

# Sundaram Finance Limited

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66th Annual Report  
2018-19



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



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*Enduring values. New age thinking.*

<b>Board of Directors</b>	S Viji S Ram P N Venkatachalam S Mahalingam S Prasad S Ravindran Rajiv C Lochan Shobhana Ramachandhran R Raghuttama Rao T T Srinivasaraghavan Harsha Viji A N Raju	Chairman          Managing Director Deputy Managing Director Director (Operations)
<b>Audit Committee</b>	S Prasad S. Ravindran Shobhana Ramachandhran	Chairman
<b>Stakeholders Relationship Committee</b>	S Prasad T T Srinivasaraghavan A N Raju	Chairman
<b>Nomination, Compensation &amp; Remuneration Committee</b>	P N Venkatachalam S Prasad S Ravindran	Chairman
<b>Corporate Social Responsibility Committee</b>	Shobhana Ramachandhran S Ravindran T T Srinivasaraghavan	Chairman
<b>Risk Management Committee</b>	T T Srinivasaraghavan Srinivas Acharya Harsha Viji A N Raju M Ramaswamy	Chairman
<b>Asset Liability Management Committee</b>	T T Srinivasaraghavan Srinivas Acharya Harsha Viji A N Raju M Ramaswamy	Chairman
<b>Information Technology Strategy Committee</b>	S Mahalingam P N Venkatachalam Rajiv C Lochan T T Srinivasaraghavan A N Raju 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 Tel: 044 2852 1181, Fax: 044 2858 6641 Email: <a href="mailto:investorservices@sundaramfinance.in">investorservices@sundaramfinance.in</a> • Website: <a href="http://www.sundaramfinance.in">www.sundaramfinance.in</a>	
<b>CIN</b>	L65191TN1954PLC002429	
<b>Auditors</b>	M/s. Sundaram & Srinivasan, Chartered Accountants 23, C.P. Ramaswamy Road, Alwarpet, Chennai 600 018	
<b>Information Security Assurance Services</b>	M/s. C.V. Ramaswamy & Co., Office No. 1, Vidwan Sundaram Street, Nungambakkam, Chennai 600 034	

<b>Management Team</b>	S Ravindran	Senior Vice President & Head - Credit Control and Processing Dept.
	S Srinivasan	Senior Vice President & Head - Corporate Finance
	M J Kulkarni	National Head - MH & CE and Head - West
	K Sankarakumar	Senior Vice President & Head - Distribution
	D Ravindran	Senior Vice President - Sundaram Infotech Solutions
	S Sivakumar	Vice President & Head - Administration & Corporate Communications
	S Sridhar	Vice President & Head - Treasury
	Rajesh Venkat	Deputy Region Head - West
	V Ananthanarayanan	Chief Information Officer
	N Ramachandran	National Head - Auto & Head - North
	Deepa Ramesh	Vice President & Head - Sundaram Infotech
	H Venkatesan	Senior General Manager & Head - Group 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
	Ganesan A K	Senior General Manager & Head - TN - West
	Sridharan R	Senior General Manager & Head - Indirect Taxation
Balachander Gopinath	Senior General Manager & Head - East	
Sri Raman N	National Head - Fleet Cards	
Rajesh Srinivas P	National Head - SME & Emerging Corporates	
Sekar R	Head - Human Resources	

<b>Subsidiaries</b>	Sundaram BNP Paribas Home Finance 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
	Sundaram Alternate Assets 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	Standard Chartered Bank
	HDFC Bank Ltd.	BNP Paribas

<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 ₹69.1713*
₹One Billion	=	₹100 Crores or ₹10,000 Lakhs	*FBIL Reference Rate as on 31.03.2019

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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 66th Annual Report together with audited accounts for the year ended 31st March 2019. The summarised financial results of the Company are presented hereunder:

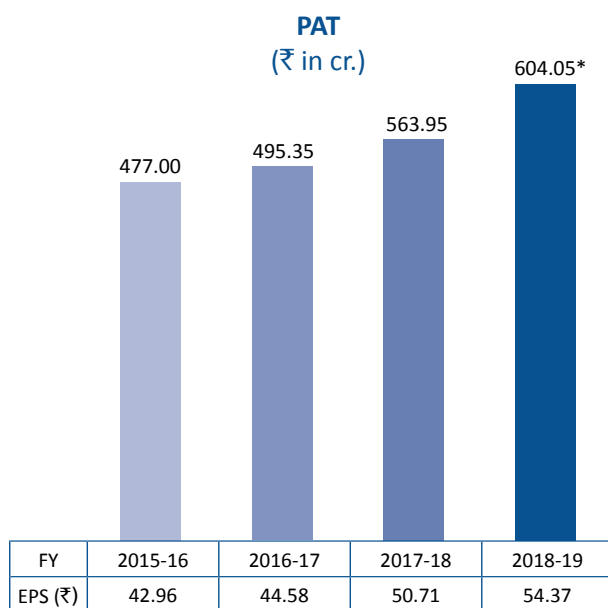
### FINANCIAL RESULTS: STANDALONE

(₹ in cr.)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from Operations	3397.61	2806.27
Other Income	20.56	49.13
<b>Total Revenue</b>	<b>3418.17</b>	<b>2855.40</b>
<b>Less: Total Expenses</b>	<b>2522.89</b>	<b>2005.69</b>
Profit before exceptional items and tax	895.28	849.71
Add: Exceptional item	592.43	–
<b>Profit before tax</b>	<b>1487.71</b>	<b>849.71</b>
<b>Profit after Tax</b>	<b>1126.31</b>	<b>563.44</b>
Other Comprehensive Income *	(4.02)	(1.51)
Surplus brought forward	767.20	636.85
<b>Amount available for appropriation</b>	<b>1889.49</b>	<b>1198.78</b>
Appropriations to:		
- Statutory Reserve	225.26	106.59
- General Reserve	997.30	243.39
Dividend – Final 2016-17	–	72.22
Interim 2017-18	55.55	–
Final 2017-18	77.77	–
Interim 2018-19	55.55	–
Dividend Tax	33.30	9.38
<b>Surplus carried to balance sheet</b>	<b>444.76</b>	<b>767.20</b>

\* Remeasurement of (loss)/gain (net) on defined plans, recognised as a part of retained earnings.

Your Company has, for the first time, adopted Indian Accounting Standards (IND AS) notified under Section 133 of Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules 2015 from 1st April 2018 and the effective date such transition is 1st April 2017. The impact of the transition has been recorded in the opening reserves as at 1st April 2017.



\*excludes Exceptional Profit of ₹522.26 cr.

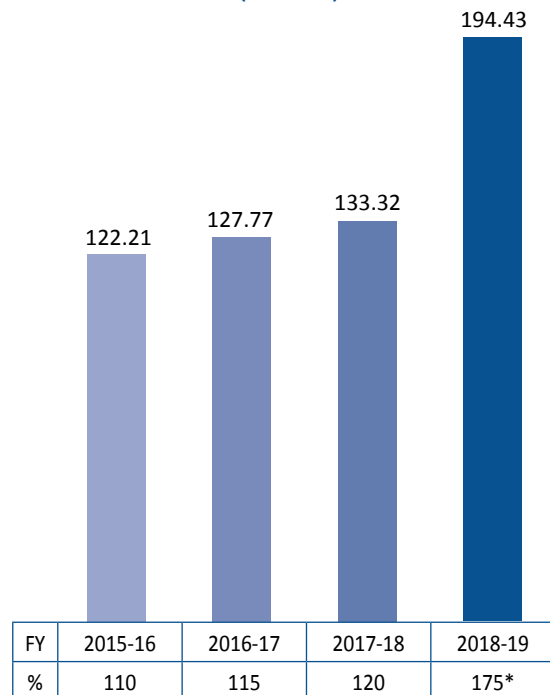
## DIVIDEND

Your Company paid an interim dividend of ₹5/- per share in February 2019. Your directors are pleased to recommend a final dividend of ₹7.50/- per share, which, together with the interim dividend, would aggregate to a total dividend of ₹12.50/- per share (125% on the face value of ₹10/-). In addition, your directors are pleased to recommend a special dividend of ₹5/- per share (50% 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.)



\*includes Special Dividend - 50%

## CORPORATE GOVERNANCE

A detailed report on corporate governance, together with a certificate from the Statutory 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 such 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

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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).

The Company did not enter into any transactions with any person or entity belonging to the promoter or promoter group and holding 10% or more shareholding in the Company.

### **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 2018-19, 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 financial year. None was pending unresolved as on 31st March 2019.

### **SECRETARIAL AUDIT**

In terms of Section 204 of the Companies Act, 2013 and the rules thereunder, the Company has appointed M/s Damodaran & Associates, Practising Company Secretaries, 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, 18750 stock options to select eligible employees, on 30th May 2019. 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 2018-19, expenditure in foreign currencies amounted to ₹83.57 cr. foreign currency earnings amounted to ₹244.38 lakhs.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **GLOBAL ECONOMY**

The International Monetary Fund (IMF) has cautioned that “following a broad-based upswing in cyclical growth that lasted nearly two years, the global economic expansion decelerated in the second half of 2018. Activity softened amid an increase in trade tensions and tariff hikes between the United States and China, a decline in business confidence, a tightening of financial conditions, and higher policy uncertainty across many economies. Against this global backdrop, a combination of country and sector specific factors further reduced momentum. After peaking at close to 4% in 2017, global growth remained strong, at 3.8% in the first half of 2018, but dropped to 3.2% in the second half of the year.” The IMF’s growth forecast for 2019 is 3.3%.

### **INDIAN ECONOMY**

India’s GDP has averaged 7.5% over the last five years, indicating a near normal growth and making it one of the fastest growing major economies in the world. However, it is estimated to have slowed down to about 7% during 2018-19, as against the original projection of 7.2%.

Tax collections for the period ended 2018-19 marked an increase of 18.3% over the previous year, but were well below the targeted collections for the year. Prices largely remained under control. While the average WPI inflation for 2018-19 was at 4.3% (an increase from 2.9% in the previous year), headline inflation, based on the Consumer Price Index for 2018-19, came in at 3.4% (compared to 3.6% in 2017-18), helped by softer food inflation.

Foreign Direct Investment flows continued to be encouraging and India’s foreign exchange reserves stood at USD 412 billion at the end of March 2019 as compared to USD 424 billion at the end of the previous year, as per RBI data. The Current account deficit (CAD) was higher at 2.6% as against 2.0% in the previous year, reflecting a lower growth in exports as also the effects of higher crude oil prices. The gross fiscal deficit came down marginally, to 3.4% for the period April 2018 to February 2019, as compared to 3.6% for the year 2017-18. The Rupee depreciated, ending the year at ₹69.20 to the Dollar. According to the World Bank’s Ease of Doing Business Report, India has improved its global ranking by several notches, from 142 to 77 in the last five years.

Almost two years have elapsed since the introduction of The Goods and Services Tax (GST). While the operational issues in implementation are being addressed, movement of goods across the country has become easier thanks to the abolition of check posts and introduction of e-way billing, making for faster movement of goods across the country, thus creating a seamless national market.

Despite strong economic fundamentals, capital markets remained volatile though the NIFTY grew 14% during the year. Interest rates also fluctuated but the 10-year G-Sec ended the year roughly where it began, at 7.35%. Overall bank credit is reported to have grown at 12.3% in FY19, but industrial credit grew by only 7% and small and medium enterprises even lower.

The NBFC sector and the wider financial markets witnessed considerable turbulence with the default of AAA rated IL&FS in August 2018. This was followed by a few more downgrades of NBFCs and Housing finance companies, as a result of which lending to the NBFC sector, particularly smaller players, was severely constricted. With a view to partially mitigate this, RBI announced a relaxation in the securitisation norms, whereby the asset seasoning requirement was reduced from 12 to 6 months, thus enabling easier access to funds. This led to a

dramatic increase in securitisation volumes, which more than doubled to 1.90 lakh crores for the year. However, the cost of funds for the NBFC sector witnessed a sharp increase, reflecting the liquidity situation as well as the heightened risk perception of lenders.

Thanks to the prudent financial practices followed by your Company and a robust Asset Liability Management framework, your company continues to enjoy the confidence of its lenders and was therefore able to withstand market pressures without any dislocation to its business, during the second half of 2018-19.

## AUTOMOTIVE SECTOR

2018-19 was a difficult year for the automotive industry. Festive season demand which is one of the key drivers of vehicle sales was lacklustre, at best. Natural calamities in two of the Southern states also acted as a dampener. Increasing fuel prices, withdrawal of several NBFCs from the market, revised axle load norms and buyer fatigue are some of the reasons attributed to the overall slowing down in the automotive sector. The M&HCV segment which witnessed very strong growth during the first half of the financial year saw a complete reversal of fortunes in the second half, with volumes dropping dramatically month after month, ending with an overall growth of 10% for the year. Passenger car/SUV sales registered a meagre 3% growth over the previous year.

## OPERATING & FINANCIAL PERFORMANCE

Your Company's disbursements at ₹17,170 cr. (PY ₹ 15,712 cr.) grew by 9.3% during the year under review. Gross receivables managed by the Company stood at ₹33,447 cr., as against ₹28,648 cr., a growth of 17% over the previous year.

With sales of Medium and Heavy commercial vehicles falling sharply in the second half of the year and sales of passenger cars/SUVs remaining sluggish through the year, competition for the available business intensified, resulting in a squeeze on margins. The relaxation in axle load norms announced by

the Government in July 2018 resulted in a capacity increase of 20-25% and had a dampening effect on freight rates. Coupled with the increase in fuel prices, transport operator's viability came under strain. The liquidity squeeze faced by the NBFC sector meant that small and medium transport operators were starved of much needed working capital, thereby exerting pressure on their cash flows. Given this scenario, your Company tightened its credit filters for the M&HCV segment. However, its increased presence in the Construction equipment, intermediate and light commercial vehicle and tractor segments, enabled it to register a healthy growth in all of them.

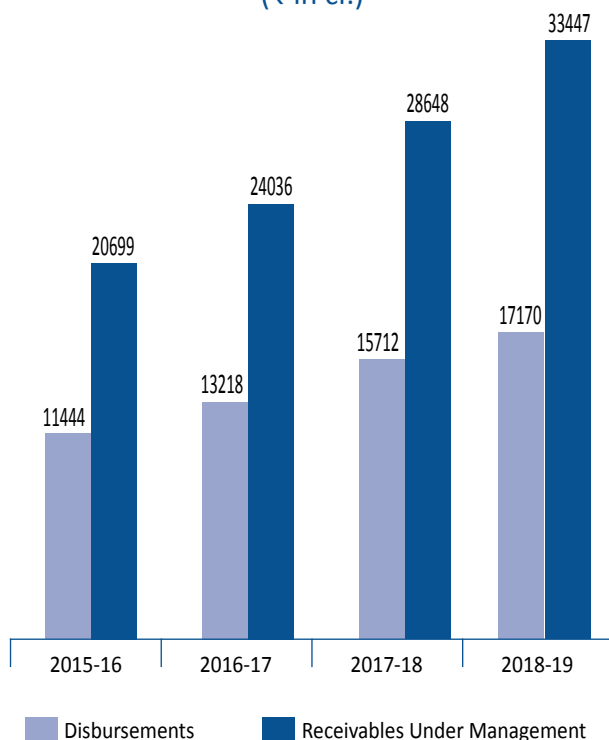
As always, your Company's sustained focus on maintaining superior asset quality ensured that its portfolio continued to be best in class. Gross and Net NPAs stood at 1.33% (1.27%) and 0.83% (0.66%) respectively, as at 31st March, 2019. The net profit for the year after considering the exceptional profit (₹522.26 cr.) on sale of 25.9% stake in Royal Sundaram General Insurance Co. Limited was ₹1126.31 cr., as against ₹563.43 cr. in the previous year. The company's net-worth crossed a major milestone and stood at ₹5043.81 cr., as on 31.3.2019. Capital adequacy (CRAR) at 19.46% was comfortably higher than the statutory requirement of 15%.

