | 30,49.83           |
| b     | Unsecured (including Advance for Business Assets)  | 249,54.93          |
| (4)   | <b>Break-up of Leased Assets and Stock on hire and hypothecation loans counting towards AFC activities:</b>                        |                    |
| (i)   | Lease assets including lease rentals under sundry debtors  |                    |
| a     | Financial Lease  | —                  |
| b     | Operating Lease  | 128,13.67          |
| (ii)  | Net Stock on hire including hire charges under sundry debtors  |                    |
| a     | Assets on hire   | 1145,86.38         |
| b     | Repossessed Assets   | 5,42.59            |
| (iii) | Hypothecation loans counting towards AFC activities  |                    |
| a     | Loans where assets have been repossessed   | 19,65.25           |
| b     | Loans other than (a) above   | 17844,07.49        |

(₹ in lakhs)

|       | Particulars                                 | Amount Outstanding | Market Value *    |
|-------|---|--------------------|-------------------|
| (5)   | <b>Break-up of Investments:</b>             |                    |                   |
|       | Current Investments:                        |                    |                   |
| 1.    | Quoted:                                     |                    |                   |
| 2.    | Unquoted:                                   |                    |                   |
| (i)   | Units of mutual funds                       | 200,00.00          | 200,30.89         |
| (ii)  | Others                                      |                    |                   |
|       | - Investment in Pass Through Certificates   | 41,27.79           | 41,27.79          |
|       | - Investment in Commercial paper            | 49,72.03           | 49,72.03          |
|       | Long Term Investments:                      |                    |                   |
| 1.    | Quoted:                                     |                    |                   |
| (i)   | Equity Shares                               | 20,15.18           | 1242,00.00        |
| (ii)  | Government Securities                       | 386,39.19          | 385,88.16         |
| (iii) | Units of mutual funds                       | 3,00.00            | 3,00.87           |
| 2.    | Unquoted:                                   |                    |                   |
| (i)   | Shares                                      |                    |                   |
| a     | Equity                                      | 1274,58.95         | 1557,46.21        |
| b     | Preference                                  |                    |                   |
| (ii)  | Units of mutual funds                       | 9,62.31            | 12,49.66          |
| (iii) | Others                                      |                    |                   |
|       | - Investment in Pass Through Certificates   | 50,45.83           | 50,45.83          |
|       | - Investment in Non-Convertible Debentures  | 100,00.00          | 100,00.00         |
|       | - Investment in Alternative Investment Fund | 63,67.47           | 66,51.37          |
|       | <b>Total</b>                                | <b>2198,88.74</b>  | <b>3709,12.81</b> |

\* Unquoted Investments disclosed at break up / fair value / NAV

| (6) | Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances : | (₹ in lakhs)             |                  |                    |
|-----|---|--------------------------|------------------|--------------------|
|     | Category  | Amount net of provisions |                  |                    |
|     |   | Secured                  | Unsecured        | Total              |
| 1.  | Related Parties**   |                          |                  |                    |
| a   | Subsidiaries  | 2,47.87                  | —                | 2,47.87            |
| b   | Companies in the same group   | —                        | —                | —                  |
| c   | Other related parties   | —                        | —                | —                  |
| 2.  | Other than related parties  | 19019,47.12              | 246,55.03        | 19266,02.15        |
|     | <b>Total</b>  | <b>19021,94.99</b>       | <b>246,55.03</b> | <b>19268,50.02</b> |

| (7) | Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) : | (₹ in lakhs)                                 |                                |
|-----|---|--|--------------------------------|
|     | Category  | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) |
| 1.  | Related Parties**   |  |                                |
| a   | Subsidiaries  | 1655,04.32                                   | 1341,80.82                     |
| b   | Companies in the same group   | 1244,41.89                                   | 44,85.18                       |
| c   | Other related parties   | —  | —                              |
| 2.  | Other than related parties  | 809,66.60                                    | 800,67.80                      |
|     | <b>Total</b>  | <b>3709,12.81</b>                            | <b>2187,33.79</b>              |

\*\* As per Accounting Standard

| (8)   | Other Information:  | (₹ in lakhs) |
|-------|---|--------------|
|       | Particulars   | Amount       |
| (i)   | Gross Non-Performing Assets                               |              |
| a     | Related Parties   | —            |
| b     | Other than related parties                                | 250,38.46    |
| (ii)  | Net Non-Performing Assets                                 |              |
| a     | Related Parties   | —            |
| b     | Other than related parties                                | 95,68.33     |
| (iii) | Assets acquired in satisfaction of debt (during the year) | 1,25.00      |

SUNDARAM FINANCE LIMITED

*Consolidated*  
*Financial*  
*Statements*

# Consolidated Balance Sheet

as at 31st March, 2018

(₹ in lakhs)

|   | Note | March 31, 2018 |                           | March 31, 2017 |                           |
|---|------|----------------|---------------------------|----------------|---------------------------|
| <b><u>EQUITY AND LIABILITIES</u></b>  |      |                |                           |                |                           |
| <b>Shareholders' funds</b>  |      |                |                           |                |                           |
| Share capital   | 2    | 111,10.39      |                           | 111,10.39      |                           |
| Reserves and surplus  | 3    | 4791,23.27     | 4902,33.66                | 4698,10.61     | 4809,21.00                |
| Minority Interest   |      |                | 821,15.62                 |                | 680,87.55                 |
| <b>Non-current liabilities</b>  |      |                |                           |                |                           |
| Long-term borrowings  | 4    | 13174,65.99    |                           | 10591,92.70    |                           |
| Other Long-term liabilities   | 5    | 1452,55.12     |                           | 1199,78.80     |                           |
| Long-term provisions  | 6    | 320,51.22      | 14947,72.33               | 262,33.14      | 12054,04.64               |
| <b>Current liabilities</b>  |      |                |                           |                |                           |
| Short-term borrowings   | 7    | 5558,45.09     |                           | 4446,63.65     |                           |
| Trade Payables  | 8    |                |                           |                |                           |
| (i) Total outstanding dues to micro and small enterprises                       |      | -              |                           | -              |                           |
| (ii) Total outstanding dues of creditors other than micro and small enterprises |      | 1370,72.64     |                           | 981,21.14      |                           |
| Other current liabilities   | 9    | 8586,65.56     |                           | 7582,67.29     |                           |
| Short-term provisions   | 10   | 208,95.13      | 15724,78.42               | 194,74.19      | 13205,26.27               |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |      |                | <b><u>36396,00.03</u></b> |                | <b><u>30749,39.46</u></b> |
| <b><u>ASSETS</u></b>  |      |                |                           |                |                           |
| <b>Non-current assets</b>   |      |                |                           |                |                           |
| Fixed assets  | 11   |                |                           |                |                           |
| Tangible assets   |      | 273,62.86      |                           | 332,83.73      |                           |
| Intangible assets   |      | 460,31.55      |                           | 482,62.83      |                           |
|   |      | 733,94.41      |                           | 815,46.56      |                           |
| Non-current investments   | 12   | 4193,04.72     |                           | 3526,83.99     |                           |
| Deferred tax assets (net)   | 13   | 124,98.30      |                           | 125,89.54      |                           |
| Long-term loans and advances  | 14   | 19209,39.56    |                           | 15958,03.64    |                           |
| Other non-current assets  | 15   | 149,56.91      | 24410,93.90               | 119,99.63      | 20546,23.36               |
| <b>Current Assets</b>   |      |                |                           |                |                           |
| Current investments   | 16   | 1313,08.96     |                           | 1288,01.73     |                           |
| Cash and Bank balances  | 17   | 1344,09.64     |                           | 1013,61.52     |                           |
| Short-term loans and advances   | 18   | 8962,92.80     |                           | 7582,27.25     |                           |
| Other current assets  | 19   | 364,94.73      | 11985,06.13               | 319,25.60      | 10203,16.10               |
| <b>TOTAL ASSETS</b>   |      |                | <b><u>36396,00.03</u></b> |                | <b><u>30749,39.46</u></b> |

See accompanying notes forming part of the financial statements

As per our report of even date attached  
For **Sundaram & Srinivasan**  
Chartered Accountants  
Registration No.004207S

**K Srinivasan**  
Partner  
Membership No.5809

Place : Chennai  
Date : 25th May, 2018

**SUNDARAM FINANCE LIMITED**

**T T Srinivasaraghavan**  
Managing Director

**M Ramaswamy**  
Chief Financial Officer

**S Viji**  
Chairman

**Harsha Viji**  
Deputy Managing Director

**S Prasad**  
Director

**A N Raju**  
Director (Operations)

**P Viswanathan**  
Secretary & Compliance Officer

# Consolidated Statement of Profit and Loss

for the Year Ended 31st March, 2018

(₹ in lakhs)

|   | Note             | 2017-2018         | 2016-2017         |
|---|------------------|-------------------|-------------------|
| <b>REVENUE:</b>   |                  |                   |                   |
| Revenue from Operations                                   | 20               | 6036,68.76        | 5554,66.76        |
| Other income  | 21               | 67,82.24          | 41,71.44          |
| <b>Total Revenue</b>                                      | <b>(A)</b>       | <b>6104,51.00</b> | <b>5596,38.20</b> |
| <b>EXPENSES:</b>  |                  |                   |                   |
| Finance Costs   | 22               | 1832,16.91        | 1735,04.65        |
| Insurance claims incurred (net)                           |                  | 1560,37.30        | 1344,67.74        |
| Employee benefits   | 23               | 544,16.14         | 496,72.03         |
| Administrative and Other expenses                         | 24               | 808,17.43         | 828,75.63         |
| Provisions and Write Off                                  | 25               | 91,37.11          | 57,05.16          |
| Depreciation  |                  | 86,84.98          | 103,96.74         |
| Contingent Provision against Standard Assets              |                  | 18,01.56          | 7,99.92           |
| <b>Total Expenses</b>                                     | <b>(B)</b>       | <b>4941,11.43</b> | <b>4574,21.87</b> |
| <b>Profit Before Tax</b>                                  | <b>(A) – (B)</b> | <b>1163,39.57</b> | <b>1022,16.34</b> |
| <b>Tax expense:</b>                                       |                  |                   |                   |
| Current tax   |                  | 396,10.28         | 322,22.17         |
| Deferred tax  |                  | 67.53             | 22,89.83          |
|   |                  | 396,77.81         | 345,12.00         |
| Net Profit (before adjustment for minority interest)      |                  | <b>766,61.76</b>  | <b>677,04.34</b>  |
| Less: Minority Interest                                   |                  | 88,01.99          | 84,77.92          |
|   |                  | 678,59.77         | 592,26.42         |
| Add: Share of Profit in Associates                        |                  | 32,93.82          | 91,21.53          |
| <b>Profit after Tax</b>                                   |                  | <b>711,53.59</b>  | <b>683,47.95</b>  |
| Basic and Diluted Earnings Per Share of ₹10/- each (in ₹) |                  | 64.04             | 61.52             |

See accompanying notes forming part of the financial statements

As per our report of even date attached

For **Sundaram & Srinivasan**

Chartered Accountants

Registration No.004207S

**K Srinivasan**

Partner

Membership No.5809

Place : Chennai

Date : 25th May, 2018

**T T Srinivasaraghavan**

Managing Director

**M Ramaswamy**

Chief Financial Officer

**S Viji**

Chairman

**Harsha Viji**

Deputy Managing Director

**S Prasad**

Director

**A N Raju**

Director (Operations)