There are no significant changes in key financial ratios of the Company for FY. 2018-19 as compared to FY. 2017-18 , except for the following;

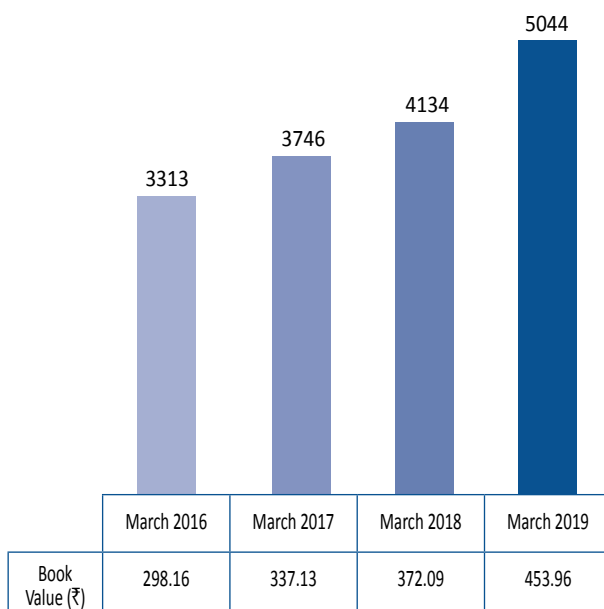
Ratios	March 2019	March 2018	Variance
Net Profit Margin (%)*	28.08%	19.73%	42%
Return on Net Worth (RONW) (%)*	24.55%	14.48%	70%

\* The change in Net profit Margin and RONW as compared to the previous financial year is due to profit on sale of shares in Royal Sundaram General Insurance Co Ltd which is shown as an exceptional item in the audited financial statements.

### Disbursement and Receivables Under Management (₹ in cr.)



### Own Funds (₹ in cr.)



## RESOURCE MOBILISATION

### a) Deposits

During the year, your Company mobilised fresh deposits aggregating to ₹701.52 cr. Renewal of deposits during the year amounted to ₹980.71 cr, representing 85% of the matured deposits of ₹1150.27 cr. Deposits outstanding at the year-end were at ₹2975.16 cr. as against ₹2499.32 cr in the previous year. **Your Company's Deposit Balance crossed the ₹3,000 cr. mark during the second week of April 2019.** The Net accretion for the financial year was ₹475.84 Cr being the highest ever in the history of your Company. As at 31st March 2019, 3452 deposits amounting to ₹31.11 Cr. had matured for payment and were due to be claimed or renewed. After close follow-up, these figures are currently 2216 and ₹15.17 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. Bureau Veritas (India) Private Limited has conferred accreditation for the Company's Deposits to the revised ISO 9001:2015 Standard.

### 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 ₹7014 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 from ₹2750 cr. to ₹3000 cr. During the year, your Company also issued several tranches of commercial paper aggregating to ₹12498 cr. The maximum amount outstanding at any time was ₹5250 cr. and the amount outstanding at the end of the year was ₹1800 cr.

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

During the year, your Company raised resources to the extent of ₹3236 cr. through securitisation and assignment of receivables.

#### **CREDIT RATINGS**

Your Company's long term credit ratings have been retained at "AAA", (Highest Degree of Safety) with a "Stable Outlook" by both ICRA & CRISIL. The short term borrowings (including commercial paper) are rated "A1+" (very strong degree of safety) by both ICRA and CRISIL. Fixed Deposits are rated "AAA" (Highest Credit Quality) by ICRA and CRISIL.

#### **OUTLOOK**

Most economic indicators seem to indicate a slowing growth momentum. Commercial vehicle and Passenger car / SUV have fallen sharply in April 2019 by 14% and 17% respectively. Vehicle sales growth has been feeble for nearly nine months now, for reasons articulated earlier. February saw the IIP growth drop to a twenty month low of 0.01% (y-o-y). The PMI manufacturing index slipped to an eight month low, while the services sector PMI also declined to a six month low.

As per the Society of Indian Automotive Manufacturers (SIAM), M&HCV sales are estimated to grow at a mere 5% and LCVs at 9%-10%, in 2019-20. With the new BS VI emission norms slated for implementation, effective April 1 2020, predictions of significant pre-buying, ahead of the BS VI rollout, countered by the excess capacity argument, have lent an air of uncertainty to how the market participants would respond. Sales of passenger vehicles (Cars and SUVs) are projected to grow at 3%-5%. Tractor sales are expected to moderate after three or four years of strong growth. No doubt, the behaviour of the Southwest monsoon will have an important bearing not only on tractor sales, but also on the overall prosperity and well-being of rural India, which in turn will influence overall rural spending.

With the new Government in place, it is reasonably expected that the thrust on infrastructure would continue. Additionally, private sector investments which were subdued for the past few years are expected to pick up. However, the uncertainties surrounding market liquidity, interest rates, imminent introduction of the BS VI emission norms, and global oil prices, render forecasts difficult. Most economic commentaries seem to point to a challenging year ahead for the economy in general and the automotive sector in particular.

Your Company has taken these factors into account in drawing up its plans for the year, without losing sight of its core markets and segments. Rising interest rates in light of the tight liquidity and intensifying competition are likely to exert further 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. The company has well documented standard operating procedures for all processes to ensure better control over transaction processing and regulatory compliance and periodical review of the same ensures that the risk of obsolescence is avoided.

### **INTERNAL AUDIT**

As part of its 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, 30% of programmes were for domain knowledge and 70% in the area of soft skills, involving 3312 man hours of learning. The Sundaram Finance Centre of Excellence (CoE) launched in 2016-17, with a view to effectively leverage technology to accelerate the pace of institutional knowledge transfer across the Sundaram Finance landscape, has grown by leaps and bounds. The response has been very enthusiastic and over 2500 employees have participated in various modules of the CoE during the year. The increase in penetration of CoE has meant that the percentage of Facilitator led Domain Knowledge training programmes for senior managers has come down.

### **INFORMATION TECHNOLOGY**

The IT Strategy Committee of the Company has laid down a comprehensive policy relating to Cyber Security,



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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 zone, with near real-time data replication. Your company has implemented various protocols for managing Information and Cyber security across the organization. In its continuous efforts to ensure a secure environment, your Company has built a robust infrastructure and carries out periodic comprehensive vulnerability assessments and penetration testing, to identify and minimize external threats.

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. Of special significance is their contribution to the complex task of transitioning to the IND AS regimen. Digital services and operations are raising the competitive bar in every sector. Your Company's digital strategy is driven by the twin objectives of enriching our employee's jobs on the one hand, while enhancing the customer experience, on the other. Our digital initiatives address these very objectives, by enhancing our speed of response to our customers and providing them a host of digital options 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.

SUNDARAM FINANCE LIMITED

## 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-I forms part of the Annual Report.

The Consolidated profit after tax is ₹1160.85 cr. as against ₹729.91 cr. of the previous year. The total comprehensive income for the year was ₹1012.79 cr. as against ₹877.87 cr.

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.

## SUBSIDIARIES

### • Sundaram Finance Holdings Limited

Your Company, along with its promoters, holds 53.34% in Sundaram Finance Holdings Limited and hence the latter is treated, under the applicable Accounting Standards, as subsidiary for consolidation purposes. Sundaram Finance Holdings Limited reported a gross income of ₹120.71 cr. as against ₹75.59 cr. in the previous year. Profit after tax was ₹84.93 as compared to ₹54.40 cr in the previous year.

### • Sundaram Asset Management Company Limited

The Company reported a gross income of ₹270.43 cr. as against ₹328.73 cr. in the previous year. Profit after tax was ₹19.86 cr. as compared to ₹27.46 cr. during the previous year. The Average Assets under Management amounted to ₹31,933 cr. for the year 2018-19 as compared to ₹34,164 cr.

in the previous year. The company recommended a dividend of ₹7.50 per share for the year, on the paid-up equity capital of ₹20 cr.

- **Sundaram Trustee Company Limited**

Sundaram Trustee Company Limited earned a gross income of ₹1.55 cr., as against ₹1.56 cr., in the previous year and reported a profit after tax of ₹0.80 cr. for the year, as against ₹0.85 cr. in the previous year. The company recommended a dividend of ₹120 per share for the year.

- **LGF Services Limited**

During the year, the Company reported a gross income of ₹0.38 cr. as against ₹1.90 cr. in the previous year. The profit after tax for the year was ₹0.25 cr. as against ₹0.34 cr. in the previous year. The company proposed a dividend of ₹6 per/- share for the year.

## JOINT VENTURE

- **Sundaram BNP Paribas Home Finance Limited**

The company approved loans aggregating to ₹2672 cr. (Previous year ₹2993 cr.). Disbursements during the year were lower by 7%, at ₹2449 cr. (PY ₹2626 cr.). The company earned a gross income of ₹1006.27 cr. (PY ₹934.58 cr.) and reported a profit after tax at ₹145.48 cr. (PY ₹144.42 cr.). The loan portfolio under management as at 31st March 2019 stood at ₹9041 cr. as against ₹8336 cr. in the previous year. The gross and net NPA stood at 2.95% and 1.39% respectively as of 31.03.2019. The company proposed a dividend of ₹3.50 per share for the year (PY 35%).

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

During the year, your Company sold 11,62,91,000 equity shares of Royal Sundaram, representing 25.90%, to Ageas Insurance International N.V., Belgium, for a total

consideration of ₹984.17 cr., reducing your Company's shareholding in Royal Sundaram from 75.90% to 50%. Consequently, Royal Sundaram has become a joint venture.

Royal Sundaram reported a robust increase of 21% in Gross Written Premium (GWP) at ₹3196 cr. as compared to ₹2643 cr. in the previous year. Profit after tax for the year was ₹121 cr., as against ₹83 cr. in the previous year.

- **Sundaram BNP Paribas Fund Services Limited**

Sundaram BNP Paribas Fund Services Limited earned an income of ₹35.25 cr. during the year. The company reported loss after tax at ₹8.68 cr. during the year as against ₹0.15 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 N. Venkataramani, Independent Director of your Company since 2010, relinquished his directorship after completion of his first term as Independent Director under the Companies Act, 2013 on 31st March 2019. Your directors place on record the significant contribution made by him to the deliberations of the Board for nearly ten years.

Sri R Raghuttama Rao was co-opted as an Additional Director on the Board in independent capacity for a term of five (5) consecutive years with effect from 1st April 2019 and holds office as Additional Director up to the date of the ensuing Annual General Meeting. The Company has received due notice from a member proposing the appointment of Sri R Raghuttama Rao as Independent Director of the Company.

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Sri S. Ravindran and Sri T.T. Srinivasaraghavan, Directors 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
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, have been 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 at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

### **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  
30.05.2019

**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 2019.

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 (as on 31st March 2019)				Committees in which Chairman/Member of other public limited companies* (as on 31st March 2019)		Directorship in other listed company	
		Board Meetings	AGM	Chairman		Director		Chairman	Member	Name of the Company	Category of Directorship
				Listed	Unlisted	Listed	Unlisted				
<b>Promoter Directors</b>											
Sri S. Viji Non-executive Chairman	00139043	10	Yes	–	2	1	1	1	1	Wheels India Limited	Non - Executive Director
										Sundaram Finance Holdings Limited (upto 27.08.2018)	Non - Executive Chairman
Sri S. Ram Non-executive Director	00018309	10	Yes	2	1	–	2	1	2	Wheels India Limited	Non - Executive Chairman
										India Motor Parts & Accessories Limited	
Sri S. Ravindran Non- executive Director	00045076	9	Yes	–	–	–	1	–	–	India Motor Parts & Accessories Limited (upto 18.09. 2018)	Independent Director
Sri T.T. Srinivasaraghavan, Managing Director	00018247	10	Yes	1	–	–	7	–	4	Sundaram Finance Holdings Limited	Non - Executive Chairman
Sri Harsha Viji Deputy Managing Director	00602484	9	Yes	–	–	1	3	1	2	Sundaram Finance Holdings Limited	Non - Executive Director
<b>Independent Directors</b>											
Sri N. Venkataramani #	00001639	8	Yes	–	–	2	6	3	1	IP Rings Limited	Non - Executive Director
										Bimetal Bearings Limited	
Sri P.N. Venkatachalam	00499442	10	Yes	–	–	1	6	1	6	Edelweiss Financial Services Ltd	Independent Director
Sri S. Mahalingam	00121727	8	Yes	1	–	2	4	4	4	Sundaram Fasteners Limited	Independent Director
										JSW Steel Limited	
										City Union Bank Limited	Non - Executive Chairman

Name of the Director	DIN	Attendance Particulars		Directorships in other public limited companies (as on 31st March 2019)				Committees in which Chairman/Member of other public limited companies* (as on 31st March 2019)		Directorship in other listed company	
		Board Meetings	AGM	Chairman		Director		Chairman	Member	Name of the Company	Category of Directorship
				Listed	Unlisted	Listed	Unlisted				
Sri S. Prasad	00063667	10	Yes	-	-	3	2	3	2	Wheels India Limited Sundaram Finance Holdings Limited India Motor Parts & Accessories Limited	Independent Director
Ms Shobhana Ramachandhran	00273837	9	Yes	-	-	2	3	-	1	TVS Srichakra Limited	Executive Director
										India Motor Parts & Accessories Limited (upto 29.11.2018)	Non-Executive Director
Sri Rajiv C. Lochan	05309534	10	Yes	-	-	-	3	-	-	-	-
<b>Executive Director</b>											
Sri A N Raju Director (Operations)	00036201	10	Yes	-	-	-	2	1	-	-	-

\* Audit Committee and Stakeholders' Relationship Committee considered.

# upto 31.03.2019

The expertise/skills/competencies identified by the Board and available with the Directors are detailed below:

Category	Expertise	Skills / Competencies
Non-Executive Non-Independent Directors	<ul style="list-style-type: none"> <li>In-depth Industry Knowledge</li> <li>Capital Markets</li> <li>Legal and Regulatory Framework</li> <li>Risk Assessment and Management</li> <li>Business Policies</li> <li>Strategic Management</li> </ul>	<ul style="list-style-type: none"> <li>Entrepreneurial</li> <li>Governance</li> <li>Behavioural</li> </ul>
Independent Directors	<ul style="list-style-type: none"> <li>In-depth Industry Knowledge</li> <li>Audit and Financial Management</li> <li>Treasury</li> <li>Legal and Regulatory Framework</li> <li>Risk Assessment and Management</li> <li>Business Policies</li> <li>Capital Markets</li> </ul>	<ul style="list-style-type: none"> <li>Technical / Professional</li> <li>Analytical</li> <li>Technological</li> <li>Behavioural</li> </ul>
Executive Directors	<ul style="list-style-type: none"> <li>In-depth Industry Knowledge</li> <li>Audit and Financial Management</li> <li>Wealth Management</li> <li>Treasury Operations and Management</li> <li>Business Policies</li> <li>Legal and Regulatory Framework</li> <li>Capital Markets</li> <li>Risk Assessment and Management</li> <li>Asset Liability Management</li> <li>Strategic Management</li> </ul>	<ul style="list-style-type: none"> <li>Governance</li> <li>Leadership</li> <li>Technical</li> <li>Analytical</li> <li>Organisational</li> <li>Technological</li> <li>Planning</li> <li>Resource Management and Utilisation</li> <li>People Management</li> <li>Communication</li> <li>Behavioural</li> </ul>

## 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.

27.04.2018	14.11.2018
25.05.2018	30.11.2018
27.07.2018	21.12.2018
24.08.2018	31.01.2019
01.11.2018	29.03.2019

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

In our opinion, the independent directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

A Certificate issued by Sri M. Damodaran, Partner, M/s. M. Damodaran & Associates, Practicing Company Secretaries, under Sch. V Para C.10(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is attached as part of this report vide Annexure II (i).

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	9	26.04.2018 21.05.2018
Sri S. Ravindran	Member	7	24.08.2018 22.10.2018
Ms Shobhana Ramachandhran	Member	9	26.10.2018 24.12.2018 21.01.2019 25.02.2019 29.03.2019

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 and resolves the grievances of security holders / depositors / debenture holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, non-receipt of interest on deposits/debentures, issue of new/duplicate certificates, general meetings 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	16.07.2018 & 26.12.2018
Sri T.T. Srinivasaraghavan	Member	2	
Sri A.N. Raju	Member	2	

Besides, transfer of shares were approved by resolutions passed in circulation on 40 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 2019.