**P Viswanathan**

Secretary & Compliance Officer

**Annual Report**

2017-18

## Consolidated Cash Flow Statement

(₹ in lakhs)

|  | 2017-18           |                            | 2016-17            |                           |
|--|-------------------|----------------------------|--------------------|---------------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>           |                   |                            |                    |                           |
| Net Profit   | 711,53.59         |                            | 683,47.95          |                           |
| Provision for Taxation                                 | 396,77.81         |                            | 345,12.00          |                           |
|  | <u>1108,31.40</u> |                            | <u>1028,59.95</u>  |                           |
| Add: Financial Cost                                    | 1832,16.91        | 2940,48.31                 | <u>1735,04.65</u>  | 2763,64.60                |
| Depreciation   |                   | 86,84.98                   |                    | 103,96.74                 |
| Profit attributable to Minority Interests              |                   | 88,01.99                   |                    | 84,77.92                  |
| Provision against Investments (net)                    |                   | 66.18                      |                    | 55.21                     |
| Provision against Non - Performing assets (net)        |                   | 82,42.62                   |                    | 56,21.63                  |
| Contingent Provisions against Standard Assets          |                   | 18,01.56                   |                    | 7,99.92                   |
| Employee Stock Option Compensation Expenses            |                   | 2,63.31                    |                    | 2,02.26                   |
| (Profit) loss on sale of assets                        |                   | 5,26.71                    |                    | 3,01.80                   |
| (Profit) loss on sale of Investments                   |                   | (64,56.57)                 |                    | (103,57.27)               |
| Interest / Dividend Income                             |                   | (288,67.16)                |                    | (277,21.27)               |
| Exchange difference on translation of foreign currency |                   | (57.94)                    |                    | (25.69)                   |
| Effect of Foreign Exchange rates (net)                 |                   | 2.71                       |                    | 20.53                     |
| Share of Profits from Associates                       |                   | (32,93.82)                 |                    | (91,21.53)                |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b> |                   | <b><u>2837,62.88</u></b>   |                    | <b><u>2550,14.85</u></b>  |
| (Increase) Decrease in Leased assets - net of sales    | 3,54.26           |                            | (55,69.70)         |                           |
| (Increase) Decrease in Long Term Loans and Advances    | (3210,76.68)      |                            | (1461,05.05)       |                           |
| (Increase) Decrease in Other Non-Current Assets        | 1,30.87           |                            | 1,90.28            |                           |
| (Increase) Decrease in Bank deposits                   | (453,38.66)       |                            | (149,99.31)        |                           |
| (Increase) Decrease in Short Term Loans and Advances   | (1448,63.15)      |                            | (485,86.92)        |                           |
| (Increase) Decrease in Other Current Assets            | (96,24.63)        |                            | (3,53.07)          |                           |
| (Increase) Decrease in SLR Investments (net)           | (26,60.01)        |                            | 140,49.26          |                           |
| Increase (Decrease) in Other Long-Term Provisions      | 1,45.14           |                            | 1,82.05            |                           |
| Increase (Decrease) in Other Short-Term Provisions     | 99,86.93          |                            | 2,36.09            |                           |
| Increase (Decrease) in Other Long-Term Liabilities     | 23,76.72          |                            | 161,28.35          |                           |
| Increase (Decrease) in Trade Payables - Current        | 390,88.27         |                            | 60,56.46           |                           |
| Increase (Decrease) in Other Current Liabilities       | 1081,53.39        | (3633,27.55)               | <u>413,52.88</u>   | <u>(1374,18.68)</u>       |
| Cash generated from Operations                         |                   | (795,64.63)                |                    | 1175,96.17                |
| Financial Cost   | (1759,12.82)      |                            | (1830,88.53)       |                           |
| Direct Taxes Paid                                      | (434,64.33)       | (2193,77.15)               | <u>(309,75.29)</u> | <u>(2140,63.82)</u>       |
| <b>NET CASH FROM OPERATING ACTIVITIES (A)</b>          |                   | <b><u>(2989,41.78)</u></b> |                    | <b><u>(964,67.65)</u></b> |

## Consolidated Cash Flow Statement (Contd.)

(₹ in lakhs)

|   | 2017-18            | 2016-17            |
|---|--------------------|--------------------|
| <b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>                             |                    |                    |
| (Purchase) Sale of Fixed Assets   | (38,38.56)         | (49,73.50)         |
| (Purchase) Sale of non-current Investments                                | (871,99.56)        | (354,97.34)        |
| (Purchase) Sale of current investments                                    | 126,09.51          | (448,16.05)        |
| Interest Received   | 282,63.40          | 251,03.37          |
| Dividend Received   | 26,34.87           | 48,33.47           |
| <b>NET CASH FROM INVESTING ACTIVITIES (B)</b>                             | <b>(475,30.34)</b> | <b>(553,50.05)</b> |
| <b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>                             |                    |                    |
| Increase (Decrease) in Long Term Borrowings                               | 2508,41.56         | (301,30.79)        |
| Increase (Decrease) in Short Term Borrowings                              | 1104,01.35         | 1796,72.83         |
| Dividend paid (including Corporate Dividend Tax)                          | (133,90.75)        | (101,09.62)        |
| <b>NET CASH FROM FINANCING ACTIVITIES (C)</b>                             | <b>3478,52.16</b>  | <b>1394,32.42</b>  |
| <b>D) Effect of Foreign Exchange rates (net) (D)</b>                      | <b>(2.71)</b>      | <b>(20.53)</b>     |
| <b>NET INCREASE IN CASH AND (A)+(B)+(C)+(D)<br/>CASH EQUIVALENTS</b>      | <b>13,77.33</b>    | <b>(124,05.81)</b> |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR *                  | 235,48.70          | 362,46.66          |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR                          | 249,26.03          | 238,40.85          |
| <b>COMPONENTS OF CASH AND CASH EQUIVALENTS<br/>AT THE END OF THE YEAR</b> |                    |                    |
| Current Account with Banks  | 139,99.34          | 103,25.99          |
| Cash, Cheques & drafts on hand  | 109,26.69          | 110,48.90          |
| Short Term Deposit  | —                  | 24,65.97           |

\* Cash and Cash Equivalents amounting to ₹2,92.15 lakhs pertaining to demerged companies has been excluded.

As per our report of even date attached  
For **Sundaram & Srinivasan**  
Chartered Accountants  
Registration No.004207S  
**K Srinivasan**  
Partner  
Membership No.5809  
Place : Chennai  
Date : 25th May, 2018

**T T Srinivasaraghavan**  
Managing Director  
**M Ramaswamy**  
Chief Financial Officer

**S Viji**  
Chairman  
**Harsha Viji**  
Deputy Managing Director

**S Prasad**  
Director  
**A N Raju**  
Director (Operations)  
**P Viswanathan**  
Secretary & Compliance Officer

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# Notes to the Consolidated Financial Statements

## Note 1: SIGNIFICANT ACCOUNTING POLICIES:

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

The Company follows the directions prescribed by the Reserve Bank of India for Non-Banking Financial Companies, while the subsidiaries, Sundaram BNP Paribas Home Finance Limited, Royal Sundaram General Insurance Co. Limited, Sundaram Asset Management Company Limited and Sundaram BNP Paribas Fund Services Limited follow the directions prescribed by the National Housing Bank, Insurance Regulatory and Development Authority of India (IRDAI) and Securities and Exchange Board of India (SEBI) respectively.

The preparation of the financial statements is in conformity with generally accepted accounting principles and requires the use of estimates and assumptions that affect the reported amount 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 these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

The assets and liabilities have been classified as non-current and current based on a 12 month operating cycle.

1.02 Income Recognition:

- a) Income from Hypothecation loans, Hire Purchase and Housing loan transactions is accounted on the basis of the Internal Rate of Return method. On assets securitised / assigned, income is recognised over the life of the underlying assets.
- b) Income from leases is accounted as per the Accounting Standard - 19 - 'Leases'.
- c) Income from investing activities, other financing activities and services is recognised on accrual basis.
- d) Premium from Insurance business is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk) and premium deficiency, if any.

e) Claims:

Claims paid include claims settlement costs, comprising survey, legal and other directly attributable expenses.

Estimated liability for outstanding claims in respect of direct business is provided on the basis of claims reported till the end of the financial year.

Estimated liability for claims incurred but not reported ('IBNR') and claims incurred but not enough reported ('IBNER') is based on available statistical data and is as certified by the Appointed Actuary.

Premium deficiency if any is calculated based on actuarial valuation duly certified by the Appointed Actuary.

Salvage is accounted for, on realisable basis.

f) Reinsurance:

Reinsurance premium ceded is accounted for in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Unearned premium on reinsurance ceded is carried forward to the period of risk and set off against related unearned premium.

Premium on excess of loss reinsurance cover is accounted as per the reinsurance arrangements.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

Claims recoverable from reinsurers are accounted for in the same period as Claims.

Commission on reinsurance ceded is recognised as income during the year in which the reinsurance premium is ceded.

Profit commission is accounted when due.

g) Trusteeship fee, Investment management, and advisory fee are accounted on accrual basis.

**1.03 Financial Instruments:**

Commercial Paper, Zero Coupon Non-Convertible Debentures and Non-Convertible Debentures issued at a discount to the face value are accounted at their carrying cost, comprising issue price and accrued finance cost.

**1.04 Fixed Assets and Depreciation / Amortisation:**

Fixed Assets and Investment Property are stated at historical cost less accumulated depreciation.

Depreciation on assets is provided on the written down value method. The Company has adopted depreciation rates as per the useful life specified in the Schedule II of the Companies Act, 2013 except on certain category of assets for which the Company has re-assessed the useful life and residual value of the assets based on internal assessment.

Expenditure incurred towards renovation, interior decoration etc. in respect of leased office premises is capitalised under "Improvement to rented premises" and amortised over the primary lease period.

Intangible assets represent Computer software whose cost is amortised over their expected useful life on a straight-line basis.

**1.05 Valuation of Investments:**

Non-Current investments, other than Investment Property, are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary.

Current investments are valued at lower of cost and market value/ net asset value.

Debt securities, which include government securities are considered as 'held-to-maturity' and are measured at historical cost. The premium / discount, if any, on purchase of debt securities is amortised over the period to maturity based on their intrinsic yield.

The net realised gains or losses on debt securities are the differences between the net sale consideration and the amortized cost, which is computed on a weighted average basis.

The difference between the acquisition price and the maturity value of money market instruments is recognised as income in the Revenue Accounts or the Profit and Loss account, as the case may be, over the remaining term of these instruments on a yield to maturity basis.

**1.06 Foreign Currency Transactions:**

Transactions in foreign currencies are accounted at the exchange rates prevailing on the date(s) of the transaction.

Monetary items denominated in foreign currencies are restated at the prevailing rates of exchange at the Balance Sheet date. Gain or losses arising out of fluctuations in exchange rates are accounted for in the Statement of Profit and Loss.

Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of asset / liability are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rate changes.

Premium on forward exchange contracts is expensed over the tenure of the contract.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Secured / unsecured foreign currency loans with interest accrued thereon which are covered by forward contracts has been provided at the forward exchange contract rate and on loans not so covered at the exchange rate prevailing at the end of the year.

For the purpose of consolidation, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such change is accumulated under Foreign Currency Translation Reserve.

### 1.07 Employee Benefits:

#### A. Short Term Employee Benefits:

Short Term Employee Benefits for services rendered by employees are recognised during the period when the services are rendered.

#### B. Post employment benefits:

##### Defined Contribution Plan

##### i. Provident Fund:

Contributions are made to the company's Employees Provident Fund Trust and Regional Provident Fund. The interest rate payable to the beneficiaries every year is notified by the Government. The company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and the notified interest rate.

The company also contributes to a government administered Employees Pension Scheme under the Employees Provident Fund Act and to Employees' State Insurance Schemes on behalf of its employees.

##### ii. Superannuation:

The Company contributes to the Superannuation fund, which is administered by trustees and managed by an Insurance Company. The contributions are charged to the Statement of Profit and Loss.

##### Defined Benefit Plan

##### i. Gratuity:

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

##### ii. Leave Encashment:

The Company contributes to a staff leave encashment scheme managed by an Insurance Company. The Company accounts its liability based on 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 plans are recognised in the statement of profit and loss on the basis of actuarial valuation.

#### C. Other Long Term Employee Benefits:

The estimated liability in respect of other long term benefits like Employee Assured Bonus Scheme and sick leave entitlement has been provided on the basis of actuarial valuation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

D. Employee Stock Options:

The company determines the compensation cost based on the intrinsic value method. The compensation cost is amortised on a straight line basis over the vesting period.

1.08 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 recognised on the consideration of prudence.