#### 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	4	28.06.2018 28.09.2018 10.12.2018 13.02.2019	10	25.04.2018 18.06.2018
Sri Srinivas Acharya	Member	4		8	25.07.2018 05.09.2018
Sri Harsha Viji	Member	4		8	28.09.2018 01.11.2018
Sri A.N. Raju	Member	4		9	07.12.2018 29.12.2018
Sri M. Ramaswamy	Member	4		10	30.01.2019 28.02.2019

## VI. SEPARATE MEETING OF INDEPENDENT DIRECTORS

A Separate Meeting of Independent Directors was held on 21st December 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:

[https://www.sundaramfinance.in/assets/app\\_docs/investor-info/corporate\\_governance/familiarisation\\_programme/familiarisation-programme-for-ids-2018-19.pdf](https://www.sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/familiarisation_programme/familiarisation-programme-for-ids-2018-19.pdf)

## 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	27.04.2018 & 29.03.2019
Sri S. Ravindran	Member	2	
Sri T.T. Srinivasaraghavan	Member	2	

## IX. NOMINATION, COMPENSATION & REMUNERATION COMMITTEE

The Nomination, Compensation and Remuneration Committee have 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, senior management 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 (ii) and (iii) 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	3	25.05.2018
Sri S. Prasad	Member	3	31.01.2019
Sri S. Ravindran	Member	3	26.03.2019

The Company Secretary is the Secretary to the Committee.

## X. INFORMATION TECHNOLOGY STRATEGY COMMITTEE

The Information Technology Strategy Committee has been constituted with the following terms of reference:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- 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;
- Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls.
- 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 Meeting attended	Meeting dates
Sri S. Mahalingam	Chairman	2	23.07.2018 & 23.11.2018
Sri P.N. Venkatachalam	Member	2	
Sri Rajiv C. Lochan	Member	2	
Sri T.T. Srinivasaraghavan	Member	2	
Sri A.N. Raju	Member	2	
Sri V. Ananthanarayanan	Member	2	

## XI. REMUNERATION OF DIRECTORS

The sitting fee payable to Non-Executive Directors of the Company for attending the meetings of the Board and various Committees are as under:

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 (₹ in lakhs)	Commission (₹ in lakhs)	Number of Shares held individually (as on 31.03.2019)	Relationship with other Directors
Sri S. Viji	2.50	8.00	9,09,780 <sup>(1)</sup>	Brother of Sri S. Ram and 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	3.85	12.00	—	—
Sri S. Mahalingam	2.60	12.00	— <sup>(3)</sup>	—
Sri S. Prasad	5.80	15.00	12,600	—
Sri S. Ravindran	4.95	12.00	4,91,360 <sup>(4)</sup>	—
Ms Shobhana Ramachandhran	4.80	12.00	3,02,000	—
Sri Rajiv C. Lochan	3.10	12.00	—	—

**Note:** • Number of shares held jointly with others: <sup>(1)</sup> 8684 <sup>(2)</sup> 6,09,896 <sup>(3)</sup> 3,200 <sup>(4)</sup> 1,36,342

• Number of shares held as Karta of HUF: <sup>(1)</sup> 4,79,912

Amount of deposits placed by the Non-Executive Directors in the Company aggregated to ₹5,58.11 lakhs as on March 31, 2019. The interest on these deposits paid / credited during the year 2018-19 amounted to ₹68.80 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 2018-19 are as follows:

(₹ in lakhs)

Nature of Payment	Sri T.T. Srinivasaraghavan Managing Director	Sri Harsha Viji* Deputy Managing Director	Sri A N Raju Director (Operations)
Salary and allowances	1,50.07	1,27.12	96.94
Commission	3,25.00	2,40.00	1,25.00
Contributions to Provident, Superannuation and Gratuity Funds	13.11	11.09	10.07
Perquisites	2.96	2.40	0.53
Stock Options	Nil	Nil	47.01#^
Total	4,91.14	3,80.62	2,79.55

\* Son of Sri S. Viji, Chairman

# Value of 2,500 stock options exercised during the financial year 2018-19

^ 2,500 stock options were granted at ₹10/- per share (at par) on 25th May 2018. The said Options would vest on 31st May 2019 and would be exercisable between 1st June 2019 and 31st August 2019.

## XII. GENERAL BODY MEETINGS

Details relating to last three Annual General Meetings:

Year	Date	Time	Location	No. of Special Resolutions Passed
2018	20th July 2018	10.00 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014	Two
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

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.



Sl. No.	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
1.	Raising the present limit of borrowing, from ₹21,000 cr. to ₹30,000 cr. excluding forex fluctuations	06.12.2018	6,08,59,273	67,499	99.89	0.11
2.	Private placement of debentures up to ₹12000 cr. during the FY 2019-20	21.03.2019	6,66,82,840	87,505	99.87	0.13
3.	Re-appointment of Independent Directors for a term of 5 (five) years.					
a.	Sri P N Venkatachalam	21.03.2019	6,67,34,409	35,936	99.95	0.05
b.	Sri S Prasad		6,61,71,397	216,048	99.67	0.33
c.	Ms Shobhana Ramachandhran		6,67,32,573	37,772	99.94	0.06
d.	Sri S Mahalingam		6,67,32,758	37,587	99.94	0.06

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 behaviour. 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:

[https://www.sundaramfinance.in/assets/app\\_docs/investor-info/corporate\\_governance/policies/sfl-whistle-blower-policy.pdf](https://www.sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/policies/sfl-whistle-blower-policy.pdf)

### **XIV. DISCLOSURES**

- There were no materially significant related party transactions having potential conflict with the interests of the company at large.
- Information pertaining to the Credit Ratings assigned by various Credit Rating Agencies for the Company's short term and long term borrowings, including fixed deposits, has been provided in the Board's Report and also in the audited financial statements.
- 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:

[https://www.sundaramfinance.in/assets/app\\_docs/investor-info/corporate\\_governance/policies/sfl-policy-on-material-subidiaries.pdf](https://www.sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/policies/sfl-policy-on-material-subidiaries.pdf)

[https://www.sundaramfinance.in/assets/app\\_docs/investor-info/corporate\\_governance/policies/sfl-policy-on-related-party-transactions.pdf](https://www.sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/policies/sfl-policy-on-related-party-transactions.pdf)

### **XVI. MEANS OF COMMUNICATION**

- 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
19th July 2019 (Friday)	10.00 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014

- Financial Year – 1st April 2019 to 31st March 2020
- Book Closure dates – 5th July 2019 to 19th July 2019 (both days inclusive)
- Dates of payment of dividend

Interim	26th February 2019	₹5.00 per share (50%)
Final	on or after	₹7.50 per share (75%)
Special	20th July 2019	₹5.00 per share (50%)

- 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 2018-19 & 2019-20 to the above stock exchange.
- NSE Stock Code: SUNDARMFN
- ISIN : INE660A01013
- Details of outstanding shares in Sundaram Finance Limited Unclaimed Shares Suspense Account.

Particulars	Aggregate Number of shareholders	Outstanding shares lying in Sundaram Finance Limited Unclaimed Shares Suspense Account
Opening Balance as on 1st April 2018	86	26,765
Less: Shareholders approached for transfer / delivery during 2018-19 and Shares transferred / delivered during 2018-19	3	1,800
Less: Transfer of shares to Investor Education and Protection Fund Authority Ministry of Corporate Affairs	Nil	Nil
Balance as on 31st March 2019	83	24,965

- Details of shares transferred to the Investor Education and Protection Fund Authority, Ministry of Corporate Affairs.

Particulars	Aggregate Number of shareholders	Outstanding shares lying in IEPF Account
Opening Balance as on 1st April 2018	89	26,564
Less : Shareholders approached for transfer / delivery during 2018-19 and Shares transferred / delivered during 2018-19	Nil	Nil
Add : Transfer of shares to Investor Education and Protection Fund Authority Ministry of Corporate Affairs during 2018-19		
(i) Shares transferred on 25.07.2018	15	6,754
(ii) Shares transferred on 08.02.2019	6	693
(iii) Shares transferred on 29.03.2019	5	5,002
Balance as on 31st March 2019	115	39,013

Statutory Reminders are sent to members, in respect of shares transferred to the Unclaimed Shares Suspense Account and IEPF authority, in addition to the reminders through e-mail and phone contacts. Members who have not yet made claims are, therefore, requested to contact the Company / Registrar and share Transfer Agents immediately.

- 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 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
Final Dividend 2014-15	23rd August 2022	Final Dividend 2017-18	20th August 2025
Interim Dividend 2015-16	1st March 2023	Interim Dividend 2018-19	4th March 2026

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.

Fees paid to M/s. Sundaram & Srinivasan, Chartered Accountants, Statutory Auditors, for all services:

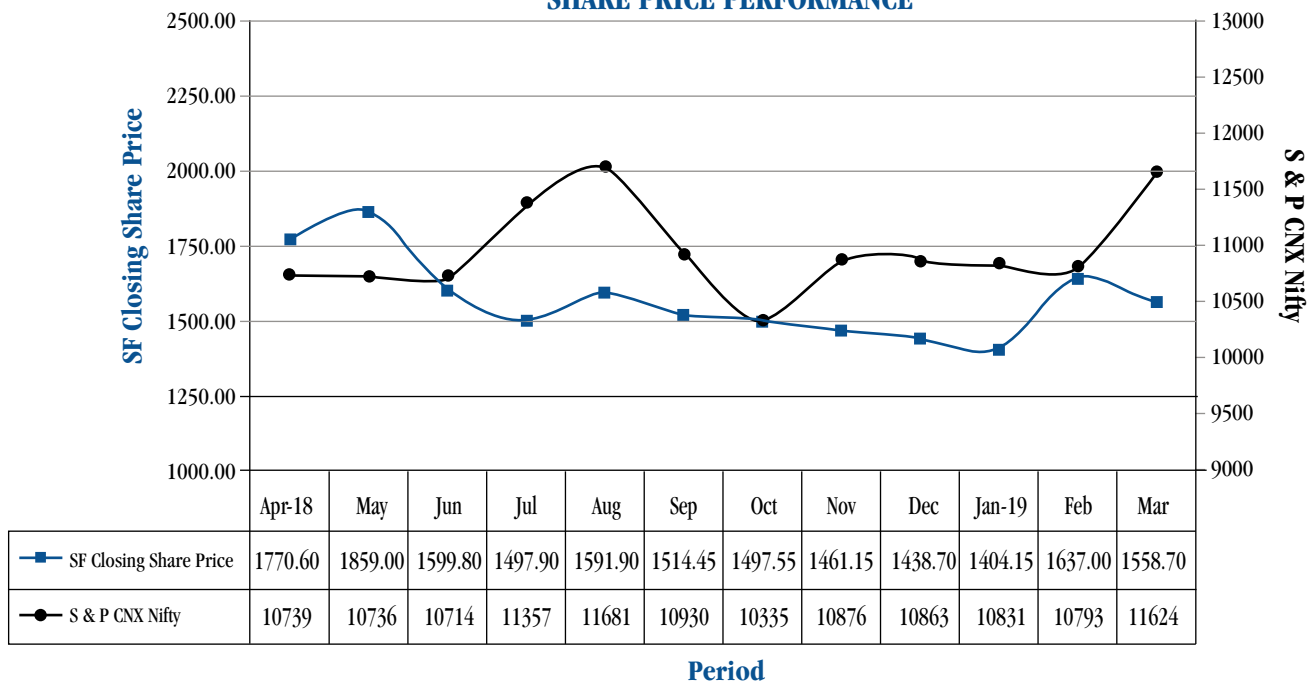
Sl. No.	Name of the Company	Total Fees Paid (Amount in ₹)
1.	Sundaram Finance Limited	96.00
2.	Sundaram PNB Paribas Home Finance Limited	28.00
3.	Sundaram Asset Management Company Limited	57.60
	Total	180.60

- Disclosure in relation to Prevention of Sexual Harassment at Workplace is available as part of the Board's Report.

## MARKET PRICE DATA ON THE NATIONAL STOCK EXCHANGE

Month	Apr – 18	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan –19	Feb	Mar	
NSE	High	1845.00	1890.00	1900.00	1618.80	1677.00	1629.95	1545.00	1518.80	1489.70	1524.80	1654.00	1631.95
	Low	1651.05	1686.00	1572.05	1460.60	1466.25	1449.30	1337.50	1355.20	1350.00	1375.00	1329.60	1518.00

### SHARE PRICE PERFORMANCE



- Share transfers were processed and share certificates despatched within the specified time limit from lodgement in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Dematerialisation requests have been confirmed within the specified time limit.

Investor Relation Services - Shares continue to enjoy the ISO 9001:2015 certification by Bureau Veritas Certification (India) Private Limited.

- 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 'Subramanian Building', No 1 Club House Road, Chennai 600 002	
Phone	044 2846 0390 to 0395
Fax	044 2846 0129
Email	investor@cameoindia.com (for general queries) agm@cameoindia.com (for annual report related queries)
Contact Persons	Mr. R.D. Ramasamy, Director Mr. D. Narasimhan, Joint Manager

Debenture Trustee	Ms. Anjalee Athalye Vice President - Operations IDBI Trusteeship Services Limited Asian Building, Ground Floor, No.17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001 Tel: 022 40807007 Fax: 022 66311776 Email: itsl@idbitrustee.com
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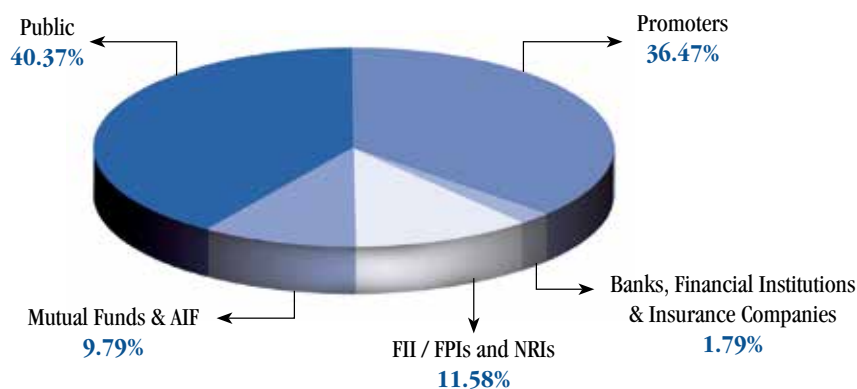
### DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2019

No. of Equity Shares Held	Total Shareholders	Total Shares	Total % to Capital
Upto 250	16,766	8,57,027	0.77
251 to 500	1,970	7,50,328	0.68
501 to 1000	1,758	11,60,238	1.04
1001 to 5000	1,516	46,47,141	4.18
5001 to 10000	367	27,76,525	2.50
10001 to 50000	381	83,02,221	7.47
50001 to 100000	97	70,84,410	6.38
100001 and above	171	8,55,25,970	76.98
<b>Total</b>	<b>23,172</b>	<b>11,11,03,860</b>	<b>100.00</b>

Total shares held in dematerialised form 96.21%

Public shareholding in dematerialised form 94.04%

### SHAREHOLDING PATTERN AS ON 31.03.2019



**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

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of SUNDARAM FINANCE LIMITED  
21, PATULLOS ROAD, CHENNAI – 600002.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SUNDARAM FINANCE LIMITED having CIN - L65191TN1954PLC002429 and having registered office at 21, PATULLOS ROAD, CHENNAI – 600002 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Thiruvallur Thattai Srinivasaraghavan	00018247	01/02/1998
2.	Mr. Santhanam Ram	00018309	27/09/1988
3.	Mr. Ayalur Natarajan Raju	00036201	01/06/2014
4.	Mr. Srinivasan Ravindran	00045076	29/07/2008
5.	Mr. Raghavendra Raghuttama Rao	00146230	01/04/2019
6.	Mr. Sreenivasan Prasad	00063667	28/10/2008
7.	Mr. Mahalingam Seturaman	00121727	26/05/2014
8.	Mr. Santhanam Viji	00139043	17/01/1986
9.	Ms. Shobhana Ramachandhran	00273837	27/01/2014
10.	Mr. Pudugramam Narayanaswamy Venkatachalam	00499442	28/01/2011
11.	Mr. Harsha Viji	00602484	24/09/2010
12.	Mr. Rajiv Lochan Chellappa	05309534	25/11/2016

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M. Damodaran & Associates**

**M. Damodaran**

(Practicing Company Secretary)

(FCS No. : 5837)

(C.P. No. : 5081)

Place : Chennai

Date : 24.05.2019

SUNDARAM FINANCE LIMITED

**CRITERIA FOR EVALUATION**

(as amended on 29th March 2019)

**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 share holder 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
6. Fulfillment of Independence Criteria

**Criteria for evaluation of all Committees by the Board with reference to the respective terms of reference:**

1. Qualification & Experience of members
2. Depth of review of various matters, including financial performance
3. Review of regulatory compliance

**SUNDARAM FINANCE LIMITED REMUNERATION POLICY**  
(as amended on 29th March 2019)

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 Whole time 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" means all executives one level below the Managing Director / Whole-time Directors and shall include the Chief Financial Officer and Company Secretary.
- 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. 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 Key Managerial Personnel and Senior Management 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, 2019, 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 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 : 24th May 2019

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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  
30th May 2019

**S VIJI**  
Chairman

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### Annexure III (ii)

#### Policy On Related Party Transactions

(as per Regulations 23 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)  
(as amended on 29th March 2019)

The Company shall enter into transactions with related parties only on an 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 this purpose, transaction(s) with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company.