1.09 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.

1.10 Provisions:

Provisions are recognised 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.

1.11 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / loss before extraordinary items and 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. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

1.12 Basis of Consolidation:

a) The financial statements of the following subsidiary companies have been consolidated as per Accounting Standard - 21 on 'Consolidated Financial Statements'.

| Name of the Subsidiary                       | Country of Incorporation | Proportion of ownership interest (%) |
|--|--------------------------|--------------------------------------|
| Sundaram BNP Paribas Home Finance Limited    | India                    | 50.10                                |
| Sundaram Asset Management Company Limited.   | India                    | 100.00                               |
| Royal Sundaram General Insurance Co. Limited | India                    | 75.90                                |
| Sundaram Asset Management Singapore Pte Ltd  | Singapore                | 100.00                               |
| Sundaram Trustee Company Limited             | India                    | 100.00                               |
| Sundaram Alternate Assets Limited            | India                    | 100.00                               |
| LGF Services Limited                         | India                    | 100.00                               |
| Sundaram BNP Paribas Fund Services Limited   | India                    | 51.00                                |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

The financial statements of the following companies had been considered for consolidation in the previous year and due to the scheme (refer note . 26.02 & 26.03) the same has not been considered this year.

1. Sundaram Infotech Solutions Limited (SISL)
2. Infreight Logistics Solutions Limited
3. Sundaram Insurance Broking Services Limited
4. Sundaram Business Services Limited (SBSL)
5. Sundaram BPO India Limited (SBPO)
6. Sundaram Finance Holdings Limited (SFHL)

- b) The financial statements of the following company has been consolidated as per Accounting Standard - 23 on 'Accounting for investments in Associates'.

| Name of the Associate               | Country of Incorporation | Proportion of ownership interest (%) |
|-------------------------------------|--------------------------|--------------------------------------|
| Sundaram Finance Holdings Limited * | India                    | 26.47                                |

\* The company has been considered as associate from 1st April 2017.

The financial statements of the following companies had been considered for consolidation in the previous year and due to the scheme (refer note. 26.02 & 26.03) the same has not been considered this year.

1. Axles India Limited
2. Turbo Energy Private Limited
3. Transenergy Limited
4. Sundaram Dynacast Private Limited
5. Sundaram Hydraulics Limited
6. Flometallic India Private Limited
7. Dunes Oman LLC (FZC)

- c) The Consolidated Financial Statements have been prepared on the following basis:

The Financial Statements of the Company and its Subsidiary Companies have been consolidated on a line- by- line basis, by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra - group balances and intra - group transactions resulting in unrealised profits or losses.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances as far as possible and are presented to the extent possible in the same manner as to align to the company's separate financial statements except where it is not been possible to use uniform accounting policies in preparing the consolidated financial statements.

During the year, one of the subsidiaries Sundaram Asset Management Company Limited has changed its accounting policy in respect of amortisation of Brokerage paid on Alternative Investment Funds (AIF). The AIF Brokerage is amortised in proportion to Fees charged on AUM or Fees charged on commitment amount as the case may be as against the earlier policy of amortisation over the tenor of the scheme which was followed up to Financial Year 2016-17. The effect of such change on financial statements for the year is not material.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

**BALANCE SHEET**

**Note 2: Share Capital**

Authorised capital  
 27,81,00,000 Equity Shares of ₹10/- each \*  
 25,00,00,000 Equity Shares of ₹10/- each  
 Issued, Subscribed and fully paid-up  
 11,11,03,860 Equity Shares of ₹10/- each

|  |           | (₹ in lakhs) |            |
|--|-----------|--------------|------------|
|  |           | 31.03.2018   | 31.03.2017 |
|  | 278,10.00 |              |            |
|  |           |              | 250,00.00  |
|  | 111,10.39 |              | 111,10.39  |

\* Authorised Share Capital has been increased pursuant to the Scheme of Arrangement and Amalgamation (refer note 26.02 and 26.03)

(a) No shareholder of the Company holds more than 5% of the Equity shares.

(b) Reconciliation of number of shares

At the beginning of the year  
 Add: Issue of shares during the year  
 At the end of the year

|  |              | 31.03.2018 | 31.03.2017   |
|--|--------------|------------|--------------|
|  | 11,11,03,860 |            | 11,11,03,860 |
|  | —            |            | —            |
|  | 11,11,03,860 |            | 11,11,03,860 |

**Note 3: Reserves and Surplus**

**a) Capital Reserve (on Consolidation)**

At the beginning of the year  
 Add/Less: Change in the value of holdings in Subsidiaries / Associates  
 At the end of the year

**b) Capital Reserve**

At the beginning of the year  
 Add: On account of Scheme of Arrangement and Amalgamation  
 At the end of the year

**c) Securities Premium Account**

**d) Share Options Outstanding Account**

At the beginning of the year  
 Add: Deferred Employee Compensation Cost  
 Less: Shares transferred on exercise of option  
 Less: Transfer to General Reserve  
 Add : Granted during the year  
 Less: Deferred Employee Compensation Cost  
 At the end of the year

**e) Statutory Reserve**

At the beginning of the year  
 Add: Transfer from Surplus in the Statement of Profit and Loss  
 At the end of the year

|  |            | (₹ in lakhs) |            |
|--|------------|--------------|------------|
|  |            | 31.03.2018   | 31.03.2017 |
|  | 17.54      |              | 17.54      |
|  | (11.49)    |              | —          |
|  | 6.05       |              | 17.54      |
|  | 307,49.79  |              | 307,49.79  |
|  | (25,28.10) |              | —          |
|  | 282,21.69  |              | 307,49.79  |
|  | 19,52.77   |              | 19,52.77   |
|  | 1,66.52    |              | 1,78.62    |
|  | 33.30      |              | 35.73      |
|  | 4.93       |              | 4.87       |
|  | 1,94.90    |              | 2,09.49    |
|  | 2,76.01    |              | 1,99.83    |
|  | 46.00      |              | 33.30      |
|  | 2,30.00    |              | 1,66.52    |
|  | 897,36.40  |              | 796,42.47  |
|  | 106,59.02  |              | 100,93.93  |
|  | 1003,95.42 |              | 897,36.40  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

|   | 31.03.2018        | 31.03.2017        |
|---|-------------------|-------------------|
| <b>f) Special Reserve</b>   |                   |                   |
| At the beginning of the year                                      | 93,34.97          | 79,82.27          |
| Add: Transfer from Surplus in the Statement of Profit and Loss    | 14,52.90          | 13,52.70          |
| At the end of the year  | 107,87.87         | 93,34.97          |
| <b>g) General Reserve</b>   |                   |                   |
| At the beginning of the year                                      | 2412,97.52        | 2125,67.46        |
| Add: Transfer from Share Options Outstanding account              | 1,94.90           | 2,09.49           |
| Add: IFRS Transition reserve                                      | —                 | 2,18.05           |
| Add: On account of Scheme of Arrangement and Amalgamation         | (159,06.05)       | —                 |
| Add: Transfer from Surplus in the Statement of Profit and Loss    | 278,46.03         | 283,02.52         |
| At the end of the year  | 2534,32.40        | 2412,97.52        |
| <b>h) Foreign Currency Translation Reserve</b>                    |                   |                   |
| At the beginning of the year                                      | 23,45.72          | 25,22.99          |
| Add: On account of Scheme of Arrangement and Amalgamation         | (24,64.69)        | —                 |
| Add: Increase during the year                                     | 61.05             | (1,77.27)         |
| At the end of the year  | (57.92)           | 23,45.72          |
| <b>i) Surplus in the Statement of Profit and Loss</b>             |                   |                   |
| At the beginning of the year                                      | 942,09.38         | 720,59.03         |
| Add: On account of Scheme of Arrangement and Amalgamation         | (314,90.93)       | —                 |
| Add: Change in the value of holdings in Associates / Subsidiaries | (10,67.13)        | (16.22)           |
| Add: Profit for the year  | 711,53.59         | 683,47.95         |
|   | <b>1328,04.91</b> | <b>1403,90.76</b> |
| Less: Appropriations  |                   |                   |
| Statutory Reserve   | 106,59.02         | 100,93.93         |
| Special Reserve   | 14,52.90          | 13,52.70          |
| General Reserve   | 278,46.03         | 283,02.51         |
| Dividend  |                   |                   |
| Interim   | —                 | 55,55.19          |
| Final   | 72,21.78          | —                 |
| Dividend Tax  | 14,70.19          | 8,77.05           |
| At the end of the period  | 841,54.99         | 942,09.38         |
|   | <b>4791,23.27</b> | <b>4698,10.61</b> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

**Note 4: Long-term Borrowings**

|   | (₹ in lakhs)              |                           |
|---|---------------------------|---------------------------|
|   | 31.03.2018                | 31.03.2017                |
| <b>Secured</b>                          |                           |                           |
| Non-Convertible Debentures              | 5736,72.18                | 4915,36.21                |
| Term loans from banks                   | 3800,59.12                | 2744,41.08                |
| <b>Unsecured</b>                        |                           |                           |
| Subordinated Non-Convertible Debentures | 1665,19.71                | 1057,09.97                |
| Fixed Deposits                          | 1965,27.48                | 1875,05.44                |
| Term loans from banks                   | 6,87.50                   | —                         |
|   | <b><u>13174,65.99</u></b> | <b><u>10591,92.70</u></b> |

The Term loans from banks are secured by hypothecation of specific assets covered by a charge on Hypothecation Loan Receivables / Hire purchase / Lease agreements.

**Note 5: Other Long-term Liabilities**

|  | (₹ in lakhs)             |                          |
|--|--------------------------|--------------------------|
|  | 31.03.2018               | 31.03.2017               |
| Interest accrued but not due on borrowings | 112,86.85                | 128,52.27                |
| Other liabilities                          | 1339,68.27               | 1071,26.53               |
|  | <b><u>1452,55.12</u></b> | <b><u>1199,78.80</u></b> |

**Note 6: Long-term Provisions**

|  | (₹ in lakhs)            |                         |
|--|-------------------------|-------------------------|
|  | 31.03.2018              | 31.03.2017              |
| Employee Benefits                            | 12,59.41                | 10,05.48                |
| Non-performing assets                        | 195,47.28               | 157,84.71               |
| Contingent provision against Standard Assets | 112,44.53               | 94,42.95                |
|  | <b><u>320,51.22</u></b> | <b><u>262,33.14</u></b> |

**Note 7: Short-term Borrowings**

|  | (₹ in lakhs)                |                          |
|--|-----------------------------|--------------------------|
|  | 31.03.2018                  | 31.03.2017               |
| <b>Secured</b>                               |                             |                          |
| Working capital demand loans and Cash Credit | 2355,08.91                  | 275,84.98                |
| Term Loans from Banks                        | <u>200,00.00</u> 2555,08.91 | <u>—</u> 275,84.98       |
| <b>Unsecured</b>                             |                             |                          |
| Credit facilities from Banks                 | 541,33.20                   | 323,23.34                |
| Commercial paper                             | <u>2462,02.98</u>           | <u>3847,55.33</u>        |
|  | <u>3003,36.18</u>           | 4170,78.67               |
|  | <b><u>5558,45.09</u></b>    | <b><u>4446,63.65</u></b> |

Working capital demand loans and cash credit are secured by a charge on Hypothecation Loan Receivables/ Hire Purchase / Lease agreements , ranking pari passu, excluding assets which are specifically charged to others.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### Note 8: Trade Payables

(₹ in lakhs)

|   | 31.03.2018        | 31.03.2017       |
|---|-------------------|------------------|
| (i) total outstanding dues to micro and small enterprises                       | –                 | –                |
| (ii) total outstanding dues of creditors other than micro and small enterprises |                   |                  |
| Dealer Balances   | 49,64.44          | 51,61.87         |
| Creditors for Expenses  | 1286,80.89        | 881,77.53        |
| Outstanding Liabilities   | 34,27.31          | 47,81.74         |
|   | <b>1370,72.64</b> | <b>981,21.14</b> |