However, transaction(s) involving payment(s) made to a related party with respect to brand usage or royalty, shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 2% 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 2018-19

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:

[https://www.sundaramfinance.in/assets/app\\_docs/investor-info/corporate\\_governance/policies/csr.pdf](https://www.sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/policies/csr.pdf)

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:**

₹689,92.93 lakhs

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

₹13,79.86 lakhs

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

(a) Total amount to be spent for the financial year: ₹13,79.86 lakhs

(b) Amount unspent, if any - Nil

(c) Manner in which the amount spent during the financial year is detailed below: Details enclosed. (₹14,04.87 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: 26th April 2019

**T.T. Srinivasaraghavan**  
Managing Director

Sd/-

**Shobhana Ramachandhran**  
Chairman - CSR Committee

**Annexure - IV (i)**
**CSR Amount spent during the period 01.04.2018 to 31.03.2019**

(₹ 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 (1) Local area or other (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 Sub-heads: (1) Direct expenditure on projects or program (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 meritorious students and also Educational Institutions which work for this cause (31 Institutions)	Education	Tamilnadu - Chennai	1,97.75	1,97.75	1,97.75	1,97.75
			Tamilnadu - Kanchipuram	0.50	0.50	1,98.25	0.50
			Tamilnadu - Sirgazhi	0.50	0.50	1,98.75	0.50
			Tamilnadu - Thanjavur	60.00	60.00	2,58.75	60.00
			Tamilnadu - Cuddalore	1.00	1.00	2,59.75	1.00
			Tamilnadu - Pudukkottai	5.00	5.00	2,64.75	5.00
			Karnataka - Bengaluru	11.00	11.00	2,75.75	11.00
			Gujarat - Ahmedabad	0.10	0.10	2,75.85	0.10
			New Delhi - Delhi	10.00	10.00	2,85.85	10.00
2.	Environmental sustainability, ecological balance, conservation of natural resources, Solar Projects (5 institutions)	Environment	Tamilnadu - Chennai	1,13.20	1,13.20	3,99.05	1,13.20
			All over India	1,42.02	1,42.02	5,41.07	1,42.02
3.	Promoting preventive and general health care (22 Institutions)	Health	Tamilnadu - Chennai	5,38.89	5,38.89	10,79.96	5,38.89
			Tamilnadu - Coimbatore	2.00	2.00	10,81.96	2.00
			Tamilnadu - Dindigul	5.00	5.00	10,86.96	5.00
			Tamilnadu - Ranipet	10.00	10.00	10,96.96	10.00
			Tamilnadu - Tiruvannamalai	5.00	5.00	11,01.96	5.00
			All over India	16.86	16.86	11,18.82	16.86
4.	Social Welfare (11 Institutions)	Social Welfare	Tamilnadu - Chennai	24.70	24.70	11,43.52	24.70
			Tamilnadu - Thanjavur	91.00	91.00	12,34.52	91.00
			Kerala - Trivandrum	50.00	50.00	12,84.52	50.00
5.	Protection of national heritage, art and culture (23 Institutions)	National Heritage, Art and Culture	Tamilnadu - Chennai	44.60	44.60	13,29.12	44.60
			Tamilnadu - Melattur	0.25	0.25	13,29.37	0.25
			Karnataka - Bengaluru	9.00	9.00	13,38.37	9.00
6.	Rural Development (1 institution)	Rural Areas	Bihar - Gaya	7.25	7.25	13,45.62	7.25
7.	Sports Development (2 institutions)	Sports	Tamilnadu - Chennai	4.25	4.25	13,49.87	4.25
8.	Armed Forces Flag Day Fund	Armed Forces	Punjab - Chandigarh	25.00	25.00	13,74.87	25.00
9.	Administrative Expenses			30.00	30.00	14,04.87	30.00
Total				14,04.87	14,04.87		14,04.87

## Business Responsibility Report for the Financial Year 2018-19

### 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 : 2018-19
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  
658 locations
10. Markets served by the Company – Local / State / National / International  
National

### Section B: Financial Details of the Company (as on 31.03.2019)

1. Paid up Capital (INR) : ₹111.10 cr.
2. Total Turnover (INR) : ₹3418.17 cr.
3. Total profit after taxes (INR) : ₹1126.12 cr. (including exceptional item)
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)  
The Company's total spending on CSR is 2.04% 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
  - F. Armed Forces

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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? 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)	-	#	-	#	-	#	#	-	-

\* [https://www.sundaramfinance.in/assets/app\\_docs/investor-info/corporate\\_governance/policies/policies\\_on\\_brr.pdf](https://www.sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/policies/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. Annually

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## 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 2018-19
Shareholders	–
Depositors	–
Customers	639

### 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.  
4,055
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.  
2,783
3. Please indicate the Number of permanent women employees.  
190
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?  
26%



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?

- A. Permanent Employees
- B. Permanent Women Employees
- C. Casual / Temporary / Contractual Employees
- D. Employees with Disabilities

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

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.**

1. Has the company mapped its internal and external stakeholders? Yes/No  
No.
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.  
Not Applicable
3. 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**

1. 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.  
[https://www.sundaramfinance.in/assets/app\\_docs/investor-info/corporate\\_governance/policies/policies\\_on\\_brr.pdf](https://www.sundaramfinance.in/assets/app_docs/investor-info/corporate_governance/policies/policies_on_brr.pdf)
2. 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**

1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.  
Not Applicable
2. 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
3. Does the company identify and assess potential environmental risks? Y / N  
Not Applicable
4. 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.

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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 ₹14,04.87 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 31.03.2019**

[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 31.03.2019 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 31.03.2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- (to the extent applicable)
  - (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, 2009/2018;
  - (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, dealing with client and ESOP;
  - (f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

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(vi) 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 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 Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the continuation of Sri S Ram, as he has attained the age of 75 years, as Non-Executive Director of the Company from April 01, 2019, vide Annual General Meeting dated 20th July, 2018.
- d) passed a Special Resolution under section 186 of the Companies Act, 2013 to make loans to any persons or other bodies corporate, from time to time, for such amounts, such that the outstanding loans together with investments made, guarantees given and securities provided by the Company, does not exceed ₹ 50,000 cr. (Rupees Fifty Thousand Crore Only) vide Annual General Meeting dated 20th July, 2018.
- e) passed Special Resolution through postal ballot on 6th December, 2018 under section 180(1)(c) of the Companies Act, 2013 to increase the present limit of Borrowing of the Company from ₹ 21,000 cr (Rupees Twenty One Thousand Crore Only) to ₹30,000 cr (Rupees Thirty Thousand Crore Only).
- f) passed a Special Resolution through postal ballot on 21st March, 2019 for Private Placement of debentures under section 42 and 71 of the Companies Act, 2013 up to a sum of ₹12,000 cr. (Rupees Twelve Thousand Crore Only) during the period from 1st April 2019 to 31st March 2020.
- g) passed a Special Resolution through postal ballot on 21st March, 2019 under section 149 and 152 of the Companies Act, 2013, for re-appointment of Sri P N Venkatachalam, Independent Director, for a further term of 5 (five) consecutive years up to 31st March 2024.

- h) passed a Special Resolution through postal ballot on 21st March, 2019 under section 149 and 152 of the Companies Act, 2013, for re-appointment of Sri S Prasad, Independent Director, for a further term of 5 (five) consecutive years up to 31st March 2024.
- i) passed a Special Resolution through postal ballot on 21st March, 2019 under section 149 and 152 of the Companies Act, 2013, for re-appointment of Ms. Shobhana Ramachandhran, Independent Director, for a further term of 5 (five) years up to 31st March 2024.
- j) passed a Special Resolution through postal ballot on 21st March, 2019 under section 149 and 152 of the Companies Act, 2013, for re-appointment of Sri S Mahalingam, Independent Director, for a further term of 5 (five) years up to 25th May 2024.
- k) passed an Ordinary Resolution through postal ballot on 21st March, 2019 under section 196, 197 and 203 of the Companies Act, 2013, for re-appointment of Sri A N Raju, Director (Operations), for a term of 5 (five) years up to 31st March 2024.

Place : Chennai

Name : M. DAMODARAN

Date : 24.05.2019

FCS No. : 5837

C.P. No. : 5081

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## Disclaimer Certificate

To,

The Members,

SUNDARAM FINANCE LIMITED

(CIN: L65191TN1954PLC002429)

21, Patullos Road,

Chennai - 600002.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Chennai

Name : M. DAMODARAN

Date : 24.05.2019

FCS No. : 5837

C.P. No. : 5081

## Secretarial Compliance Report of Sundaram Finance Limited for the year ended 31.03.2019

I, M. Damodaran have examined:

- a) all the documents and records made available to us and explanation provided by Sundaram Finance Limited (“the listed entity”),
- b) the filings/ submissions made by the listed entity to the stock exchanges,
- c) website of the listed entity,
- d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended 31.03.2019 in respect of compliance with the provisions of:
  - a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued there under; and
  - b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made there under and the Regulations, circulars, guidelines issued there under by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars / guidelines issued thereunder, have been examined, include:-

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/2018;
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – Not Applicable.
- e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 – Not Applicable.
- h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- i) 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 and ESOP;
- j) Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996/2018 and circulars/ guidelines issued thereunder;

and based on the above examination, I hereby report that, during the Review Period:

- a) The listed entity has complied with the provisions of the above Regulations and circulars / guidelines issued thereunder to the extent applicable, except in respect of matters specified below :-

S.No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
	NIL	NIL	NIL

- b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars / guidelines issued there under insofar as it appears from my examination of those records.
- c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges - (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
Not Applicable				

- d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
Not Applicable				

Place : Chennai  
Date : 24.05.2019

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 / Key Managerial Personnel	Ratio to Median Remuneration (times)	Ratio to Mean Remuneration (times)	Inc / Dec in Remuneration
S Viji, Chairman	1.72	1.34	0.00%
S Ram	1.72	1.34	0.00%
N Venkataramani	1.66	1.28	0.00%
P N Venkatachalam	2.60	2.02	4.97%
S Mahalingam	2.40	1.86	-1.68%
S Prasad	3.41	2.65	20.23%
S Ravindran	2.78	2.16	-1.45%
Ms Shobhana Ramachandhran	2.76	2.14	0.00%
Sri Rajiv C Lochan	2.48	1.92	3.42%
T T Srinivasaraghavan, Managing Director	78.46	60.81	3.37%
Harsha Viji, Deputy Managing Director	60.65	47.00	8.64%
A N Raju, Director (Operations)	44.23	34.28	18.94%
M Ramaswamy, Chief Financial Officer	32.77	25.39	27.13%
P Viswanathan, Secretary & Compliance Officer	20.65	16.00	39.72%

- (iii) The percentage increase in the median remuneration of employees in the financial year: 16%
- (iv) The number of permanent employees on the rolls of the Company: 4,055
- (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 2018-19 was 15.84%. Percentage increase in the managerial remuneration for the year was 12.84%.
- (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 drawn during the year 2018-19

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	4.91	Contractual	BCom, MBA (Gannon University, Pennsylvania) Has 4 decades of experience in Banking and Financial Services industry. He is the Managing Director of the Company since 2003.	02-09-1996	64	G.E. Capital Services India Limited	–
2	Sri Harsha Viji	Deputy Managing Director	3.81	Contractual	BCom, ACA, MBA (Ann Arbor, Michigan) Nearly 2 decades experience in areas of specialisation particularly, strategy formulation, joint venture negotiations, new business development etc.	14-11-2005	43	Mckinsey & Company	Son of Sri S. Viji, Chairman
3	Sri A.N. Raju	Director (Operations)	2.80	Contractual	BSc (Engineering) MBA 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	2.07	Others	B.Sc. Statistics, ACA Has over 3 decades of experience in accounts, taxation and treasury in finance services Industry.	07-06-1986	57	Brahmayya & Co.	–
5	Sri P. Viswanathan	Secretary & Compliance Officer	1.32	Others	B.Com, FCS Has over 4 decades of experience in statutory compliance in financial services industry	01-10-1982	63	Lakshmi General Finance Limited	–
6	Sri V. Ananthanarayanan	Chief Information Officer	0.70	Others	M.Sc., Statistics and Computer Applications, MBA, IT & Finance Has over 3 decades of experience in Information Technology Industry	02-12-2013	56	Aegis Limited	–
7	Sri S Sridhar	VP & Head - Treasury	0.64	Others	B.Sc. (Maths), ACA, ICWA Nearly 3 decades of experience in accounts, taxation and treasury in finance services Industry.	25-04-2011	50	Sundaram Business Services Limited	–
8	Sri S. Ravindran	Senior Vice President & Head - CCPD	0.62	Others	B.Com, M.Com, CAIIB Has over 4 decades experience in financial services industry	25-05-1984	65	Bank of India	–
9	Sri Rajesh Venkat	Vice President - Operations	0.62	Others	B.A (Economics), MBA Nearly 2 decades experience in financial services industry	01-07-2017	44	Sundaram Business Services Limited	–
10	Sri S. Srinivasan	Senior Vice President & Head - Corporate Finance	0.61	Others	B.Com, ICWA Has over 3 decades of experience in financial services industry	01-04-1983	57	–	–



## 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	1,99,700	
b)	Exercise Price	₹10/- per share (at par)	
c)	Options vested	1,60,950	
d)	Options exercised	1,60,950	
e)	The total number of shares arising as a result of exercise of Option.	1,60,950	
f)	Options lapsed	NIL	
g)	Variation of terms of Options	Not Applicable	
h)	Money realized by exercise of Option (Amount ₹)	16,09,500	
i)	Total number of Options in force	38,750	
j)	Employee-wise details of Options granted on 25th May 2018 (Grant 10) & 30th May 2019 (Grant 11)		
	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	2,500
	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. 37 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 2019

(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 Tel: 044 2852 1181 Fax: 044 2858 6641 www.sundaramfinance.in 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. 'Subramanian Building' No.1, Club House Road, Chennai 600 002 Ph: 044 2846 0390 to 0395 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: Section K - Financial and Insurance Activities Division 64 – Financial service activities, except insurance and pension funding.	97.74%

### 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 Regd. Office: 21, Patullos Road, Chennai 600 002	U65922TN1999PLC042759	Subsidiary	50.10	2 (87) (ii)
2	Sundaram Asset Management Company Limited Regd. Office: 21, Patullos Road, Chennai 600 002	U93090TN1996PLC034615	Subsidiary	100.00	2 (87) (ii)
3	Sundaram Asset Management Singapore Pte. Limited	Not Applicable	Subsidiary	100.00	2 (87) (ii)
4	Sundaram Alternate Assets Limited Regd. Office: 21, Patullos Road, Chennai 600 002	U65990TN2018PLC120641	Subsidiary	100.00	2 (87) (ii)
5	Sundaram Trustee Company Limited Regd. Office: 21, Patullos Road, Chennai 600 002	U65999TN2003PLC052058	Subsidiary	100.00	2 (87) (ii)
6	LGF Services Limited Regd. Office: 21, Patullos Road, Chennai 600 002	U67190TN2004PLC052384	Subsidiary	100.00	2 (87) (ii)
7	Sundaram BNP Paribas Fund Services Limited Regd. Office: 21, Patullos Road, Chennai 600 002	U67120TN2008PLC068388	Subsidiary	51.00	2 (87) (ii)
8	Royal Sundaram General Insurance Co Limited* Regd. Office: 21, Patullos Road, Chennai 600 002	U67200TN2000PLC045611	Associate	50.00	2 (6)
9	Sundaram Finance Holdings Limited Regd. Office: 21, Patullos Road, Chennai 600 002	U67120TN1993PLC025996	Associate	26.47	2 (6)