### Note 9: Other Current Liabilities

(₹ in lakhs)

|   | 31.03.2018        | 31.03.2017        |
|---|-------------------|-------------------|
| <b>Secured</b>                                |                   |                   |
| Non-Convertible debentures                    | 3230,60.53        | 2813,80.21        |
| Term loans from Banks                         | 1094,21.60        | 496,40.72         |
| <b>Unsecured</b>                              |                   |                   |
| Fixed Deposits                                | 1558,49.38        | 1580,76.44        |
| Commercial Paper                              | 74,73.25          | 286,84.38         |
| Interest accrued but not due on borrowings    | 696,08.79         | 587,86.48         |
| Amount due on Assets Securitised / assigned   | 537,76.26         | 461,00.29         |
| Unpaid matured deposits*                      | 45,51.05          | 51,14.89          |
| Interest accrued on unpaid matured deposits * | 5,23.90           | 4,71.08           |
| Unpaid dividends*                             | 2,25.33           | 2,44.28           |
| Income received in advance                    | 8,87.70           | 34,93.36          |
| Advance from Customers                        | 42,54.47          | 57,87.29          |
| Sundry Creditors for Unexpired Insurance Risk | 1114,93.75        | 1023,29.24        |
| Other Liabilities                             | 175,39.55         | 181,58.63         |
|   | <b>8586,65.56</b> | <b>7582,67.29</b> |

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

### Note 10: Short-term Provisions

(₹ in lakhs)

|                       | 31.03.2018       | 31.03.2017       |
|-----------------------|------------------|------------------|
| Employee Benefits     | 70,91.75         | 53,64.31         |
| Non-Performing Assets | 138,03.38        | 141,09.88        |
|                       | <b>208,95.13</b> | <b>194,74.19</b> |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## Note 11: Fixed Assets

(₹ in lakhs)

|  | GROSS BLOCK AT COST |  |           |                  |                                       |                     | DEPRECIATION       |  |           |            |                                       | NET BLOCK           |                   |                     |                     |
|--|---------------------|--|-----------|------------------|---------------------------------------|---------------------|--------------------|--|-----------|------------|---------------------------------------|---------------------|-------------------|---------------------|---------------------|
|  | As at<br>31.03.2017 | On account<br>of Scheme of<br>Arrangement<br>and<br>Amalgamation | Additions | Deduct-<br>tions | Translation<br>Exchange<br>Difference | As at<br>31.03.2018 | Upto<br>31.03.2017 | On account<br>of Scheme of<br>Arrangement<br>and<br>Amalgamation | Additions | Deductions | Translation<br>Exchange<br>Difference | As at<br>31.03.2018 | Net Book<br>Value | As at<br>31.03.2018 | As at<br>31.03.2017 |
|  |                     |  |           |                  |                                       |                     |                    |  |           |            |                                       |                     |                   |                     |                     |
| <b>(i) Tangible Assets</b>                       |                     |  |           |                  |                                       |                     |                    |  |           |            |                                       |                     |                   |                     |                     |
| 1 Freehold Land and Buildings                    | 89,22.63            | (1,40.98)  | 1,44.42   | 14,37.68         | -                                     | 74,88.39            | 20,33.28           | (87.82)  | 78.97     | 2,42.47    | -                                     | 57,06.43            | 57,06.43          | 57,06.43            | 68,89.35            |
| 2 Leasehold office / Residential Premises        | 14,29.22            | -  | -         | -                | -                                     | 14,29.22            | 8,88.43            | -  | 26.58     | -          | -                                     | 5,14.21             | 5,14.21           | 5,14.21             | 5,40.79             |
| 3 Plant and Machinery and Computers              | 147,39.20           | (3,88.18)  | 15,03.13  | 2,22.16          | -                                     | 156,31.99           | 116,95.10          | (3,13.81)  | 10,89.25  | 2,10.86    | -                                     | 33,72.31            | 33,72.31          | 33,72.31            | 30,44.10            |
| 4 Furniture and Fixtures                         | 61,86.56            | (59.89)  | 6,37.77   | 98.02            | (0.19)                                | 66,66.61            | 42,31.61           | (33.19)  | 5,52.14   | 94.27      | 0.22                                  | 20,10.56            | 20,10.56          | 20,10.56            | 19,54.95            |
| 5 Vehicles                                       | 30,97.45            | (6.34)   | 7,75.58   | 8,16.38          | -                                     | 30,50.31            | 16,63.11           | 2.40   | 4,24.79   | 5,76.66    | 0.20                                  | 15,36.87            | 15,36.87          | 15,36.87            | 14,34.34            |
| 6 Office Equipment                               | 38,57.09            | (58.99)  | 2,86.65   | 63.30            | (0.03)                                | 40,21.48            | 30,14.18           | (36.08)  | 3,54.61   | 56.35      | 0.01                                  | 7,45.14             | 7,45.14           | 7,45.14             | 8,42.91             |
|  | 382,32.15           | (6,54.38)  | 33,47.55  | 26,37.54         | (0.22)                                | 382,88.00           | 235,25.71          | (4,68.51)  | 25,26.34  | 11,80.61   | 0.43                                  | 138,85.52           | 138,85.52         | 138,85.52           | 147,06.44           |
| <b>7 Assets on Operating Lease</b>               |                     |  |           |                  |                                       |                     |                    |  |           |            |                                       |                     |                   |                     |                     |
| a) Plant and Machinery and Computers             | 5,56.62             | (1,02.25)  | 2,22.09   | 8.43             | -                                     | 6,68.03             | 4,75.10            | (61.58)  | 59.30     | 7.31       | -                                     | 2,02.52             | 2,02.52           | 2,02.52             | 81.52               |
| b) Vehicles                                      | 327,15.35           | (7.90)   | 40,18.91  | 116,58.55        | -                                     | 250,67.81           | 142,19.58          | (7.32)   | 42,93.28  | 67,12.56   | -                                     | 132,74.82           | 132,74.82         | 132,74.82           | 184,95.77           |
|  | 332,71.97           | (1,10.15)  | 42,41.00  | 116,66.98        | -                                     | 257,35.84           | 146,94.68          | (68.89)  | 43,52.58  | 67,19.87   | -                                     | 134,77.34           | 134,77.34         | 134,77.34           | 185,77.29           |
| Total  | 715,04.12           | (7,64.52)  | 75,88.55  | 143,04.52        | (0.22)                                | 640,23.84           | 382,20.39          | (5,37.40)  | 68,78.92  | 79,00.48   | 0.43                                  | 273,62.86           | 273,62.86         | 273,62.86           | 332,83.73           |
| <b>(ii) Intangible Assets</b>                    |                     |  |           |                  |                                       |                     |                    |  |           |            |                                       |                     |                   |                     |                     |
| Goodwill   | 457,63.07           | (15,03.51)   | -         | -                | -                                     | 442,59.56           | -                  | -  | -         | -          | -                                     | 442,59.56           | 442,59.56         | 442,59.56           | 457,63.07           |
| Computer Software                                | 161,75.01           | (3,76.83)  | 10,67.05  | 12.78            | -                                     | 168,52.45           | 139,56.11          | (2,88.63)  | 17,67.38  | 12.78      | -                                     | 14,30.37            | 14,30.37          | 14,30.37            | 22,18.90            |
| <b>(iii) Intangible Assets Under Development</b> |                     |  |           |                  |                                       |                     |                    |  |           |            |                                       |                     |                   |                     |                     |
|  | 2,80.86             | -  | 4,12.63   | 3,51.87          | -                                     | 3,41.62             | -                  | -  | -         | -          | -                                     | 3,41.62             | 3,41.62           | 3,41.62             | 2,80.86             |
| <b>Grand Total</b>                               | 1337,23.06          | (11,41.36)   | 90,68.23  | 146,69.17        | (0.22)                                | 1254,77.47          | 521,76.50          | (8,26.04)  | 86,46.30  | 79,13.26   | 0.43                                  | 520,83.07           | 520,83.07         | 520,83.07           | 815,46.56           |
| Previous Year                                    | 1331,92.43          | -  | 152,06.02 | 144,45.66        | (2.19)                                | 1339,50.60          | 510,73.22          | -  | 103,43.14 | 92,37.55   | (2.32)                                | 815,46.56           | 815,46.56         | 815,46.56           | 821,16.25           |

Note: Additions/Deductions to Freehold Land and Buildings in Gross Block include assets transferred to/from Investment Property.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### Note 12: Non-current Investments

(₹ in lakhs)

|   | 31.03.2018        | 31.03.2017        |
|---|-------------------|-------------------|
| Investment Property (net of depreciation)               | 58,19.02          | 49,18.02          |
| Investment in Equity Instruments                        |                   |                   |
| - Associate Company *                                   | 220,65.90         | 518,43.25         |
| - Other Companies                                       | 25,51.96          | 46,93.50          |
| Investment in Preference Shares                         | —                 | 1,66.67           |
| Investment in Government securities                     | 1800,25.60        | 1459,72.62        |
| Investment in Debentures or Bonds                       | 1859,44.48        | 1302,17.63        |
| Investment in Mutual Funds                              | 178,58.85         | 126,84.96         |
| Investment in Subordinate Tranche Securities            | 5,67.59           | 10,93.82          |
| Investment in Pass through certificates                 | 50,45.83          | 15,68.79          |
|   | 4198,79.23        | 3531,59.26        |
| Less : Provision for diminution in value of investments | 5,74.51           | 4,75.27           |
|   | <b>4193,04.72</b> | <b>3526,83.99</b> |

(₹ in lakhs)

| Particulars   | Cost              | Market Value |
|---|-------------------|--------------|
| Aggregate amount of Quoted Investments (Net of Provision)   | 3884,78.87        | 5113,87.27   |
| Aggregate amount of Unquoted Investments (Net of Provision) | 250,06.83         |              |
| Investment Property (Net of Depreciation)                   | 58,19.02          |              |
| <b>Total</b>  | <b>4193,04.72</b> |              |

\* Includes goodwill amounting to ₹0.87 lakhs (Previous year goodwill ₹2,27.55 lakhs and Capital Reserve ₹6,81.19 lakhs)

### Note 13: Deferred Tax Assets (Net)

(₹ in lakhs)

|   | 31.03.2018       | 31.03.2017       |
|---|------------------|------------------|
| <b>Deferred Tax Assets</b>                    |                  |                  |
| Depreciation                                  | 55,56.15         | 55,09.56         |
| Provisions against Non-performing Assets      | 98,11.46         | 99,80.21         |
| Provisions against Investments                | 1,87.44          | 1,56.79          |
| Contingent Provisions against Standard Assets | 39,17.32         | 32,68.12         |
| Income derecognised on Non-performing Assets  | 9,81.68          | 9,14.63          |
| Others  | 55,70.67         | 40,33.45         |
|   | 260,24.72        | 238,62.76        |
| <b>Less: Deferred Tax Liabilities</b>         |                  |                  |
| Hire Purchase Income                          | 34,11.77         | 35,95.38         |
| Others  | 101,14.65        | 76,77.84         |
|   | 135,26.42        | 112,73.22        |
|   | <b>124,98.30</b> | <b>125,89.54</b> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

**Note 14: Long-term Loans and Advances**

(₹ in lakhs)

|   | 31.03.2018                | 31.03.2017                |
|---|---------------------------|---------------------------|
| <b>Secured, Considered good</b>                                     |                           |                           |
| Hypothecation Loans   | 10583,69.93               | 7289,04.56                |
| Mortgage Loans  | 7429,51.43                | 6723,70.44                |
| Net Investment in Stock-on-hire                                     | 548,39.93                 | 1401,73.35                |
| Net investment in lease   | 9,04.35                   | 11,97.02                  |
| Other loans   | 10,12.86                  | 2,97.99                   |
|   | <u>18580,78.50</u>        | <u>15429,43.36</u>        |
| Amount retained on Assets securitised / assigned                    | 152,51.24                 | 177,51.26                 |
| <b>Unsecured, Considered good</b>                                   |                           |                           |
| Capital Advances  | 14,68.08                  | 13,14.34                  |
| Deposits  | 21,94.56                  | 20,43.37                  |
| Other loans   | 34,25.40                  | 34,84.04                  |
|   | <u>70,88.04</u>           | <u>68,41.75</u>           |
| Other loans and advances  |                           |                           |
| Advance Income tax and Tax Deducted at Source<br>(net of provision) | 337,22.71                 | 254,08.05                 |
| Other advances  | 67,99.07                  | 28,59.22                  |
|   | <u>405,21.78</u>          | <u>282,67.27</u>          |
|   | <b><u>19209,39.56</u></b> | <b><u>15958,03.64</u></b> |