\* with effect from 23rd February 2019

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	2,75,66,908	97,292	2,76,64,200	24.90	2,82,93,803	8,286	2,83,02,089	25.47	0.57
(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>3,87,52,646</b>	<b>97,292</b>	<b>3,88,49,938</b>	<b>34.97</b>	<b>3,94,79,541</b>	<b>8,286</b>	<b>3,94,87,827</b>	<b>35.54</b>	<b>0.57</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	NRIs - Individuals	10,95,856	-	10,95,856	0.99	10,27,480	-	10,27,480	0.92	-0.07
(b)	Other - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other ....	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>10,95,856</b>	<b>-</b>	<b>10,95,856</b>	<b>0.99</b>	<b>10,27,480</b>	<b>-</b>	<b>10,27,480</b>	<b>0.92</b>	<b>-0.07</b>
	<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>3,98,48,502</b>	<b>97,292</b>	<b>3,99,45,794</b>	<b>35.95</b>	<b>4,05,07,021</b>	<b>8,286</b>	<b>4,05,15,307</b>	<b>36.47</b>	<b>0.52</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds	1,10,71,904	-	1,10,71,904	9.97	1,08,27,459	-	1,08,27,459	9.75	-0.22
(b)	Banks / FI	28,194	800	28,994	0.03	13,832	600	14,432	0.01	-0.02
(c)	Central Govt	-	-	-	-	-	-	-	-	-
(d)	State Govt(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Alternate Investment Funds	44,137	-	44,137	0.04	45,313	-	45,313	0.04	0.00
(g)	Insurance Companies	19,80,700	-	19,80,700	1.78	19,80,652	-	19,80,652	1.78	0.00
(h)	FII's & FPI's	66,21,004	100	66,21,104	5.96	80,05,401	100	80,05,501	7.21	1.25
(i)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(j)	Any Other - Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>1,97,45,939</b>	<b>900</b>	<b>1,97,46,839</b>	<b>17.78</b>	<b>2,08,72,657</b>	<b>700</b>	<b>2,08,73,357</b>	<b>18.79</b>	<b>1.01</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	1,03,41,021	6,500	1,03,47,521	9.31	1,04,82,035	4,750	1,04,86,785	9.44	0.13
(ii)	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
i	Individual shareholders holding nominal shares capital up to ₹1 lakh	91,72,230	18,04,837	1,09,77,067	9.88	83,48,091	12,30,138	95,78,229	8.62	-1.26
ii	Individual shareholders holding nominal shares capital in excess of ₹1 lakh	2,52,24,818	37,08,647	2,89,33,465	26.04	2,06,77,186	27,00,208	2,33,77,394	21.04	-5.00
	Non Resident Indian	27,02,381	2,98,748	30,01,129	2.70	45,89,276	2,50,980	48,40,256	4.36	1.66
	Resident Hindu Undivided Family	5,11,368	2	5,11,370	0.46	3,64,537	14,002	3,78,539	0.34	-0.12
	Foreign National	18,720	-	18,720	0.02	18,720	-	18,720	0.02	0.00
	Trust - Sundaram Finance Employees Welfare Trust	9,79,510	-	9,79,510	0.88	9,60,960	-	9,60,960	0.86	-0.02
	Other Trusts	5,626	-	5,626	0.01	6,125	-	6,125	0.01	0.00
	Clearing Members	95,989	-	95,989	0.09	4,210	-	4,210	0.00	-0.08
	Investor Education and Protection Fund. No voting rights in respect of these shares	26,564	-	26,564	0.02	39,013	-	39,013	0.04	0.01
(c)	Others (specify)									
	Sundaram Finance Limited Unclaimed Suspense Account. No voting rights in respect of these shares	26,765	-	26,765	0.02	24,965	-	24,965	0.02	0.00
	<b>Sub-Total (B)(2)</b>	<b>4,58,91,243</b>	<b>55,19,984</b>	<b>5,14,11,227</b>	<b>46.27</b>	<b>4,55,15,118</b>	<b>42,00,078</b>	<b>4,97,15,196</b>	<b>44.75</b>	<b>-1.53</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>6,56,37,182</b>	<b>55,20,884</b>	<b>7,11,58,066</b>	<b>64.05</b>	<b>6,63,87,775</b>	<b>42,00,778</b>	<b>7,05,88,553</b>	<b>63.53</b>	<b>-0.51</b>
(C)	Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>10,54,85,684</b>	<b>56,18,176</b>	<b>11,11,03,860</b>	<b>100.00</b>	<b>10,68,94,796</b>	<b>42,09,064</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	Mr Ashwathanarayan Ramji & Mr Narayanan Ramji	600	0.00	–	600	0.00	–	0.00
2	Mr Narayanan Ramji & Ashwathanarayan Ramji	56,520	0.05	–	88,012	0.08	–	0.03
3	Mr Narayanan Ramji & Ashwathanarayan Ramji	6,884	0.01	–	–	0.00	–	-0.01
4	Mr Narayanan Ramji & Miss Aishwarya Ramji	6,884	0.01	–	6,884	0.01	–	0.00
5	Mr Narayanan Ramji & Ashwathanarayan Ramji	1,008	0.00	–	–	0.00	–	0.00
6	Mr Narayanan Ramji & Miss Aishwarya Ramji	1,008	0.00	–	1,008	0.00	–	0.00
7	Mr N Ramji & Mrs Sharmila Ramji	788	0.00	–	394	0.00	–	0.00
8	Mr Narayanan Ramji & Mrs Sharmila Ramji	–	0.00	–	394	0.00	–	0.00
9	Mr Narayanan Ramji & Ashwathanarayan Ramji	23,600	0.02	–	–	0.00	–	-0.02
10	Mr Srinivas Raghavan	27,040	0.02	–	27,040	0.02	–	0.00
11	Mr Akshay Krishnan	2,00,300	0.18	–	1,97,770	0.18	–	0.00
12	Mr Jaideep Chakravarthy	3,80,756	0.34	–	3,80,756	0.34	–	0.00
13	Mr Pradeep Chakravarthy	3,63,544	0.33	–	3,63,544	0.33	–	0.00
14	Mr S Chakravarthy	6,08,884	0.55	–	6,08,884	0.55	–	0.00
15	Mrs Anuradha Raghavan	3,97,264	0.36	–	3,97,264	0.36	–	0.00
16	Mr S Raghavan	1,03,492	0.09	–	1,03,492	0.09	–	0.00
17	Mrs Usha Raghavan	5,89,992	0.53	–	5,89,992	0.53	–	0.00
18	Mr Barath Rengarajan	4,68,259	0.42	–	4,61,484	0.42	–	-0.01
19	Mrs Saraswathi Srinivasan	3,04,320	0.27	–	0	0.00	–	-0.27
21	Mr S Ram & Mr S Viji	12,25,160	1.10	–	0	0.00	–	-1.10
22	Mr Sumanth Ramanujam	8,862	0.01	–	96,914	0.09	–	0.08
23	Mr K Vasudevan	2,87,492	0.26	–	2,87,492	0.26	–	0.00
24	Mrs Lily Vijayaraghavan & Mrs Sashi Parthasarathy	3,53,312	0.32	–	3,45,712	0.31	–	-0.01
25	Mr K Vasudevan & Mrs Lakshmi Vasudevan	46,392	0.04	–	46,392	0.04	–	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	
26	Mrs Lakshmi Vasudevan	2,74,816	0.25	–	2,74,816	0.25	–	0.00
27	Mr Sharath Vijayaraghavan (HUF)	2,09,000	0.19	–	2,09,000	0.19	–	0.00
28	Mrs Lily Vijayaraghavan	6,35,436	0.57	–	6,35,436	0.57	–	0.00
29	Mrs Lily Vijayaraghavan & Mr Badri Vijayaraghavan	1,97,776	0.18	–	1,97,776	0.18	–	0.00
30	Mrs Lily Vijayaraghavan & Mr Sharath Vijayaraghavan	1,97,776	0.18	–	1,97,776	0.18	–	0.00
31	Mrs Rama Sridharan	55,920	0.05	–	55,920	0.05	–	0.00
32	Mr N Krishnan	1,01,592	0.09	–	1,01,592	0.09	–	0.00
33	Mr N Krishnan (HUF)	1,01,592	0.09	–	1,01,592	0.09	–	0.00
34	Mr Ananth Krishnan	2,00,300	0.18	–	1,97,770	0.18	–	0.00
35	Mr Shreen Raghavan	94,892	0.09	–	94,892	0.09	–	0.00
36	Mrs Dangety Krishnakumari	20,412	0.02	–	20,412	0.02	–	0.00
37	Mr Dangety Satyanarayanamurty	2,912	0.00	–	2,912	0.00	–	0.00
38	M/S. Rohini Holdings Private Limited	12,94,362	1.17	–	12,94,362	1.17	–	0.00
39	M/S. Allegro Holdings Private Limited	12,47,100	1.12	–	12,47,100	1.12	–	0.00
40	M/S. Silver Oak Holdings Private Limited	14,36,914	1.29	–	14,36,914	1.29	–	0.00
41	M/S. Azorius Holdings Private Limited	8,50,156	0.77	–	8,50,156	0.77	–	0.00
42	M/S. Uthirattadhi Sriram Holdings Private Limited	14,79,560	1.33	–	14,79,560	1.33	–	0.00
43	M/S. Maham Holdings Limited	5,12,720	0.46	–	5,12,720	0.46	–	0.00
44	M/S. Revathi Holdings Private Limited	12,20,460	1.10	–	12,20,460	1.10	–	0.00
45	M/S. Padmalakshmi Holdings Private Limited	12,92,832	1.16	–	12,92,832	1.16	–	0.00
46	M/S. Raghuvamsa Holdings Private Limited	18,51,634	1.67	–	18,51,634	1.67	–	0.00
47	Mrs Indira Krishnaswami	1,62,180	0.15	–	1,62,180	0.15	–	0.00
48	Mr Narayanan Ramji	1,06,760	0.10	–	1,06,760	0.10	–	0.00
49	Mr R. Ramanujam & Mr R. Srikanth	1,77,088	0.16	–	1,77,088	0.16	–	0.00
50	Mr Ananth Ramanujam	5,69,892	0.51	–	5,81,576	0.52	–	0.01
51	Mr T.T. Rangaswamy, Mr T.T. Venkatraghavan & Mr T.T. Srinivasaraghavan	48,628	0.04	–	48,628	0.04	–	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	
52	Mr T.T. Rangaswamy, Mr T.T. Narendran & Mr T.T. Hayagreevan	49,200	0.04	–	49,200	0.04	–	0.00
53	Mr T T Srinivasaraghavan Mrs Vimala Rangaswamy & Mrs Bagyam Raghavan	85,084	0.08	–	85,084	0.08	–	0.00
54	Mrs Bagyam Raghavan & Mr T T Venkatraghavan	1,13,308	0.10	–	1,13,308	0.10	–	0.00
55	Mr T T Narendran, Mrs Vimala Rangaswamy & Mrs Padmini Narendran	1,62,988	0.15	–	1,62,988	0.15	–	0.00
56	Mrs Padmini Narendran & Mr T T Hayagreevan	1,06,044	0.10	–	1,06,044	0.10	–	0.00
57	Mrs Vimala Rangaswamy, Mr T T Narendran & Mrs Padmini Narendran	95,024	0.09	–	95,024	0.09	–	0.00
58	Mr Srivats Ram	17,01,322	1.53	–	17,01,322	1.53	–	0.00
59	Mr Srikanth Ramanujam	9,14,052	0.82	–	9,14,052	0.82	–	0.00
60	Mr Sriram Viji	12,78,620	1.15	–	12,78,620	1.15	–	0.00
61	Mr R. Ramanujam	2,32,534	0.21	–	2,32,534	0.21	–	0.00
62	Mrs Rupa Srikanth	70,188	0.06	–	70,188	0.06	–	0.00
63	Mr Srikanth Ramanujam & Mrs Rupa Srikanth	4,472	0.00	–	4,472	0.00	–	0.00
65	Mrs Choodamani Narayanan	5,03,094	0.45	–	5,08,154	0.46	–	0.00
67	Mrs Prema Ramanujam	6,43,412	0.58	–	6,43,412	0.58	–	0.00
68	Mrs Aruna Sankaranarayanan	56,840	0.05	–	56,840	0.05	–	0.00
69	Mr S. Ram	5,06,788	0.46	–	5,06,788	0.46	–	0.00
70	Mr Harsha Viji	13,66,068	1.23	–	16,91,704	1.52	–	0.29
71	Mr Aditya S. Ramanujam	2,21,882	0.20	–	2,61,548	0.24	–	0.04
72	Mr S. Viji	9,09,780	0.82	–	9,09,780	0.82	–	0.00
73	Mrs Vijaya Rangarajan	9,03,564	0.81	–	10,86,265	0.98	–	0.16
74	Mr Sriram Viji & Mrs Chitra Viji	3,156	0.00	–	3156	0.00	–	0.00
75	Mr R. Ramanujam & Mr Ananth Ramanujam	25,600	0.02	–	25,600	0.02	–	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	
76	Mr Harsha Viji & Mrs Chitra Viji	3,156	0.00	–	3,156	0.00	–	0.00
77	Mrs Nivedita Ram	16,49,516	1.48	–	16,49,516	1.48	–	0.00
78	Mrs Chitra Viji	8,34,034	0.75	–	8,34,034	0.75	–	0.00
79	Mrs Gita Ram	11,39,680	1.03	–	11,39,680	1.03	–	0.00
80	Mr S. Viji & Mrs Chitra Viji	8,684	0.01	–	8,684	0.01	–	0.00
81	Mr Arjun Rangarajan	13,08,270	1.18	–	13,08,270	1.18	–	0.00
82	Mr R. Ramanujam (HUF)	9,992	0.01	–	9,992	0.01	–	0.00
83	Mr Srikanth Ramanujam (HUF)	8,000	0.01	–	8,000	0.01	–	0.00
84	Mr Srivats Ram (HUF)	77,200	0.07	–	77,200	0.07	–	0.00
85	Mr S. Viji (HUF)	1,13,988	0.10	–	1,13,988	0.10	–	0.00
86	Mr S. Viji (HUF)	3,65,924	0.33	–	3,65,924	0.33	–	0.00
88	Mr S. Narayanan	4,600	0.00	–	4,600	0.00	–	0.00
89	Mr Narayanan Ramji (HUF)	4,08,480	0.37	–	1,36,160	0.12	–	-0.25
90	Mr Srinivasaraghavan Sundaram	4,000	0.00	–	4,000	0.00	–	0.00
91	Mr A.M. Srinivasan & Mr S. Kishore	452	0.00	–	452	0.00	–	0.00
92	Mr S. Kishore & Mr A.M. Srinivasan	1,13,612	0.10	–	1,13,612	0.10	–	0.00
93	Mr Srikanth Ramanujam & Mr Ananth Ramanujam	8,30,215	0.75	–	8,30,215	0.75	–	0.00
94	Miss Tarika Ram (Minor)	13,490	0.01	–	1,64,380	0.15	–	0.14
95	Miss Tulsi S. Ramanujam	2,19,382	0.20	–	2,67,767	0.24	–	0.04
96	Mr Daya Ambirajan	1,19,650	0.11	–	2,70,539	0.24	–	0.14
97	Master Ranjan Ambirajan	6,744	0.01	–	1,57,633	0.14	–	0.14
98	Mr R. Ramanujam & Mrs Prema Ramanujam	9,736	0.01	–	9,736	0.01	–	0.00
99	Mr T T Rangaswamy (HUF)	49,324	0.04	–	49,324	0.04	–	0.00
100	Mr T T Srinivasa Raghavan (HUF)	1,23,192	0.11	–	1,23,192	0.11	–	0.00
101	Mr T T Rangaswamy (HUF)	19,368	0.02	–	19,368	0.02	–	0.00
102	Mr T T Narendran (HUF)	95,068	0.09	–	95,068	0.09	–	0.00
103	Mr T T Srinivasaraghavan & Mr T T Narendran	1,10,000	0.10	–	1,10,000	0.10	–	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	
104	Mr T T Srinivasaraghavan & Mrs Bagyam Raghavan	1,10,000	0.10	–	1,10,000	0.10	–	0.00
105	Mr T T Narendran & Mrs Padmini Narendran	90,000	0.08	–	90,000	0.08	–	0.00
106	Mr T T Narendran & Mrs Padmini Narendran	90,000	0.08	–	90,000	0.08	–	0.00
107	Mrs Vimala Rangaswamy, Mr T T Srinivasaraghavan & Mr T T Venkatraghavan	82,664	0.07	–	82,664	0.07	–	0.00
108	Mr A M Srinivasan	120	0.00	–	120	0.00	–	0.00
109	Mr Vishnu Vijayaraghavan	75,984	0.07	–	75,984	0.07	–	0.00
110	Mrs Lakshmi Vijayaraghavan	42,355	0.04	–	42,955	0.04	–	0.00
111	Mr Sharath Vijayaraghavan	1,74,844	0.16	–	1,74,844	0.16	–	0.00
113	Miss Gitanjali Jeevan Jose, Rep By M/G Mrs Divya Jeevan Jose	10,000	0.01	–	10,000	0.01	–	0.00
114	Master P Siddhartha Jeevan, Rep By M/G Mrs Divya Jeevan Jose	10,000	0.01	–	10,000	0.01	–	0.00
115	Mr N Krishnan & Mr Akshay Krishnan	3,000	0.00	–	3,000	0.00	–	0.00
116	Mr N Krishnan & Mr Ananth Krishnan	3,000	0.00	–	3,000	0.00	–	0.00
117	Mrs Veena Raghavan	75,000	0.07	–	0	0.00	–	-0.07
118	Mr Shreen Raghavan (HUF)	5,115	0.00	–	5,115	0.00	–	0.00
119	S Hema	10,34,968	0.93	–	10,34,968	0.93	–	0.00
120	Mrs Kavitha Gorur Keshav & Mr T T Hayagreevan	10,000	0.01	–	10,000	0.01	–	0.00
121	Miss Nakshatra Hayareevan (Minor)	10,000	0.01	–	10,000	0.01	–	0.00
122	Mr Shriram Vijayaraghavan	1,05,000	0.09	–	1,05,000	0.09	–	0.00
123	Ms Vijaya Rangarajan & Mr Santhanam Ram	6,09,896	0.55	–	6,09,896	0.55	–	0.00
124	Mr S Ravindran	–	–	–	4,91,360	0.44	–	0.44
125	Mrs Thanjam Ravindran	–	–	–	5,74,470	0.52	–	0.52
126	Mr C B Srinivasan	–	–	–	9,600	0.01	–	0.01
127	Mr Shreyas Ravindran & Mr Srinivasan Ravindran	–	–	–	1,36,342	0.12	–	0.12
128	Ms Sanjana Tara Ramanujam	–	–	–	99,524	0.09	–	0.09
	<b>Total</b>	<b>3,99,45,794</b>	<b>35.95</b>	<b>–</b>	<b>4,05,15,307</b>	<b>36.47</b>	<b>–</b>	<b>0.51</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 Ananth Ramanujam				
	At the beginning of the year	5,69,892	0.51		
	Acquisition - 26th February 2019 <sup>®</sup>	11,684	0.01	5,81,576	0.52
	At the end of the Year			5,81,576	0.52
2	Mr S Ravindran (Promoter w.e.f 29.06.2018)				
	At the beginning of the year	3,89,920	0.35		
	Transmission - 29th June 2018 <sup>#</sup>	3,04,320	0.27	6,94,240	0.62
	Inter se Transfer - 26th September 2018	-2,02,880	-0.18	4,91,360	0.44
At the end of the Year			4,91,360	0.44	
3	Mrs Lily Vijayaraghavan & Mrs Sashi Parthasarathy				
	At the beginning of the year	3,53,312	0.32		
	Sale:				
	Sale on 20th June 2018	-1,300	0.00	3,52,012	0.32
	sale on 21st June 2018	-5,000	0.00	3,47,012	0.31
	Sale on 25th June 2018	-1,300	0.00	3,45,712	0.31
At the end of the Year			3,45,712	0.31	
4	Mrs Saraswathi Srinivasan				
	At the beginning of the year	3,04,320	0.27		
	Transmission of Shares - 29th June 2018	-3,04,320	-0.27	—	—
At the end of the Year			—	—	
5	Mrs Veena Raghavan				
	At the beginning of the year	75,000	0.07		
	Sale on 15th June 2018	-75,000	-0.07	0	0.00
At the end of the Year			0	0.00	
6	Mr Barath Rengarajan				
	At the beginning of the year	4,68,259	0.42		
	Sale on 21st September 2018	-1,539	0.00	4,66,720	0.42
	Sale on 25th September 2018	-5,000	0.00	4,61,720	0.42
	Sale on 26th September 2018	-236	0.00	4,61,484	0.42
At the end of the Year			4,61,484	0.42	
7	Mrs Thanjam Ravindran				
	At the beginning of the year (Promoter w.e.f 29.06.2018)	4,22,310	0.38		
	Inter-se Transfer 26th September 2018	1,52,160	0.14	5,74,470	0.52
At the end of the Year			5,74,470	0.52	

<sup>®</sup>Acquisition of shares pursuant to dissolution of Sri T.S. Santhanam Testamentary Trust

<sup>#</sup>Transmission of Shares held by Mrs Saraswathi Srinivasan

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
8	Mrs Choodamani Narayanan				
	At the beginning of the year	5,03,094	0.45		
	Purchase - 19th October 2018	5,060	0.00	5,08,154	0.46
	At the end of the Year			5,08,154	0.46
9	Mr Ananth Krishnan				
	At the beginning of the year	2,00,300	0.18		
	Sale - 19th October 2018	-2,530	0.00	1,97,770	0.18
	At the end of the Year			1,97,770	0.18
10	Mr Akshay Krishnan				
	At the beginning of the year	2,00,300	0.18		
	Sale - 19th October 2018	-2,530	0.00	1,97,770	0.18
	At the end of the Year			1,97,770	0.18
11	Mr Shreyas Ravindran & Mr Srinivasan Ravindran (Promoter w.e.f 29.06.2018)				
	At the beginning of the year	85,622	0.07		
	Inter se Transfer - 26th September 2018	50,720	0.05	1,36,342	0.12
	At the end of the Year			1,36,342	0.12
12	Mr Narayanan Ramji (HUF)				
	At the beginning of the year	408480	0.37		
	Transfer Pursuant to Family Settlement Order - 3rd August 2018	-2,72,320	-0.25	1,36,160	0.12
	At the end of the Year			1,36,160	0.12
13	Mrs Lakshmi Vijayaraghavan				
	At the beginning of the year	1,200	0.00		
	Purchase - 3rd September 2018	600	0.00	1,800	0.00
	At the end of the Year			1,800	0.00
14	Mr Harsha Viji				
	At the beginning of the year	13,66,068	1.23		
	Acquisition - 26th February 2019 <sup>@</sup>	3,25,636	0.29	16,91,704	1.52
	At the end of the Year			16,91,704	1.52
15	Mrs. Vijaya Rangarajan				
	At the beginning of the year	9,03,564	0.81		
	Acquisition - 26th February 2019 <sup>@</sup>	1,82,701	0.16	10,86,265	0.98
	At the end of the Year			10,86,265	0.98
16	Mr Daya Ambirajan				
	At the beginning of the year	1,19,650	0.11		
	Acquisition - 26th February 2019 <sup>@</sup>	1,50,889	0.14	2,70,539	0.24
	At the end of the Year			2,70,539	0.24

<sup>@</sup>Acquisition of shares pursuant to dissolution of Sri T.S. Santhanam Testamentary Trust

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
17	Mr Aditya S. Ramanujam				
	At the beginning of the year	2,21,882	0.20		
	Acquisition - 26th February 2019 <sup>®</sup>	39,666	0.04	2,61,548	0.24
	At the end of the Year			2,61,548	0.24
18	Miss Tulsi S. Ramanujam				
	At the beginning of the year	2,19,382	0.20		
	Acquisition - 26th February 2019 <sup>®</sup>	48,385	0.04	2,67,767	0.24
	At the end of the Year			2,67,767	0.24
19	Miss Tarika Ram (Minor)				
	At the beginning of the year	13490	0.01		
	Acquisition - 26th February 2019 <sup>®</sup>	150890	0.14	1,64,380	0.15
	At the end of the Year			1,64,380	0.15
20	Master Ranjan Ambirajan				
	At the beginning of the year	6,744	0.01		
	Acquisition - 26th February 2019 <sup>®</sup>	1,50,889	0.14	1,57,633	0.14
	At the end of the Year			1,57,633	0.14
21	Ms Sanjana Tara Ramanujam (Promoter w.e.f 26.02.2019)				
	At the beginning of the year	23,156	0.02		
	Acquisition - 26th February 2019 <sup>®</sup>	76,368	0.07	99,524	0.09
	At the end of the Year			99,524	0.09
22	Mr Sumanth Ramanujam				
	At the beginning of the year	8,862	0.01		
	Acquisition - 26th February 2019 <sup>®</sup>	88,052	0.08	96,914	0.09
	At the end of the Year			96,914	0.09
23	Mr S Ram & Mr S Viji				
	At the beginning of the year	12,25,160	1.10		
	Transfer - 26th February 2019 <sup>§</sup>	-12,25,160	-1.10	-	-
	At the end of the Year			-	-
24	Mr C B Srinivasan (Promoter w.e.f 29.06.2018)				
	At the beginning of the year	9,600	0.01		
	At the end of the Year	-	-	9,600	0.01

<sup>®</sup>Acquisition of shares pursuant to dissolution of Sri T.S. Santhanam Testamentary Trust

<sup>§</sup> Distribution of shares to beneficiaries pursuant to dissolution of Sri T.S. Santhanam Testamentary Trust - 26.02.2019

**(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 Axis Mutual Fund A/C				
	At the beginning of the year	40,27,688	3.63		
	Sale:				
	11-May-18	-7210	-0.01	40,20,478	3.62
	Purchase:				
	25-May-18	99,986	0.09	41,20,464	3.71
	01-Jun-18	4,494	0.00	41,24,958	3.71
	08-Jun-18	1,00,000	0.09	42,24,958	3.80
	Sale:				
	08-Jun-18	-4,503	0.00	42,20,455	3.80
	15-Jun-18	-1,550	0.00	42,18,905	3.80
	Purchase:				
	13-Jul-18	14,000	0.01	42,32,905	3.81
	Sale:				
	20-Jul-18	-526	0.00	42,32,379	3.81
	27-Jul-18	-5,930	-0.01	42,26,449	3.80
	Purchase:				
	07-Sep-18	71,886	0.06	42,98,335	3.87
	21-Sep-18	50,000	0.05	43,48,335	3.91
	Sale:				
	21-Sep-18	-39,964	-0.04	43,08,371	3.88
	Purchase:				
	28-Sep-18	19,817	0.02	43,28,188	3.90
Sale:					
28-Sep-18	-411	0.00	43,27,777	3.90	
Sale:					
23-Nov-18	-25,000	-0.02	43,02,777	3.87	
Purchase:					
30-Nov-18	57,000	0.05	43,59,777	3.92	
Sale:					
30-Nov-18	-65,876	-0.06	42,93,901	3.86	
Purchase:					
07-Dec-18	84,500	0.08	43,78,401	3.94	

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:				
	07-Dec-18	-86,598	-0.08	42,91,803	3.86
	Purchase:				
	14-Dec-18	3,720	0.00	42,95,523	3.87
	Sale:				
	14-Dec-18	-1,968	0.00	42,93,555	3.86
	Purchase:				
	21-Dec-18	1,02,000	0.09	43,95,555	3.96
	Sale:				
	21-Dec-18	-1,869	0.00	43,93,686	3.95
	Purchase:				
	11-Jan-19	72,595	0.07	44,66,281	4.02
	25-Jan-19	2,010	0.00	44,68,291	4.02
	Purchase:				
	12-Feb-19	85,097	0.08	45,53,388	4.10
	15-Feb-19	7,000	0.01	45,60,388	4.10
	22-Feb-19	55,418	0.05	46,15,806	4.15
	Purchase:				
	01-Mar-19	2,48,688	0.22	48,64,494	4.38
	08-Mar-19	1,17,000	0.11	49,81,494	4.48
	Sale:				
	08-Mar-19	-106	0.00	49,81,388	4.48
	15-Mar-19	-14,020	-0.01	49,67,368	4.47
	22-Mar-19	-57,000	-0.05	49,10,368	4.42
	At the end of the Year		0.00	49,10,368	4.42
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	Pari Washington India Master Fund, Ltd.				
	At the beginning of the year	1,12,7296	1.01		
	Purchase:				
	01-Jun-18	1,60,000	0.14	12,87,296	1.16

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
	13-Jul-18	2,42,500	0.22	15,29,796	1.38
	03-Aug-18	85,900	0.08	16,15,696	1.45
	05-Oct-18	1,10,000	0.10	17,25,696	1.55
	04-Jan-19	1,75,498	0.16	19,01,194	1.71
	At the end of the Year			19,01,194	1.71
5	Hdfc Standard Life Insurance Company Limited				
	At the beginning of the year	10,82,662	0.97		
	Purchase:				
	06-Apr-18	78,215	0.07	11,60,877	1.04
	13-Apr-18	1,54,250	0.14	13,15,127	1.18
	27-Apr-18	71,785	0.06	13,86,912	1.25
	25-May-18	767	0.00	13,87,679	1.25
	Sale:				
	01-Jun-18	-540	0.00	13,87,139	1.25
	08-Jun-18	-162	0.00	13,86,977	1.25
	Purchase:				
	22-Jun-18	3,829	0.00	13,90,806	1.25
	29-Jun-18	25,084	0.02	14,15,890	1.27
	06-Jul-18	744	0.00	14,16,634	1.28
	13-Jul-18	24,172	0.02	14,40,806	1.30
	20-Jul-18	28,298	0.03	14,69,104	1.32
	27-Jul-18	46,702	0.04	15,15,806	1.36
	03-Aug-18	1,00,000	0.09	16,15,806	1.45
	Sale:				
	24-Aug-18	-355	0.00	16,15,451	1.45
	07-Sep-18	-20,266	-0.02	15,95,185	1.44
	Purchase:				
	28-Sep-18	1,164	0.00	15,96,349	1.44
	05-Oct-18	42,657	0.04	16,39,006	1.48
	12-Oct-18	51,586	0.05	16,90,592	1.52
	Sale:				
	19-Oct-18	-77	0.00	16,90,515	1.52
	Purchase:				
	26-Oct-18	60	0.00	16,90,575	1.52
	02-Nov-18	7,869	0.01	16,98,444	1.53
	09-Nov-18	10	0.00	16,98,454	1.53

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
	16-Nov-18	33	0.00	16,98,487	1.53
	23-Nov-18	1,660	0.00	17,00,147	1.53
	30-Nov-18	50,143	0.05	17,50,290	1.58
	14-Dec-18	25,033	0.02	17,75,323	1.60
	21-Dec-18	4	0.00	17,75,327	1.60
	28-Dec-18	4	0.00	17,75,331	1.60
	04-Jan-19	21,792	0.02	17,97,123	1.62
	11-Jan-19	3,239	0.00	18,00,362	1.62
	18-Jan-19	10	0.00	18,00,372	1.62
	Sale:				
	25-Jan-19	-6,952	-0.01	17,93,420	1.61
	01-Feb-19	-82,355	-0.07	17,11,065	1.54
	15-Feb-19	-4,802	0.00	17,06,263	1.54
	22-Feb-19	-7,834	-0.01	16,98,429	1.53
	01-Mar-19	-56,005	-0.05	16,42,424	1.48
	Purchase:				
	08-Mar-19	8,643	0.01	16,51,067	1.49
	15-Mar-19	12,674	0.01	16,63,741	1.50
	22-Mar-19	32,836	0.03	16,96,577	1.53
	29-Mar-19	39,125	0.04	17,35,702	1.56
	At the end of the Year			17,35,702	1.56
6	United India Insurance Company Limited				
	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	Icici Prudential Mutual Fund				
	At the beginning of the year	25,50,988	2.30		
	Sale:				
	06-Apr-18	-15,353	-0.01	25,35,635	2.28
	13-Apr-18	-2,258	0.00	25,33,377	2.28
	20-Apr-18	-888	0.00	25,32,489	2.28
	27-Apr-18	-5,04,054	-0.45	20,28,435	1.83
	04-May-18	-45,783	-0.04	19,82,652	1.78
	25-May-18	-74,979	-0.07	19,07,673	1.72
	01-Jun-18	-26,264	-0.02	18,81,409	1.69