**Note 15: Other Non-current Assets**

(₹ in lakhs)

|                            | 31.03.2018       | 31.03.2017       |
|----------------------------|------------------|------------------|
| SF Employees Welfare Trust | 3,09.91          | 3,16.26          |
| Other assets               | 146,47.00        | 116,83.37        |
|                            | <u>149,56.91</u> | <u>119,99.63</u> |

**Note 16: Current Investments**

(₹ in lakhs)

|   | 31.03.2018        | 31.03.2017        |
|---|-------------------|-------------------|
| Investment in Equity Instruments                | 316,48.50         | 198,71.15         |
| Investment in Preference Shares                 | 4.11              | 1,66.67           |
| Investment in Government Securities             | 40,02.36          | 6,49.54           |
| Investment in Debentures/Bonds/Commercial paper | 387,20.62         | 309,75.56         |
| Investment in Mutual Funds                      | 370,02.02         | 637,89.21         |
| Investment in Pass through certificates         | 44,11.16          | 16,54.31          |
| Investment in Subordinate Tranche Securities    | 24.32             | 27.36             |
| Investment in Commercial Paper                  | 102,42.68         | 73,38.53          |
| Other Current Investments                       | 52,53.19          | 43,29.40          |
|   | <u>1313,08.96</u> | <u>1288,01.73</u> |

(₹ in lakhs)

| Particulars                              | Cost              | Market Value |
|--|-------------------|--------------|
| Aggregate amount of Quoted Investments   | 793,82.18         | 793,82.18    |
| Aggregate amount of Unquoted Investments | 519,26.78         |              |
| Total                                    | <u>1313,08.96</u> |              |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### Note 17: Cash and Bank Balances

(₹ in lakhs)

|  | 31.03.2018               | 31.03.2017               |
|--|--------------------------|--------------------------|
| Cash and cash equivalents:                     |                          |                          |
| Cash on hand                                   | 21,90.75                 | 26,56.96                 |
| Balances with Banks in Current Accounts        | 139,99.34                | 103,25.99                |
| Bank Deposits (upto 3 months maturity)         | –                        | 24,65.97                 |
| Cheques, drafts on hand                        | <u>87,35.94</u>          | <u>83,91.93</u>          |
|  | 249,26.03                | 238,40.85                |
| Bank Deposits                                  |                          |                          |
| More than 3 months and upto 12 months maturity | 865,83.29                | 568,22.63                |
| More than 12 months maturity                   | <u>226,74.99</u>         | <u>204,53.76</u>         |
|  | 1092,58.28               | 772,76.39                |
| Unpaid dividend account                        | <u>2,25.33</u>           | <u>2,44.28</u>           |
|  | <b><u>1344,09.64</u></b> | <b><u>1013,61.52</u></b> |

### Note 18: Short-term Loans and Advances

(₹ in lakhs)

|  | 31.03.2018               | 31.03.2017               |
|--|--------------------------|--------------------------|
| <b>Secured, Considered good</b>                |                          |                          |
| Hypothecation Loans                            | 6910,49.50               | 5507,03.52               |
| Mortgage Loans                                 | 743,12.45                | 643,48.01                |
| Net Investment in Stock-on-hire                | 584,53.34                | 921,56.29                |
| Net Investment in lease                        | 3,76.34                  | 6,03.58                  |
| Trade receivables                              | 117,85.66                | 68,22.34                 |
| Other loans                                    | <u>22,77.17</u>          | <u>4,07.86</u>           |
|  | 8382,54.46               | 7150,41.60               |
| Amount retained on Assets securitised/assigned | 244,40.50                | 234,89.48                |
| <b>Unsecured, Considered good</b>              |                          |                          |
| Advance for business assets                    | 194,13.24                | 110,14.07                |
| Other loans                                    | 6,31.01                  | 5,99.31                  |
| Trade bills purchased                          | 12,67.90                 | 6,77.17                  |
| Other advances                                 | <u>122,85.69</u>         | <u>74,05.62</u>          |
|  | 335,97.84                | 196,96.17                |
|  | <b><u>8962,92.80</u></b> | <b><u>7582,27.25</u></b> |

In accordance with Accounting Standard (AS-19) – Leases, the reconciliation between the gross investment in lease (Gross Investment) and the present value of minimum lease payments (MLP) receivables as on 31.03.2018 is as follows:

(₹ in lakhs)

|                                | 31.03.2018               | 31.03.2017               |
|--------------------------------|--------------------------|--------------------------|
| Gross Investment in lease      | 1309,16.36               | 2734,83.22               |
| Less: Unearned Finance Charges | <u>160,94.99</u>         | <u>392,22.96</u>         |
|                                | <b><u>1148,21.37</u></b> | <b><u>2342,60.26</u></b> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

Maturity Pattern of the Gross Investment / Present Value of MLP receivables:

|   | (₹ in lakhs)      |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 31.03.2018        |                   | 31.03.2017        |                   |
|   | Gross Investment  | MLP Receivables   | Gross Investment  | MLP Receivables   |
| Less than 1 year                        | 688,52.40         | 587,54.51         | 1124,50.20        | 928,89.89         |
| Later than 1 year and less than 5 years | 620,63.96         | 560,66.86         | 1610,33.02        | 1413,70.37        |
| <b>Total</b>                            | <b>1309,16.36</b> | <b>1148,21.37</b> | <b>2734,83.22</b> | <b>2342,60.26</b> |

**Note 19: Other Current Assets**

|  | (₹ in lakhs)     |                  |
|--|------------------|------------------|
|  | 31.03.2018       | 31.03.2017       |
| Interest accrued on investments          | 30,83.41         | 26,70.53         |
| Income Receivable                        | 307,76.67        | 272,48.18        |
| SF Employees Welfare Trust               | 6.35             | 4.93             |
| Repossessed assets (at realisable value) | 25,07.83         | 19,12.20         |
| Stamps and Stamp papers on hand          | 1,20.47          | 89.76            |
|  | <b>364,94.73</b> | <b>319,25.60</b> |

**STATEMENT OF PROFIT AND LOSS**

**Note 20: Revenue from Operations**

|   | (₹ in lakhs)      |                   |
|---|-------------------|-------------------|
|   | 2017-18           | 2016-17           |
| Income from Financing Operations          |                   |                   |
| Hypothecation Loans / Hire Purchase       | 2128,94.53        | 1904,77.95        |
| Mortgage Loans                            | 843,52.71         | 861,95.33         |
| Assets securitised / assigned             | 209,36.02         | 173,18.57         |
| Lease (net)                               | 73,43.59          | 93,34.19          |
| Others                                    | 8,06.49           | 5,31.77           |
| Recovery of bad debts                     | 18,67.25          | 19,89.76          |
|   | 3282,00.59        | 3058,47.57        |
| Insurance Premium earned (Net)            | 1939,34.54        | 1719,70.22        |
| Income from Investments                   |                   |                   |
| Interest Income (net)                     | 389,08.68         | 322,25.80         |
| Profit on sale of Non-Current Investments | 8,14.53           | 57,51.51          |
| Profit on sale of Current Investments     | 57,99.17          | 48,88.46          |
|   | 455,22.38         | 428,65.77         |
| Investment Management and Advisory fee    | 308,09.02         | 265,28.31         |
| Income from other Financial Services      | 19,29.15          | 18,68.70          |
| Income from other Services                | 20,08.75          | 52,51.67          |
| Loan processing & other fees              | 12,64.33          | 10,67.15          |
| Sale of products                          | —                 | 67.37             |
|   | <b>6036,68.76</b> | <b>5554,66.76</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### Note 21: Other Income

(₹ in lakhs)

|                                      | 2017-18         | 2016-17         |
|--------------------------------------|-----------------|-----------------|
| Interest Receipts                    | 45,67.52        | 14,64.86        |
| Dividend Income                      | 3,02.37         | 18,70.57        |
| Profit on sale of Equity investments | 11.28           | 15.01           |
| Rent Receipts                        | 1,80.33         | 1,49.20         |
| Profit on sale of assets             | 48.71           | 2,00.24         |
| Other non-operating income           | 16,72.03        | 4,71.56         |
|                                      | <b>67,82.24</b> | <b>41,71.44</b> |

### Note 22: Finance Costs

(₹ in lakhs)

|  | 2017-18           | 2016-17           |
|--|-------------------|-------------------|
| Interest expense                                       |                   |                   |
| Non convertible debentures                             | 853,40.95         | 847,38.36         |
| Term loans   | 323,46.55         | 286,60.82         |
| Fixed deposits   | 306,55.29         | 318,36.42         |
| Commercial paper                                       | 313,83.16         | 258,80.12         |
| Other interest   | 24,76.67          | 17,73.91          |
|  | 1822,02.62        | 1728,89.63        |
| Other borrowing costs                                  | 10,10.57          | 5,68.06           |
| Less:- Net gain/(loss) on foreign currency transaction | (3.72)            | (46.96)           |
|  | 1014.29           | 6,15.02           |
|  | <b>1832,16.91</b> | <b>1735,04.65</b> |

### Note 23: Employee Benefits

(₹ in lakhs)

|   | 2017-18          | 2016-17          |
|---|------------------|------------------|
| Salaries, bonus and commission            | 486,07.17        | 446,37.96        |
| Contribution to Provident and other funds | 34,83.90         | 30,47.77         |
| Employees Stock Options expense           | 2,63.31          | 2,02.27          |
| Staff welfare expenses                    | 20,61.76         | 17,84.03         |
|   | <b>544,16.14</b> | <b>496,72.03</b> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

**Defined Benefit Plans**

(₹ in lakhs)

|    | Description of Benefit Plans  | Funded Gratuity |               |
|----|---|-----------------|---------------|
|    |   | 31.03.2018      | 31.03.2017    |
| A) | Reconciliation of opening and closing balances of the present value of the defined benefit obligation   |                 |               |
|    | Opening Balance :Present value of obligation  | 52,67.27        | 42,17.29      |
|    | Interest cost   | 3,90.39         | 3,40.56       |
|    | Current service cost  | 5,74.60         | 4,54.53       |
|    | Past service cost   | 1,14.70         | –             |
|    | Transfer of funds from Subsidiary companies/transfer within funds   | (64.57)         | –             |
|    | Benefits paid   | (3,33.34)       | (2,44.01)     |
|    | Actuarial (gain) / loss on obligations  | 2,03.85         | 4,93.30       |
|    | Liabilities assumed on acquisition/(settled on divestiture)   | 0.65            | –             |
|    | Closing Balance :Present value of obligation  | 61,53.55        | 52,61.67      |
| B) | Reconciliation of opening and closing balances of the fair value of plan assets   |                 |               |
|    | Opening Balance :Fair value of plan assets  | 48,24.27        | 39,37.55      |
|    | Expected return on plan assets  | 3,67.97         | 3,33.29       |
|    | Contributions made  | 10,62.02        | 7,85.87       |
|    | Transfer of funds from Subsidiary companies/transfer within funds   | (73.47)         | –             |
|    | Benefits paid   | (3,33.34)       | (2,44.01)     |
|    | Actuarial gain / (loss) on plan assets  | 32.46           | 10.57         |
|    | Closing Balance : Fair value of plan assets   | 58,79.91        | 48,23.27      |
| C) | Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities recognised in the Balance sheet |                 |               |
|    | Closing Balance :Present value of obligation  | 61,53.55        | 52,61.67      |
|    | Closing Balance :Fair value of plan assets  | 58,79.91        | 48,23.27      |
|    | Unrecognised past service cost  | 0.63            | –             |
|    | Net Asset/(Liability) recognised in Balance Sheet   | 2,73.01         | (4,38.40)     |
| D) | Expenses recognised in the Statement of Profit and Loss   |                 |               |
|    | Current service cost  | 6,03.70         | 4,54.53       |
|    | Past service cost   | 84.97           | –             |
|    | Interest cost   | 3,90.38         | 3,40.56       |
|    | Expected return on plan assets  | (3,67.97)       | (3,33.26)     |
|    | Net actuarial (gain) / loss recognized  | 1,71.40         | 4,82.73       |
|    | Total Expenses  | 8,82.48         | 9,44.56       |
| E) | Actual return on plan assets  |                 |               |
|    | Expected return on plan assets  | 3,67.97         | 3,33.26       |
|    | Actuarial gain / (loss) on plan assets  | 32.46           | 10.57         |
|    | Actual return on plan assets  | 4,00.43         | 3,43.83       |
| F) | Actuarial assumptions*  |                 |               |
|    | Discount rate   | 7.31% - 8.05%   | 7.25% - 8.00% |
|    | Rate of increase in compensation levels   | 7.00% - 9.10%   | 7.00% - 9.30% |
|    | Expected rate of return on plan assets  | 7.31% - 7.99%   | 7.25% - 8.25% |
|    | Attrition rate  | 1.00%-18.00%    | 1.00%-12.60%  |