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
	08-Jun-18	-1,13,465	-0.10	17,67,944	1.59
	15-Jun-18	-1,08,376	-0.10	16,59,568	1.49
	22-Jun-18	-1,00,225	-0.09	15,59,343	1.40
	29-Jun-18	-21,729	-0.02	15,37,614	1.38
	05-Jul-18	-59,917	-0.05	14,77,697	1.33
	06-Jul-18	-26,914	-0.02	14,50,783	1.31
	13-Jul-18	-5,427	0.00	14,45,356	1.30
	20-Jul-18	-5,806	-0.01	14,39,550	1.30
	27-Jul-18	-1,220	0.00	143,8,330	1.29
	03-Aug-18	-36,934	-0.03	14,01,396	1.26
	10-Aug-18	-16,475	-0.01	13,84,921	1.25
	17-Aug-18	-6,049	-0.01	13,78,872	1.24
	24-Aug-18	-3,898	0.00	13,74,974	1.24
	Purchase:				
	05-Oct-18	15,169	0.01	13,90,143	1.25
	12-Oct-18	25,337	0.02	14,15,480	1.27
	Sale:				
	02-Nov-18	-9,736	0.01	14,05,744	1.27
	09-Nov-18	-1,058	0.00	14,04,686	1.26
	16-Nov-18	-2,509	0.00	14,02,177	1.26
	23-Nov-18	-208	0.00	14,01,969	1.26
	07-Dec-18	-2,065	0.00	13,99,904	1.26
	14-Dec-18	-8,111	0.01	13,91,793	1.25
	Purchase:				
	18-Jan-19	2,564	0.00	13,94,357	1.26
	01-Feb-19	39,895	0.04	14,34,252	1.29
	Sale:				
	15-Feb-19	-580	0.00	14,33,672	1.29
	At the end of the Year			14,33,672	1.29
8	Tata Mutual Fund				
	At the beginning of the year	—	—		
	Purchase:				
	30-Nov-18	4,27,000	0.38	4,27,000	0.38
	07-Dec-18	1,90,000	0.17	6,17,000	0.56
	14-Dec-18	1,22,746	0.11	7,39,746	0.67

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
	13-Jul-18	1,65,000	0.15	9,04,746	0.81
	11-Jan-19	50,000	0.05	9,54,746	0.86
	08-Feb-19	1,00,000	0.09	10,54,746	0.95
	15-Mar-19	17,000	0.02	10,71,746	0.96
	15-Mar-19	33,000	0.03	11,04,746	0.99
	At the end of the Year			11,04,746	0.99
9	Sundaram Finance Employees Welfare Trust				
	At the beginning of the year	9,79,510	0.88		
	Transfer:				
	15 June 2018	-18,550	-0.02	9,60,960	0.86
	At the end of the Year			9,60,960	0.86
10	Franklin Templeton Mutual Fund A/C Franklin India Prima Fund (New Top 10)				
	At the beginning of the year	4,81,866	4.34		
	Purchase:				
	01-Jun-18	42,361	0.04	5,24,227	0.47
	08-Jun-18	24,831	0.02	5,49,058	0.49
	05-Jul-18	2,20,000	0.20	7,69,058	0.69
	12-Oct-18	25,000	0.02	7,94,058	0.71
	At the end of the Year			7,94,058	0.71
11	SBI Magnum Fund				
	At the beginning of the year	17,95,204	1.62		
	Sale:				
	06-Apr-18	-50,000	-0.05	17,45,204	1.57
	13-Apr-18	-1,00,000	-0.09	16,45,204	1.48
	20-Apr-18	-1,45,204	-0.13	15,00,000	1.35
	31-Aug-18	-61,478	-0.06	14,38,522	1.29
	21-Sep-18	-2,22,833	-0.20	12,15,689	1.09
	30-Nov-18	-5,77,674	-0.52	6,38,015	0.57
	07-Dec-18	-70,000	-0.06	5,68,015	0.51
	14-Dec-18	-1,16,547	-0.10	4,51,468	0.41
	21-Dec-18	-1,05,998	-0.10	3,45,470	0.31
	04-Jan-19	-1,04,815	-0.09	2,40,655	0.22
	25-Jan-19	-40,000	-0.04	2,00,655	0.18
	12-Feb-19	-59,513	-0.05	1,41,142	0.13
	15-Feb-19	-1,41,142	-0.13	0	0.00
	At the end of the Year			0	0.00

**(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 Karta of HUF	–	–		
	(iii) held jointly with others	6,09,896	0.55		
	(iv) held as Executor / Trustee*	12,25,160	1.10		
	Date wise Increase / Decrease				
Transfer - 26th February 2019 <sup>§</sup>	-12,25,160	-1.10	–	–	
At the end of the Year					
(i) held individually			5,06,788	0.46	
(ii) held as Karta of HUF			–	–	
(iii) held jointly with others			6,09,896	0.55	
(iv) held as Executor / Trustee			–	–	
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	–		
	held jointly with others				
Date wise Increase / Decrease	–	–			
At the end of the Year			3,200	–	
6	Sri S Prasad				
	At the beginning of the year - held jointly with others	12,600	0.01		
	Date wise Increase / Decrease	–	–		
	Transmission - 14-Sep 2018	-12,600	-0.01		
	At the end of the Year				
(i) held individually			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	85,622	0.08		
	Date wise Increase / Decrease	–	–		
Transmission - 29-June-2018	3,04,320	0.27	6,94,240		

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

<sup>§</sup> Distribution of shares to beneficiaries pursuant to dissolution of Sri T.S. Santhanam Testamentary Trust - 26.02.2019

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
	Inter se Transfer - 26-Sep-2018	50,720		1,36,342	
	Inter se Transfer - 26-Sep-2018	-2,02,880		4,91,360	0.44
	At the end of the Year				
	(i) held individually			4,91,360	0.44
	(ii) held jointly with others			1,36,342	0.12
8	Ms Shobhana Ramachandhran				
	At the beginning of the year - held individually	3,44,720	0.31		
	Date wise Increase / Decrease	-	-		
	Sale - 04-Sep-2019	-42,720	-0.04	3,02,000	
	At the end of the Year			3,02,000	0.27
9	Sri Rajiv C Lochan	-	-		
	At the beginning of the year (since 25th November 2016)	-	-		
	Date wise Increase / Decrease	-	-		
	At the end of the Year			-	-
10	Sri T T Srinivasaraghavan, Managing Director				
	At the beginning of the year				
	(i) held as Karta of HUF	1,23,192	0.11		
	(ii) held jointly with others	3,26,376	0.29		
	(iii) held as Executor / Trustee	1,10,000	0.10		
	Date wise Increase / Decrease	-	-		
	At the end of the Year				
	(i) held as Karta of HUF			1,23,192	0.11
	(ii) held jointly with others			3,26,376	0.29
	(iii) held as Executor / Trustee			1,10,000	0.10
11	Sri Harsha Viji, Deputy Managing Director				
	At the beginning of the year				
	(i) held individually	13,66,068	1.23		
	(ii) held jointly with others	3,156	-		
	Date wise Increase / Decrease	-	-		
	Acquisition - 26th February 2019 <sup>®</sup>	3,25,636	0.29	16,94,860	
	At the end of the Year				
	(i) held individually			16,91,704	1.52
	(ii) held jointly with others			3,156	-
12	Sri A N Raju, Director (Operations)				
	At the beginning of the year (since 1st June 2014) - held jointly with others	30,028	0.03		
	Exercise of ESOP -15th June 2018	2,500	0.00	32,528	0.03
	At the end of the Year			32,528	0.03
13	Sri M Ramaswamy, Chief Financial Officer				
	At the beginning of the year - held individually	25,902	0.02		
	Exercise of ESOP -15th June 2018	2,500	0.00	28,402	0.03
	At the end of the Year			28,402	0.03
14	Sri P Viswanathan, Secretary & Compliance Officer				
	At the beginning of the year				
	(i) held individually	4,483	0.00		
	(ii) held jointly with others	35,508	0.03		
	Exercise of ESOP -15th June 2018	2,000	-	41,991	0.03
	At the end of the Year				
	(i) held individually			4,483	0.00
	(ii) held jointly with others			37,508	0.03

<sup>®</sup>Acquisition of shares pursuant to dissolution of Sri T.S. Santhanam Testamentary Trust

## V. INDEBTEDNESS

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

(₹ in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans *	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	14025,18.47	4059,53.10	2499,32.27	20584,03.84
(ii) Interest due but not paid	–	–	–	–
(iii) Interest accrued but not due	370,51.10	74,84.74	117,67.72	563,03.56
<b>Total (i + ii + iii)</b>	<b>14395,69.57</b>	<b>4134,37.84</b>	<b>2616,99.99</b>	<b>21147,07.40</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	13296,60.75	14394,24.77	708,67.62	28399,53.15
Reduction	9216,16.21	15063,00.00	225,68.42	24504,84.63
<b>Net Change</b>	<b>4080,44.54</b>	<b>(668,75.23)</b>	<b>482,99.20</b>	<b>3894,68.52</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	18117,92.08	3387,95.16	2975,16.31	24481,03.56
(ii) Interest due but not paid	–	–	–	–
(iii) Interest accrued but not due	358,22.03	77,67.45	124,82.88	560,72.36
<b>Total (i + ii + iii)</b>	<b>18476,14.11</b>	<b>3465,62.61</b>	<b>3099,99.19</b>	<b>25041,75.92</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				
(a)	Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961	1,50.07	1,12.12	81.94	3,44.13
(b)	Value of perquisites u/s 17 (2) of the Income-tax Act, 1961	2.96	2.40	0.53	5.89
(c)	Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961	–	–	–	–
2	Stock Option	–	–	47.01	47.01
3	Sweat Equity	–	–	–	–
4	Commission	3,25.00	2,40.00	1,25.00	6,90.00
	- as % of profit	0.35%	0.26%	0.14%	
	- others, specify	–	–	–	–
5	Contributions to Provident, Superannuation and Gratuity Funds	13.11	11.09	10.07	–
	<b>Total (I)</b>	<b>4,91.14</b>	<b>3,80.62</b>	<b>2,79.55</b>	<b>11,51.31</b>
	Ceiling as per the Act (10% of Net Profits)				92,23.37

**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	0	10.10
Sri P N Venkatachalam	3.85	12.00	0	15.85
Sri S Mahalingam	2.60	12.00	0	14.60
Sri S Prasad	5.80	15.00	0	20.80
Ms Shobhana Ramachandhran	4.80	12.00	0	16.80
Sri Rajiv C Lochan	3.10	12.00	0	15.10
Total (II)				93.25
<b>Other Non-Executive Directors:</b>				
Sri S Viji	2.50	8.00	0	10.50
Sri S Ram	2.50	8.00	0	10.50
Sri S Ravindran	4.95	12.00	0	16.95
Total (III)				37.95
<b>Total Managerial Remuneration (I)+(II)+(III)</b>				<b>12,52.51</b>
<b>Overall Ceiling as per the Act (11% of Net Profits)</b>				<b>101,45.70</b>

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Sri P Viswanathan, Company Secretary	Sri M Ramaswamy, CFO	Total
1	Gross Salary			
(a)	Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961	62.75	82.29	1,45.04
(b)	Value of perquisites u/s 17 (2) of the Income-tax Act, 1961	0.44	0.32	0.76
(c)	Profits in lieu of salary under Section 17 (3) of the Income-tax Act, 1961	–	–	–
2	Stock Option	37.61	47.01	84.62
3	Sweat Equity	–	–	–
4	Commission	25.00	70.00	95.00
	- as % of profit	0.03%	0.08%	–
	- others, specify	–	–	–
5	Contributions to Provident, Superannuation and Gratuity Funds	6.24	7.85	14.09
	<b>Total</b>	<b>1,32.04</b>	<b>2,07.48</b>	<b>3,39.52</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 2019.

## 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	4022.53	2499.32	21147.07	28647.92	913.33	563.44	120.00	133.32
2018-19	111.10	4932.71	2975.16	25041.76	33446.71	1541.68	1126.31 <sup>*</sup>	175.00 <sup>@</sup>	194.43

<sup>#</sup> includes net proceeds from SFL Shares Trust of ₹256.56 cr.

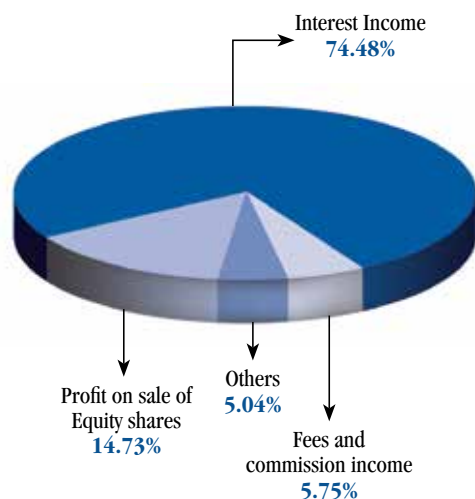
<sup>\*</sup> includes an amount of ₹522 cr. towards exceptional income on account of sale of shares in Royal Sundaram

<sup>@</sup> includes Special Dividend of 50%

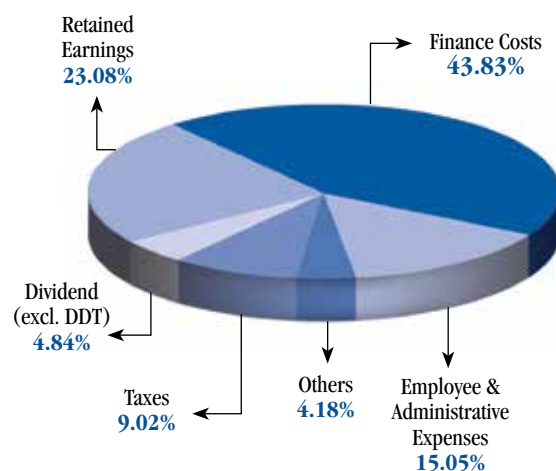
### Sources and Distribution of Income (2018-19)

₹4021.05 Cr.

#### SOURCES



#### DISTRIBUTION



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# Independent Auditors' Report

To the members of Sundaram Finance Limited, Chennai for the year ended 31st March, 2019

**To the members of Sundaram Finance Limited, Chennai**

## **Report on Standalone Financial Statements**

### **Opinion**

We have audited the accompanying standalone financial statements of Sundaram Finance Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss, (including other comprehensive income) the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("The Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing ("SA") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Adoption of New Accounting framework (Ind AS)</b></p> <p>Effective 1st April 2018, the Company adopted the Indian Accounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs with the transition date of 1st April 2017.</p> <p>The following are the major impact areas for the Company upon transition:</p> <ul style="list-style-type: none"> <li>- Classification and measurement of Financial Assets and Financial Liabilities</li> <li>- Measurement of Loan losses (expected credit losses)</li> <li>- Accounting for Securitization and Assignment</li> <li>- Accounting for Loan Fees and Costs</li> <li>- Accounting for Employee stock options</li> <li>- Accounting for Derivative instruments</li> </ul> <p>The migration to the new accounting framework (Ind AS) is a process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date. We identified transition date accounting as a Key Audit Matter because of significant degree of management judgment and application on the areas noted above.</p>	<ul style="list-style-type: none"> <li>• We confirmed the approvals of Audit Committee for the choices and exemptions made by the Company for compliance/acceptability under IND AS 101.</li> <li>• Evaluated management's transition date choices and exemptions for compliance/acceptability under Ind AS 101.</li> <li>• Understood, the methodology implemented by management to give impact on the transition and assessed the accuracy of the computations.</li> </ul> <p>We confirm the accuracy of accounting and adequacy of disclosures in the Financial statements.</p>
<p><b>Impairment Loss Allowance</b></p> <p>Management's judgements in the calculation of impairment allowances have significant impact on the financial statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with implementation of Expected Credit Loss ("ECL") approach starting from 1st April 2017 as required by Ind AS 109 relating to "Financial instruments." Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorisation of the individual asset.</p> <p>The key areas of judgement include:</p> <ol style="list-style-type: none"> <li>1. Categorisation of loans in Stage 1, 2 and 3 based on identification of: <ul style="list-style-type: none"> <li>(a) exposures with significant increase in credit risk since their origination and</li> <li>(b) Individually impaired / default exposures.</li> </ul> </li> <li>2. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate an ECL based on past experience.</li> <li>3. The impact of different future macroeconomic conditions in the determination of ECL.</li> </ol> <p>These judgements required new models to be built and implemented to measure the expected credit losses on certain financial assets measured at amortised cost. Management has made a number of interpretations and assumptions when designing and implementing models that are compliant with the new standard.</p> <p>The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions. Given the significance of judgements and the high complexity related particularly to the calculation of ECL we considered this area as a Key Audit Matter.</p>	<ul style="list-style-type: none"> <li>• We obtained an understanding of management's assessment of impairment of loans and advances including the Ind AS 109 implementation process, internal rating model, impairment allowance policy and ECL modelling methodology.</li> <li>• We assessed the design and implementation, and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions</li> <li>• We also assessed the approach of the Company for categorisation of the loans in various stages reflecting the inherent risk in the respective loans.</li> <li>• For a sample of financial assets, we tested the correctness of Staging, reasonableness of PD, accuracy of LGD and ECL computation.</li> </ul> <p>As a result of the above audit procedures no material differences were noted.</p> <p>We confirm the adequacy of disclosures made in the Financial statements.</p>