\* The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors like supply and demand in the employment market.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### Note 24: Administrative and Other Expenses

(₹ in lakhs)

|   | 2017-18          | 2016-17          |
|---|------------------|------------------|
| Rent  | 36,65.02         | 38,34.17         |
| Rates and taxes   | 13,20.77         | 6,68.46          |
| Communication expenses  | 26,01.90         | 25,95.88         |
| Electricity expenses  | 13,36.48         | 14,37.21         |
| Travelling and conveyance   | 31,04.96         | 33,27.01         |
| Outsourcing cost  | 272,79.51        | 346,49.05        |
| Insurance   | 1,14.48          | 1,31.34          |
| Contribution to CSR   | 16,41.95         | 15,46.72         |
| Repairs   |                  |                  |
| – Buildings   | 20.38            | 55.29            |
| – Others  | 53,52.34         | 60,75.29         |
|   | 53,72.72         | 61,30.58         |
| Marketing and related expenses  | 237,32.56        | 197,38.26        |
| Exchange loss on foreign currency transactions and translations (net) | 2.71             | 20.53            |
| Miscellaneous expenses  | 106,44.37        | 87,96.42         |
|   | <b>808,17.43</b> | <b>828,75.63</b> |

### Note 25: Provisions and Write Off

(₹ in lakhs)

|   | 2017-18         | 2016-17         |
|---|-----------------|-----------------|
| Provision against non-performing assets (net) | 86,85.16        | 57,26.91        |
| Provision against Repossessed assets          | 3,60.45         | (22.35)         |
| Provision against Investments (net)           | 91.50           | 0.60            |
|   | <b>91,37.11</b> | <b>57,05.16</b> |



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)****Note 26: General**

26.01 In accordance with the directions of IRDAI, Royal Sundaram General Insurance Co. Limited, together with other non-life insurance companies, participates in the Indian Motor Third Party Declined Risk Insurance Pool [DR Pool], a multilateral reinsurance arrangement in respect of specified commercial vehicles and where the policy issuing member insurer cede the insurance premium to the DR pool (based on underwriting policy approved by IRDAI). The DR Pool is administered by General Insurance Corporation of India ('GIC').

In terms of the DR Pool agreement, the company shall underwrite, net of reinsurance, a minimum percentage of "Act only" premium of specified commercial vehicles which is in proportion to the sum of fifty percent of the company's percentage share in total gross premium and fifty percent of the total motor premium of the industry for the financial year. 75% of the premium written by the member insurer is to be ceded to the DR Pool. The fulfilment or shortfall of the mandatory obligations shall be determined based on actual premium written (net of reinsurance) by the Company and premium retained with respect to the business ceded to the DR Pool. The DR Pool shall be extinguished at the end of every financial year on a clean cut basis, based on the statement of accounts drawn by the Pool Administrator.

IRDAI had vide its Circular IRDA/NL/CIR/MISC/051/03/2016 dated 15th March 2016 directed dismantling of the IMTPDRP with effect from April 1, 2016.

The Company accounts for the pool transactions for the financial year on the basis of Full and Final statements received from Pool for the period ended 31st March 2016.

26.02 Pursuant to the Scheme of Amalgamation of Sundaram Infotech Solutions Limited (SISL) - a wholly owned subsidiary (transferor company) with the Company, as sanctioned by the National Company Law Tribunal vide their order dated September 26, 2017, the assets and liabilities of the transferor company were transferred to and vested with the Company with effect from the appointed date, April 1, 2016. The Scheme which was to be effective from the Appointed Date, i.e. 1st April 2016, and is operative from the Effective Date, i.e. 27th September 2017.

Pursuant to the Scheme of Amalgamation, the authorised equity share capital of the Company stands increased by ₹17,00.00 Lakhs (1,70,00,000 equity shares of ₹10/- each). Consequent to the merger, the entire issued, subscribed and paid up capital of SISL, held by the company and its nominees would stand cancelled.

The results for the year ended 31st March 2018 reflect the impact of merger as contemplated under the Scheme, as set out below:

| Particulars  | ₹ in lakhs     |
|--|----------------|
| (i) Net Assets taken over  | 7,91.26        |
| (ii) Tax adjustments   | 3,53.21        |
| (iii) Loss for the period 2016-17  | (1,59.71)      |
| (iv) Consolidation adjustments   | (6,31.71)      |
| <b>(v) Net amount credited to Reserves and Surplus (i)+(ii)+(iii)+(iv)</b> | <b>3,53.05</b> |

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

26.03 The National Company Law Tribunal, Division Bench, Chennai vide Order No. CP/210-214/CAA/2017 dated 12th January 2018 approved the Composite Scheme of Arrangement and Amalgamation (Scheme) between the Company and its four subsidiaries, viz., Sundaram Insurance Broking Services Limited, Infreight Logistics Solutions Limited, Sundaram BPO India Limited and Sundaram Finance Holdings Limited which was received on 18th January 2018. The Scheme which was to be effective from the Appointed Date, i.e. 1st April 2016, and is operative from the Effective Date, i.e. 18th January 2018. The Scheme envisages the following:

- Amalgamation of Sundaram Insurance Broking Services Limited (SIBSL) and Infreight Logistics Solutions Limited (ILSL) into the Company. Pursuant to the scheme, the authorised equity share capital of the Company stands increased by 1,11,00,000 equity shares of ₹10/- each aggregating to ₹11,10.00 lakhs. Consequent to the merger, the entire issued, subscribed and paid up capital of SIBSL & ILSL, held by the company and its nominees would stand cancelled. The net amount debited to reserves on account of the amalgamation amounts to ₹3,00.15 lakhs
- Demerger of the shared services of Sundaram BPO India Limited (SBPO) into the Company; and subsequently
- Demerger of the non-core investments and shared services of the Company into Sundaram Finance Holdings Limited (SFHL). All shareholders of the company have been allotted shares in SFHL, in the ratio of 1:1 and the shares have been listed in NSE.

The reserves for the year ended 31.03.2018 has been adjusted as below:

- a) A sum of ₹202,02.05 lakhs has been reduced from the reserves towards transfer of assets and liabilities as on 1st April 2016.
- b) Consolidation adjustments as on 1st April 2016 on account of transfer of SBPO, SIBSL and SFHL amounting to ₹12,15.78 lakhs has been reduced from the Reserves.
- c) Consolidation adjustments as of 1st April 2016 on account of transfer of carrying cost of associates to SFHL amounting to ₹246,11.04 lakhs has been reduced from the Reserves.
- d) Consolidation net adjustments of ₹71,06.48 lakhs towards transfer of profits for the financial year 2016-17 has been reduced from the Reserves.

26.04 Sundaram Asset Management Company Limited has decided to hive off the Alternative Investment Funds (AIF) and Portfolio Management Services (PMS) divisions with a view to bring these operations under a separate entity, Sundaram Alternative Assets Limited. The approval for demerger is pending before the National Company Law Tribunal (NCLT) and is expected to take effect from 1st April, 2018.

26.05 The pending litigations as on 31st March 2018 have been compiled by the company and reviewed by the Statutory Auditors. The current position of the litigation has been evaluated and the effect thereof has been appropriately disclosed in the financial statements.

26.06 Based on the current assessment of the long-term contracts in the ordinary course of business, the Company has made adequate provision for losses where required.

The derivative contracts have been entered into for hedging the foreign currency liability and interest liability. Derivative contracts being in the nature of hedge contracts, the Company does not anticipate any material losses from the same.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## 26.07 Segment Reporting

(₹ in lakhs)

| Business Segments                                      | Asset Financing |             | Insurance  |            | Other Operations |           | Eliminations |           | Consolidated Total |             |
|--|-----------------|-------------|------------|------------|------------------|-----------|--------------|-----------|--------------------|-------------|
|  | 2017-18         | 2016-17     | 2017-18    | 2016-17    | 2017-18          | 2016-17   | 2017-18      | 2016-17   | 2017-18            | 2016-17     |
| <b>REVENUE</b>   |                 |             |            |            |                  |           |              |           |                    |             |
| Segment Revenue  | 3423,16.03      | 3194,66.25  | 2264,67.26 | 2018,79.22 | 348,85.48        | 341,21.29 | -            | -         | -                  | -           |
| Inter segment sales                                    | 5,15.26         | 3,99.77     | 12,09.22   | 12,03.38   | 178,15.05        | 148,94.05 | 195,39.54    | 164,97.19 | -                  | -           |
| Total Revenue  | 3428,31.29      | 3198,66.02  | 2276,76.48 | 2030,82.60 | 527,00.53        | 490,15.34 | 195,39.54    | 164,97.19 | 6036,68.76         | 5554,66.77  |
| <b>RESULT</b>  |                 |             |            |            |                  |           |              |           |                    |             |
| Segment Result   | 911,71.49       | 858,16.96   | 136,53.28  | 67,78.32   | 90,62.06         | 65,75.48  | (5,38.92)    | (9,66.01) | 1144,25.75         | 1001,36.77  |
| Unallocated income (net of expense)                    | -               | -           | -          | -          | -                | -         | -            | -         | 19,13.82           | 20,79.57    |
| Profit before tax                                      | -               | -           | -          | -          | -                | -         | -            | -         | 1163,39.57         | 1022,16.34  |
| Less: Income tax                                       | -               | -           | -          | -          | -                | -         | -            | -         | 396,77.81          | 345,12.00   |
| Profit after tax before share of results of Associates | -               | -           | -          | -          | -                | -         | -            | -         | 766,61.76          | 677,04.34   |
| Add: Share of Profit in Associates                     | -               | -           | -          | -          | -                | -         | -            | -         | 32,93.82           | 91,21.53    |
| Less: Minority Interest                                | -               | -           | -          | -          | -                | -         | -            | -         | 88,01.99           | 84,77.92    |
| Profit after Tax                                       | -               | -           | -          | -          | -                | -         | -            | -         | 711,53.59          | 683,47.95   |
| <b>OTHER INFORMATION</b>                               |                 |             |            |            |                  |           |              |           |                    |             |
| Segment Assets   | 30426,50.78     | 24517,97.52 | 4659,84.20 | 3666,13.80 | 282,71.36        | 193,86.19 | 914,49.67    | 320,27.16 | 34454,56.67        | 28057,70.35 |
| Unallocated Assets                                     | -               | -           | -          | -          | -                | -         | -            | -         | 1941,43.36         | 2691,69.11  |
| <b>Total Assets</b>                                    | 27084,06.47     | 22380,17.01 | 3747,59.61 | 3069,01.41 | 117,96.73        | 54,44.23  | 277,12.06    | 244,31.74 | 36396,00.03        | 30749,39.46 |
| Segment Liabilities                                    | -               | -           | -          | -          | -                | -         | -            | -         | 30672,50.75        | 25259,30.91 |
| Unallocated Liabilities                                | -               | -           | -          | -          | -                | -         | -            | -         | -                  | -           |
| <b>Total Liabilities</b>                               | -               | -           | -          | -          | -                | -         | -            | -         | 30672,50.75        | 25259,30.91 |
| Capital Expenditure                                    | 69,82.84        | 131,73.22   | 12,37.81   | 7,07.01    | 8,42.21          | 7,30.25   | -            | -         | 90,62.86           | 146,10.48   |
| Depreciation   | 68,61.35        | 82,84.95    | 11,61.19   | 11,24.02   | 6,62.44          | 9,87.77   | -            | -         | 86,84.98           | 103,96.74   |
| Non-cash expenses other than depreciation              | 105,88.93       | 65,01.43    | -          | -          | 3,49.74          | 3,65      | -            | -         | 109,38.67          | 65,05.08    |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 26.08 Additional information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/Associates

(₹ in lakhs)

| Name of the Entity                           | Net Assets, i.e., total assets<br>minus total liabilities |                   | Share in profit or loss                   |                  |
|--|---|-------------------|---|------------------|
|  | As % of<br>consolidated<br>net assets                     | Amount            | As % of<br>consolidated<br>profit or loss | Amount           |
| <b>Sundaram Finance Ltd.</b>                 | 60.33   | 3970,84.54        | 64.27                                     | 532,95.08        |
| <b>Subsidiaries:</b>                         |   |                   |   |                  |
| <b>Indian:</b>                               |   |                   |   |                  |
| Sundaram BNP Paribas Home Finance Ltd.       | 8.54  | 562,20.35         | 8.24                                      | 68,32.45         |
| Sundaram Asset Management Company Ltd.       | 2.96  | 194,66.39         | 4.61                                      | 38,24.16         |
| Sundaram Trustee Company Ltd.                | 0.02  | 1,51.48           | 0.10                                      | 80.18            |
| LGF Services Ltd.                            | 0.06  | 4,17.55           | 0.04                                      | 34.51            |
| Sundaram BNP Paribas Fund Services Ltd.      | 0.23  | 14,87.02          | (0.01)                                    | (11.08)          |
| Royal Sundaram General Insurance Co. Ltd.    | 11.82   | 777,61.53         | 7.62                                      | 63,22.24         |
| Sundaram Alternate Assets Ltd.               | 0.05  | 3,00.14           | 0.00                                      | 0.14             |
| <b>Foreign:</b>                              |   |                   |   |                  |
| Sundaram Asset Management Singapore Pte Ltd. | 0.16  | 10,82.76          | 0.54                                      | 4,47.66          |
| <b>Minority Interests in Subsidiaries</b>    | 12.48   | 821,15.62         | 10.61                                     | 88,01.99         |
| <b>Associates:</b>                           |   |                   |   |                  |
| <b>Indian:</b>                               |   |                   |   |                  |
| Sundaram Finance Holdings Ltd.               | 3.35  | 220,65.90         | 3.97                                      | 32,93.82         |
|  | 100.00  | 6581,53.27        | 100.00                                    | 829,21.15        |
| Adjustment arising out of consolidation      |   | (858,03.99)       |   | (29,65.57)       |
| <b>Total</b>                                 |   | <b>5723,49.28</b> |   | <b>799,55.58</b> |

### 26.09 RELATED PARTIES DISCLOSURES:

Related party disclosures, as per Accounting Standard 18 - 'Related Party Disclosures', for the year ended 31st March 2018, are given below:

#### Related Parties:

##### Associates:

Sundaram Finance Holdings Limited (from 12/02/2018)  
Axles India Ltd.\*  
Turbo Energy Private Ltd.\*  
Transenergy Ltd.\*  
Sundaram Dynacast Private Ltd.\*  
Sundaram Hydraulics Ltd.\*  
Flometallic India Private Ltd.\*  
Dunes Oman LLC (FZC)\*

##### Key Management Personnel (KMP):

Mr. T.T. Srinivasaraghavan, Managing Director  
Mr. Harsha Viji, Deputy Managing Director  
Mr. A.N. Raju, Director (Operations)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)****Relatives of Key Management Personnel:** (with whom the company has transactions)

|          | <b>Mr. T.T. Srinivasaraghavan</b> | <b>Mr. Harsha Viji</b> | <b>Mr. A.N. Raju</b> |
|----------|-----------------------------------|------------------------|----------------------|
| Father   | Mr. T.T. Rangaswamy               | Mr. S.Viji             | Mrs. R.N. Mala       |
| Mother   | Mrs. Vimala Rangaswamy            | Mrs. Chitra Viji       |                      |
| Wife     | Mrs. Bagyam Raghavan              |                        |                      |
| Daughter | Miss. Anjana Raghavan             |                        |                      |
| Son      | Mr. T.T. Venkatraghavan           |                        |                      |
| Brother  | Mr. T.T. Narendran                | Mr. Sriram Viji        | Mr. A.N. Sreeram     |

**Enterprises over which Key Management Personnel (KMP) and his relatives can exercise significant influence**

Mr. Harsha Viji

M/s. Athreya Harsha Holdings Private Ltd.

Mrs. Chitra Viji &amp; Mr. Sriram Viji

M/s. Uthirattadhi Sriram Holdings Private Ltd.

\* As per the Scheme – Refer note 26.02 and 26.03

**Related Party Transactions For The Year Ended 31st March 2018**

Nature and volume of transactions:

(₹ in lakhs)

|                                  | <b>Associates *</b> | <b>Key Management Personnel and Relatives</b> | <b>Enterprises over which KMP and his relatives is exercising significant influence</b> | <b>2017-18</b> | <b>2016-17</b> |
|----------------------------------|---------------------|---|---|----------------|----------------|
| <b>INCOME</b>                    |                     |   |   |                |                |
| Income from Financing Operations | –                   | –   | –   | –              | 78.09          |
| Income from Services             | –                   | –   | –   | –              | 11.72          |
| Dividend                         | 37.50               | –   | –   | 37.50          | 31,22.20       |
| Rent Receipts                    | –                   | –   | –   | –              | 47.87          |
| Other non-operating income       | 0.50                | –   | –   | 0.50           | 2.92           |
| <b>EXPENDITURE</b>               |                     |   |   |                |                |
| Interest                         | –                   | 83.95   | –   | 83.95          | 94.07          |
| Remuneration                     | –                   | 10,81.07                                      | –   | 10,81.07       | 8,58.12        |
| Rent Paid                        | 21.02               | –   | –   | 21.02          | –              |
| Support Services                 | 2,44.20             | –   | –   | 2,44.20        | –              |
| <b>DIVIDEND PAID</b>             | –                   | 4,85.06                                       | 1,51.43   | 6,36.49        | 5,87.96        |
| <b>ASSETS</b>                    |                     |   |   |                |                |
| Disinvestments                   | –                   | –   | –   | –              | 1,66.67        |
| <b>LIABILITIES</b>               |                     |   |   |                |                |
| Other Liabilities                | 1,39.81             | –   | –   | 1,39.81        | –              |

\* As per the Scheme – Refer note 26.03

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### Disclosure of Material Transactions with Related Parties

(₹ in lakhs)

|                                  |                                   | 2017-18 | 2016-17  |
|----------------------------------|-----------------------------------|---------|----------|
| <b>INCOME</b>                    |                                   |         |          |
| Income from Financing Operations | Turbo Energy Private Ltd.         | –       | 62.57    |
| Income from Services             | Turbo Energy Private Ltd.         | –       | 11.72    |
| Dividend                         | Dunes Oman LLC (FZC)              | –       | 22,66.83 |
|                                  | Turbo Energy Private Ltd.         | –       | 2,56.00  |
|                                  | Sundaram Finance Holdings Limited | 37.50   | –        |
| Rent Receipts                    | Sundaram Finance Holdings Limited | 0.50    | –        |

|                    |                                   | 2017-18 | 2016-17 |
|--------------------|-----------------------------------|---------|---------|
| <b>EXPENDITURE</b> |                                   |         |         |
| Rent Paid          | Sundaram Finance Holdings Limited | 21.02   | –       |
| Support Services   | Sundaram Finance Holdings Limited | 2,44.20 | –       |

|                    |                                   | 2017-18 | 2016-17 |
|--------------------|-----------------------------------|---------|---------|
| <b>LIABILITIES</b> |                                   |         |         |
| Other Liabilities  | Sundaram Finance Holdings Limited | 1,39.81 | –       |

### Balances with Related Parties as at 31st March 2018

(₹ in lakhs)

| BALANCES OUTSTANDING | Associates * | Key Management Personnel | Relatives of Key Management Personnel | Enterprises over which KMP and his relatives is exercising significant influence | 31.03.2018 | 31.03.2017 |
|----------------------|--------------|--------------------------|---------------------------------------|--|------------|------------|
| <b>ASSETS</b>        |              |                          |                                       |  |            |            |
| Investments          | 20,15.18     | –                        | –                                     | –  | 20,15.18   | 89,11.80   |
| Loans and Advances   | –            | –                        | –                                     | –  | –          | 39.73      |
| Other Assets         | 0.33         | –                        | –                                     | –  | 0.33       | –          |
| <b>LIABILITIES</b>   |              |                          |                                       |  |            |            |
| Equity Holdings      | –            | 1,71.75                  | 5,74.49                               | 2,32.97  | 9,79.21    | 9,79.01    |
| Deposits             | –            | 27.00                    | 6,22.69                               | –  | 6,49.69    | 9,66.48    |
| Interest on deposits | –            | 1.74                     | 51.76                                 | –  | 53.50      | 98.13      |
| Other Liabilities    | 1,39.81      | –                        | –                                     | –  | 1,39.81    | –          |
| Remuneration payable | –            | 7,07.48                  | –                                     | –  | 7,07.48    | 5,50.21    |

\* As per the scheme - Refer Note 26.03

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## Disclosure of Material Balances with Related Parties as at 31st March 2018

(₹ in lakhs)

| BALANCES OUTSTANDING                | Associates *    | Key Management Personnel | Relatives of Key Management Personnel | Enterprises over which KMP and his relatives is exercising significant influence | 31.03.2018      | 31.03.2017      |
|-------------------------------------|-----------------|--------------------------|---------------------------------------|--|-----------------|-----------------|
| <b>ASSETS</b>                       |                 |                          |                                       |  |                 |                 |
| <b>Investments</b>                  |                 |                          |                                       |  |                 |                 |
| a) Investments In Equity Shares     |                 |                          |                                       |  |                 |                 |
| Sundaram Finance Holdings Limited   | 20,15.18        |                          |                                       |  | 20,15.18        | —               |
| Dunes Oman LLC (FZC)                | —               |                          |                                       |  | —               | 26,94.86        |
| Flometallic India Private Ltd.      | —               |                          |                                       |  | —               | 32,50.00        |
| Axles India Ltd.                    | —               |                          |                                       |  | —               | 10,15.70        |
| Sundaram Hydraulics Ltd.            | —               |                          |                                       |  | —               | 11,25.00        |
| Turbo Energy Private Ltd.           | —               |                          |                                       |  | —               | 1,88.41         |
| Transenergy Ltd.                    | —               |                          |                                       |  | —               | 1,87.50         |
| Sundaram Dynacast Pvt. Ltd.         | —               |                          |                                       |  | —               | 1,17.00         |
| <b>Total</b>                        | <b>20,15.18</b> |                          |                                       |  | <b>20,15.18</b> | <b>85,78.47</b> |
| b) Investments in Preference Shares |                 |                          |                                       |  |                 |                 |
| Sundaram Hydraulics Ltd.            | —               |                          |                                       |  | —               | 3,33.33         |
| <b>Other Assets</b>                 |                 |                          |                                       |  |                 |                 |
| Sundaram Finance Holdings Limited   | 0.33            |                          |                                       |  | 0.33            | —               |
| <b>Loans and Advances</b>           |                 |                          |                                       |  |                 |                 |
| a) Hypothecation Loans              |                 |                          |                                       |  |                 |                 |
| Sundaram Hydraulics Ltd.            | —               |                          |                                       |  | —               | 24.37           |
| b) Lease Receivables                |                 |                          |                                       |  |                 |                 |
| Axles India Ltd.                    | —               |                          |                                       |  | —               | 15.36           |

\* As per the scheme - Refer Note 26.03

## Disclosure of Material Balances with Related Parties as at 31st March 2018

(₹ in lakhs)

| BALANCES OUTSTANDING              | Associates * | Key Management Personnel | Relatives of Key Management Personnel | Enterprises over which KMP and his relatives is exercising significant influence | 31.03.2018 | 31.03.2017 |
|-----------------------------------|--------------|--------------------------|---------------------------------------|--|------------|------------|
| <b>LIABILITIES</b>                |              |                          |                                       |  |            |            |
| Equity Holdings                   | —            | 1,71.75                  | 5,74.49                               | 2,32.97  | 9,79.21    | 9,79.01    |
| Deposits                          | —            | 27.00                    | 6,22.69                               | —  | 6,49.69    | 9,66.48    |
| Interest on deposits              | —            | 1.74                     | 51.76                                 | —  | 53.50      | 98.13      |
| <b>Other Liabilities</b>          |              |                          |                                       |  |            |            |
| Sundaram Finance Holdings Limited | 1,39.81      | —                        | —                                     | —  | 1,39.81    | —          |
| Remuneration payable              | —            | 7,07.48                  | —                                     | —  | 7,07.48    | 5,50.21    |

\* As per the scheme - Refer Note 26.03

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

26.10 Contingent liabilities in respect of (₹ in lakhs)

|  | 31.03.2018       | 31.03.2017       |
|--|------------------|------------------|
| On cheques discounted                                | 27.80            | 99.79            |
| Bank guarantee and Letter of credit                  | 8,15.14          | 1,94.30          |
| Tax disputes   | 280,86.54        | 283,58.66        |
| Claims against the company not acknowledged as debts | 6,34.29          | 5,73.74          |
| Others   | 68.53            | 68.53            |
| <b>Total</b>   | <b>296,32.30</b> | <b>292,95.02</b> |

26.11 Earnings per share (Basic & diluted)

|   | 2017-18      | 2016-17      |
|---|--------------|--------------|
| Profit for the year after taxation (₹ in lakhs)           | 711,53.59    | 683,47.95    |
| Number of equity shares of ₹10/- each                     | 11,11,03,860 | 11,11,03,860 |
| Basic and Diluted Earnings Per Share of ₹10/- each (in ₹) | 64.04        | 61.52        |

26.12 Interim Dividend of ₹55,55.19 lakhs (₹5/- per share) has been approved by the Board for the year ended 31st March 2018 during Apr 18. Final dividend of ₹77,77.27 lakhs (₹7/- per share) has been recommended by the board for the year ended 31st March 2018 in May 18.

26.13 Previous year's figures have been regrouped /reclassified wherever necessary to conform to the current year's presentation. Figures for the current year are after giving effect to the Scheme of Arrangement and Amalgamation (Note 26.02 & 26.03) and hence not directly comparable with those of previous year.

### Signatures to Notes 1 to 26

As per our report of even date attached  
For **Sundaram & Srinivasan**  
Chartered Accountants  
Registration No.004207S  
**K Srinivasan**  
Partner  
Membership No.5809  
Place : Chennai  
Date : 25th May, 2018

**T T Srinivasaraghavan**  
Managing Director

**M Ramaswamy**  
Chief Financial Officer

**S Viji**  
Chairman

**Harsha Viji**  
Deputy Managing Director

**S Prasad**  
Director

**A N Raju**  
Director (Operations)

**P Viswanathan**  
Secretary & Compliance Officer



## Independent Auditors' Report to the Members of Sundaram Finance Limited

### 1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SUNDARAM FINANCE LIMITED ("the Holding Company"), its subsidiaries, (together referred as "the Group") and its associate which comprise the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated 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 Consolidated Financial Statements

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate 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. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated 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 Group including its Associates, as at March 31, 2018;
- 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. Other Matters

- a) We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of ₹5,15,525.45 lakhs as at 31st March, 2018,

total revenues of ₹2,64,728.90 lakhs and net cash outflow amounting to ₹583.47 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and the jointly controlled entity, and our report in terms of sub-sections (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

- b) The consolidated financial statements also include the Group's share of net profit of ₹3,293.82 Lakhs for the year ended 31st March, 2018, in respect of its associate, whose financial statement have been audited by the other auditor whose report have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of its associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on the report of such other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## 6. Report on Other Legal and Regulatory Requirements

- 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 relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- 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 of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Sundaram Finance Holding Company and its subsidiaries incorporated in India is disqualified as on 31st March, 2018 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 Group and the operating effectiveness of such controls, refer to our "Annexure A"
- 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:
- The Consolidated financial statements disclose the effect of pending litigations on the consolidated financial position of the Group – as mentioned in Note 26.05;
  - Based on the current assessment of the long term contracts, in the ordinary course of business, the Group has made provision for losses as explained in Note 26.06 of the Notes to the Accounts. In respect of the Holding Company, the derivative contracts being in the nature of hedge contracts, the company does not anticipate any material losses from the same. The derivative contracts pertaining to a subsidiary company are short term in nature and no material losses are anticipated from the same by that company;
  - There has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund.

For **Sundaram & Srinivasan**,  
Chartered Accountants  
Firm Registration no. 004207S

**K Srinivasan**

Partner

Membership no. 005809

Place: Chennai

Date : 25th May 2018

## “Annexure A” to the Auditors’ Report Referred to in Paragraph 6 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”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting with reference to financial statements of Sundaram Finance Limited (hereinafter referred to as “the Holding Company”), its Indian subsidiary companies and its associate incorporated in India, as of that date.

### Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies and its associate company, which are companies incorporated in India, are 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 with reference to financial statements that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 with reference

to financial statements 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”) issued by the ICAI 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 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to financial statements, 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 judgement, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

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## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting with reference to financial statements and such internal financial controls over financial reporting with reference to financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting with reference to financial statements 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.

## Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to financial statements insofar as it relates to five Indian subsidiaries and its associate, is based on the corresponding reports of the auditors of such companies.

The reporting under Section 143(3)(i) of the Act is not applicable to one subsidiary company incorporated outside India.

For **Sundaram & Srinivasan**,  
Chartered Accountants  
Firm Registration no. 004207S

**K Srinivasan**  
Partner

Place: Chennai  
Date : 25th May 2018

Membership no. 005809

## Form AOC-1

(Pursuant to first provision to sub-section (3) of section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of Subsidiaries/Associate companies/Joint Ventures

## Part "A": Subsidiaries

(₹ in lakhs)

| Sl. No. | 1  | 2   | 3   | 4   | 5                                | 6                    | 7  | 8  |                                   |
|---------|--|---|---|---|----------------------------------|----------------------|--|--|-----------------------------------|
| 1       | Name of the subsidiary   | Sundaram BNP Paribas Home Finance Limited | Sundaram Asset Management Company Limited | Sundaram Asset Management Singapore Pte Limited | Sundaram Trustee Company Limited | LGF Services Limited | Sundaram BNP Paribas Fund Services Limited | Royal Sundaram General Insurance Co. Limited | Sundaram Alternate Assets Limited |
| 2       | Date since when the Subsidiary was acquired  | 02-07-1999                                | 26-02-1996                                | 06-06-2012                                      | 02-12-2003                       | 23-01-2004           | 27-06-2008                                 | 22-08-2000                                   | 24-01-2018                        |
| 3       | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                      | NA  | NA  | NA  | NA                               | NA                   | NA   | NA   | NA                                |
| 4       | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | NA  | NA  | SGD - Exchange rate as on 31/03/2018- ₹49.682   | NA                               | NA                   | NA   | NA   | NA                                |
| 5       | Share capital  | 101,25.44                                 | 35,00.00                                  | 27,81.03  | 5.00                             | 25.00                | 45,00.30                                   | 449,00.00                                    | 3,00.00                           |
| 6       | Reserves & surplus   | 1020,90.82                                | 174,66.39                                 | (16,98.23)                                      | 1,46.48                          | 3,92.55              | (15,84.57)                                 | 574,75.67                                    | 0.14                              |
| 7       | Total assets   | 8733,42.45                                | 323,37.26                                 | 15,15.69  | 1,67.37                          | 4,30.17              | 38,06.48                                   | 4771,35.28                                   | 3,00.57                           |
| 8       | Total Liabilities  | 7611,26.19                                | 113,70.87                                 | 4,32.88   | 15.90                            | 12.62                | 8,90.75                                    | 3747,59.61                                   | 0.43                              |
| 9       | Investments  | 183,09.61                                 | 42,40.30                                  | -   | 1,40.64                          | 1,93.18              | 16,41.39                                   | 4290,65.22                                   | 2,95.00                           |
| 10      | Turnover   | 898,07.56                                 | 308,04.14                                 | 16,39.22  | 1,50.21                          | 1,90.41              | 40,96.63                                   | 2279,95.92                                   | 2.58                              |
| 11      | Profit/(Loss) before taxation  | 199,33.05                                 | 55,60.32                                  | 4,47.66   | 1,10.71                          | 47.32                | (74.96)                                    | 126,02.22                                    | 0.19                              |
| 12      | Provision for taxation   | 62,95.42                                  | 17,36.16                                  | -   | 30.52                            | 12.81                | (53.23)                                    | 42,72.52                                     | 0.05                              |
| 13      | Profit/(Loss) after taxation   | 136,37.63                                 | 38,24.16                                  | 4,47.66   | 80.18                            | 34.51                | (21.73)                                    | 83,29.70                                     | 0.14                              |
| 14      | Proposed Dividend  | 35,43.91                                  | 8,00.00                                   | -   | 50.00                            | 62.50                | -  | -  | -                                 |
| 15      | % of shareholding  | 50.10%                                    | 100.00%                                   | 100.00%   | 100.00%                          | 100.00%              | 51.00%                                     | 75.90%                                       | 100.00%                           |

Subsidiaries yet to commence operations : Sundaram Alternate Assets Limited

Subsidiaries liquidated or sold during the year : NIL

**Part “B”: Associates and Joint Ventures**  
**Statement pursuant to Section 129 (3) of the Companies Act, 2013**  
**related to Associate Companies and Joint Ventures**

(₹ in lakhs)

| Name of Associates/Joint Ventures  | Sundaram Finance Holdings Limited          |
|--|--|
| 1. Latest audited Balance Sheet Date   | 31/03/2018                                 |
| 2. Date on which the associate/JV was acquired   | 13/10/1993                                 |
| 3. Shares of Associate held by the company<br>on the year end<br>Number<br>Amount of Investment in Associates<br>Extend of Holding % | <br><br>4,00,00,000<br>20,15.18<br>26.47   |
| 4. Description of how there is significant influence   | By Virtue of Holdings<br>being 20% or more |
| 5. Reason why the Associate/Joint Venture is not consolidated  | NA   |
| 6. Networth attributable to Shareholding as per latest audited Balance Sheet   | 220,65.03                                  |
| 7. Profit / Loss for the year<br>i. Considered in Consolidation<br>ii. Not Considered in Consolidation                               | <br>32,93.82<br>91,49.79                   |

Associates / Joint ventures yet to commence operations : NIL

Associates / Joint ventures liquidated or sold during the year : NIL

As per our report of even date attached  
For **Sundaram & Srinivasan**  
Chartered Accountants  
Registration No.004207S  
**K Srinivasan**  
Partner  
Membership No.5809  
Place : Chennai  
Date : 25th May, 2018

**T T Srinivasaraghavan**  
Managing Director

**M Ramaswamy**  
Chief Financial Officer

**S Viji**  
Chairman

**Harsha Viji**  
Deputy Managing Director

**S Prasad**  
Director

**A N Raju**  
Director (Operations)

**P Viswanathan**  
Secretary & Compliance Officer



# Sundaram Finance Branch Network – 622 Branches