<b><i>Key Audit Matter</i></b>	<b><i>How our audit addressed the key audit matter</i></b>
<p><b>Divestment of shares</b></p> <p>During the year the Company has divested 25.90% of its share in Royal Sundaram General Insurance Company Limited.</p> <p>We considered the accounting treatment in the financial statements of this event as a Key Audit Matter because of its size and the judgment required in calculating some of the amounts included in the profit on divestment of shares</p>	<p>We verified the Profit on disposal by reconciling the consideration to the Share Purchase Agreement (SPA), bank accounts and by verifying the investments disposed to underlying accounting records.</p> <p>In addition we verified whether the Profit on disposal was calculated in accordance with the relevant clauses of the SPA.</p> <p>We confirm the accuracy of accounting and adequacy of disclosures in the Financial statements.</p>
<p><b>Fair Value of Unquoted Equity Investments (Other than Investments in Subsidiaries and Joint Ventures)</b></p> <p>Investment in Unquoted equity shares are measured at Fair value.</p> <p>The Fair value of these financial assets involved management's judgement because these securities are not traded in an active market.</p> <p>As per Ind AS 109, Cost has been considered as the best estimate of Fair value by the Management.</p> <p>Since this valuation is a Level 3 type of valuation in accordance with Ind AS 113 Fair Value Measurement where one or more significant inputs to the fair value measurement is unobservable .</p> <p>Accordingly this item is considered to be a Key Audit Matter due to significant judgments associated with estimating the fair value of investment.</p>	<p>We discussed with management the basis used in determining the fair value and evaluated the appropriateness of the valuation methodologies used by management and compared it to industry norms and the requirements in Ind AS.</p> <p>We confirm the adequacy of the disclosures made in the Financial statements.</p>
<p><b>Impairment testing of investments in Subsidiaries /Joint Ventures:</b></p> <p>Impairment testing of investments in Subsidiaries/Joint venture is considered as a Key Audit Matter since impairment of these investments may have an impact on the equity of the Company.</p> <p>Testing for impairment depends on the future results of the companies concerned. In addition, there is significant scope for judgement in determining the assumptions underlying forecast results of the entities.</p>	<p>We compared the book value of the investments in the year under review with their prorata share of the respective company's equity based on their financials, evaluated the internal sources and external sources of information to identify impairment indications, if any.</p> <p>Where indicators of impairment have been identified, assessing the reasonableness of the recoverable amount of each of the relevant subsidiaries and joint ventures, obtained an understanding from management of their financial position and future prospects.</p> <p>The same has been evaluated and appropriately dealt in the books of accounts.</p> <p>Based on the audit procedures performed, we found the key judgements and assumptions used in the impairment identification and assessments were duly supported by the available evidence.</p>

<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>IT Systems and Controls</b></p> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems,</p> <p>We have considered this as Key Audit Matter as any control lapses, Validation failures, incorrect input data and wrong extraction of data may result in the financial accounting and reporting records being misstated.</p> <p>We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p>	<p>We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.</p> <p>We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.</p> <p>Reliance was also placed on the System Audit report of the Company.</p> <p>Based on our review no weakness was found in the IT Systems and Controls.</p>

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for other information. The other information comprises the information included in the financial highlights, board's report, corporate governance report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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 including other comprehensive income, changes in equity 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 the Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

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## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. 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 "Annexure A" to this Report, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
2. 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, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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) As regards Managerial Remuneration paid to Directors, refer to note no. xi of "Annexure A" to this Report.
  - (h) 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 impact of pending litigations on its financial position in its financial statements – refer note no. 39.04 to the financial statements.
    - 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 no. 39.11 of the Notes to Accounts. The derivative contracts being in the nature of the 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.

Place: Chennai

Date : 30th May 2019

For **Sundaram & Srinivasan**  
Chartered Accountants  
Firm Registration. No. 004207S  
K.Srinivasan  
Partner  
Membership Number : 005809

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## **ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SUNDARAM FINANCE LIMITED, CHENNAI**

**Annexure A referred to in our report under "Report on Other Legal and Regulatory Requirements Para 1" of even date on the accounts for the year ended 31st March 2019**

- 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 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 does not have any inventory and hence reporting under this clause 3(ii) is not applicable.
- iii. 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 the loan are not prejudicial to the Company's interest;  
(b) The repayment of principal and payment of interest has been stipulated and the repayment and receipts are regular;  
(c) The amounts are not overdue.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 in respect of loans granted, investments made, guarantees given and securities provided, wherever applicable.
- v. 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 deposits accepted from the public.
- vi. The Central Government has not prescribed the maintenance of cost records for the Company u/s. 148(1) of the Companies Act, 2013.
- vii. (a) In our opinion and according to the information and explanation given to us, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues have been regularly deposited during the year with 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 2019 for a period of more than six months from the date they become payable.

(b) According to records of the Company and the information and explanation given to us, the details of disputed Value Added Tax, Service Tax and Income Tax not deposited are as follows:

Nature of dues	Amount in ₹ lakhs	Period to which the amount relates	Forum where the dispute is pending
Value Added Tax	1,30.09	1993-94 to 2013-14	Assistant / Deputy / Joint Commissioner (Appeals)
	32.02	1995-96 to 2011-12	Tribunal
	6,42.29	1998-99 to 2004-05	High Court
Service Tax	31,96.37	2014-15 to June 2017	CESTAT
	16,77.00	2005-06 to 2013-14	Supreme Court
Income Tax	45,43.20	2016-2017	Commissioner of Income Tax (Appeals)

- viii. The Company has not defaulted in the repayment of dues to financial institution, banks, Government or debenture holders.
- ix. (a) The Company has not raised any money by the way of initial public offer or further public offer (including debt instruments) during the year. Hence reporting on utilization of such money does not arise; and  
(b) The term loans were applied for the purposes for which the loans were obtained.
- x. 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 or material fraud on the Company by its employees or officers were noticed during the course of our audit.
- xi. The Company has paid / provided for managerial remuneration within limits of section 197 read with schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations furnished to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013.  
The details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under section 42 of the Companies Act, 2013.
- xv. 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 any non-cash transactions with Directors or persons connected with them.
- xvi. The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and has obtained registration.

Place: Chennai  
Date : 30th May 2019

**For Sundaram & Srinivasan**  
Chartered Accountants  
Firm Registration. No. 004207S  
K.Srinivasan  
Partner  
Membership Number : 005809



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## **ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SUNDARAM FINANCE LIMITED, CHENNAI**

### **Report on the Internal Financial Controls with reference to Financial Statements 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, 2019 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, 2019, 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.

Place: Chennai

Date : 30.05.2019

For **Sundaram & Srinivasan**

Chartered Accountants

Firm Registration. No. 004207S

K.Srinivasan

Partner

Membership Number : 005809

# Balance Sheet

## as at 31st March, 2019

(₹ in lakhs)

	Note	March 31, 2019	March 31, 2018	April 01, 2017
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	7	129,78.52	126,39.56	90,70.62
Bank Balances	8	708,84.47	855,70.36	660,40.53
Derivative financial instruments	9	72,79.83	-	-
Receivables	10			
(I) Trade receivables		17,44.88	19,76.28	11,84.38
(II) Other receivables		11.95	13.16	4,37.73
Loans	11	27271,48.03	22002,99.64	15609,92.39
Investments	12	1866,32.98	2206,80.00	1686,22.01
Other Financial assets	13	12,67.69	11,16.59	8,96.04
<b>Non-Financial Assets</b>				
Current tax assets (Net)		118,26.62	173,42.04	156,42.13
Deferred tax assets (Net)	14	80,11.44	53,70.73	65,77.80
Investment Property	15	79,66.60	70,91.14	71,23.93
Property, Plant and Equipment	16	213,51.77	216,40.02	266,36.30
Intangible assets under development	17	-	20.94	98.74
Other intangible assets	17	11,90.88	6,62.63	9,43.07
Other non-financial assets	18	66,22.04	66,46.63	52,73.53
<b>Total Assets</b>		<b><u>30649,17.70</u></b>	<b><u>25810,69.72</u></b>	<b><u>18695,39.20</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Financial Liabilities</b>				
Derivative financial instruments	9	-	13,78.55	49,38.51
Payables	19			
(I) Trade Payables				
i) Total outstanding dues of micro enterprises and small enterprises		85.84	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		94,28.41	65,21.50	69,28.28
(II) Other Payables				
i) Total outstanding dues of micro enterprises and small enterprises		-	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		8,42.93	8,01.05	107,87.68
Debt securities	20	10479,53.29	9244,85.76	9573,94.19
Borrowings (Other than debt securities)	21	9737,06.76	7690,32.34	1305,41.54
Deposits	22	3064,03.94	2579,08.80	2484,44.77
Subordinated liabilities	23	1725,16.68	1594,89.32	892,88.33
Other financial liabilities	24	421,52.63	401,67.98	516,39.99
<b>Non-Financial Liabilities</b>				
Provisions	25	51,36.08	62,69.06	32,46.39
Other non-financial liabilities	26	23,10.08	16,52.24	12,58.05
<b>Equity</b>				
Equity share capital	27	111,10.39	111,10.39	111,10.39
Other equity (Refer Statement of Changes in equity)		4932,70.67	4022,52.73	3539,61.08
<b>Total Liabilities and Equity</b>		<b><u>30649,17.70</u></b>	<b><u>25810,69.72</u></b>	<b><u>18695,39.20</u></b>

Significant Accounting policies and Impact of First time adoption of Ind AS  
Balance Sheet, Statement Profit and Loss and other disclosures

1-6  
7-47

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 : 30th May, 2019

**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, 2019

(₹ in lakhs)

Particulars	Note	2018-19	2017-18
<b>Revenue from operations</b>			
Interest Income	28	2937,88.12	2393,69.13
Lease Rental income (Net)		57,08.83	74,80.53
Fees and Commission Income	29	231,02.32	214,83.95
Dividend Income		33,04.86	26,34.88
Income from other Services		23,55.09	25,18.38
Recovery of Bad debts		21,72.26	18,67.25
Net gain on fair value changes	30	87,19.05	43,50.66
Net gain on derecognition of financial instruments under amortised cost category		6,10.61	9,22.40
<b>Total Revenue from operations</b>		<b>3397,61.14</b>	<b>2806,27.18</b>
Other Income	31	20,55.58	49,12.76
<b>Total Income</b>		<b><u>3418,16.72</u></b>	<b><u>2855,39.94</u></b>
<b>Expenses</b>			
Finance cost	32	1762,50.94	1346,02.27
Employee benefit expenses	33	322,42.51	278,26.46
Administrative & other expenses	34	276,65.73	232,27.33
Depreciation & amortisation		53,96.77	63,61.64
Impairment on financial instruments	35	107,33.14	85,50.84
<b>Total expenses</b>		<b><u>2522,89.09</u></b>	<b><u>2005,68.54</u></b>
Profit/(loss) before exceptional items and tax		895,27.63	849,71.40
Exceptional item	44.01	592,43.45	-
<b>Profit/(loss) before tax</b>		1487,71.08	849,71.40
Tax expense	14	361,40.20	286,27.75
Current tax		391,45.90	274,20.68
Deferred tax		(30,05.70)	12,07.07
<b>Profit/(loss) after tax</b>		<b><u>1126,30.88</u></b>	<b><u>563,43.65</u></b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		(6,17.68)	(2,32.09)
(ii) Income tax relating to items that will not be reclassified to profit or loss		2,15.84	81.10
<b>Sub-total (A)</b>		<b>(4,01.84)</b>	<b>(1,50.99)</b>
B (i) Items that will be reclassified to profit or loss			
Fair value change on cashflow hedge		10,44.49	-
(ii) Income tax relating to items that will be reclassified to profit or loss		(3,64.99)	-
<b>Sub-total (B)</b>		<b>6,79.50</b>	<b>-</b>
<b>Other Comprehensive Income (A + B)</b>		<b><u>2,77.66</u></b>	<b><u>(1,50.99)</u></b>
<b>Total Comprehensive Income for the period</b>		<b><u>1129,08.54</u></b>	<b><u>561,92.66</u></b>
<b>Earnings per equity share (on PAT)</b>			
Basic & diluted		101.37	50.71

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 : 30th May, 2019

**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

## Statement of Changes in Equity for the year ended 31st March 2019

### (a) Equity Share Capital (₹ in lakhs)

Particulars	Amount
Balance as at 1st April 2017	111,10.39
Changes in equity share capital during the year	–
Balance as at 31st March, 2018	111,10.39
Changes in equity share capital during the year	–
Balance as at 31st March 2019	111,10.39

### (b) Other equity

(₹ in lakhs)

Particulars	Reserves and Surplus					Other Comprehensive Income	Total
	Capital Reserve	Share Options Outstanding Account	Statutory Reserve	General Reserve	Retained Earnings	Effective portion of cash flow hedge	
<b>Balance as at 01st April 2017</b>	<b>6,59.80</b>	<b>1,66.61</b>	<b>889,83.45</b>	<b>2004,66.08</b>	<b>636,85.14</b>	–	<b>3539,61.08</b>
(A) Profit After tax for the year					563,43.65		563,43.65
(B) <u>Other comprehensive income:</u>							–
Remeasurements of the defined benefit plans					(1,50.99)		(1,50.99)
Fair value change on cashflow hedge						–	–
<b>Total Comprehensive income for the year (A)+(B)</b>	–	–	–	–	561,92.66	–	561,92.66
Dividends (Including dividend distribution tax)					(81,59.51)		(81,59.51)
Options Granted during the year		2,76.13					2,76.13
Cost of shares transferred on exercise of option		(4.93)					(4.93)
Deferred Employee Compensation Cost		(12.70)					(12.70)
Transfer to general reserve		(1,95.00)			(243,39.02)		(245,34.02)
Transfer to Statutory reserve					(106,59.02)		(106,59.02)
Transfer from Share Options Outstanding account				1,95.00			1,95.00
Transfer from Retained earnings			106,59.02	243,39.02			349,98.04
<b>Balance as at 31st March, 2018</b>	<b>6,59.80</b>	<b>2,30.11</b>	<b>996,42.47</b>	<b>2250,00.10</b>	<b>767,20.25</b>	–	<b>4022,52.73</b>
(A) Profit After tax for the year					1126,30.88		1126,30.88
(B) <u>Other comprehensive income:</u>							–
Remeasurements of the defined benefit plans					(4,01.84)		(4,01.84)
Fair value change on cashflow hedge						6,79.50	6,79.50
<b>Total Comprehensive income for the year (A)+(B)</b>	–	–	–	–	1122,29.04	6,79.50	1129,08.54
Dividends (Including dividend distribution tax)					(222,17.54)		(222,17.54)
Options Granted during the year		3,44.72					3,44.72
Cost of shares transferred on exercise of option		(6.35)					(6.35)
Deferred Employee Compensation Cost		(11.43)					(11.43)
Transfer to general reserve		(2,69.79)			(997,30.11)		(999,99.90)
Transfer to Statutory reserve					(225,26.18)		(225,26.18)
Transfer from Share Options Outstanding account				2,69.79			2,69.79
Transfer from Retained earnings			225,26.18	997,30.11			1222,56.29
<b>Balance as at 31st March 2019</b>	<b>6,59.80</b>	<b>2,87.26</b>	<b>1221,68.65</b>	<b>3250,00.00</b>	<b>444,75.46</b>	<b>6,79.50</b>	<b>4932,70.67</b>

Description of nature and purpose of other equity:

- Capital Reserve: Represents reserve created on account of amalgamations and arrangements.
- Share Options Outstanding Account: Represents reserve on grant of option to employees of the company / group company under Employee Stock option Scheme.
- Statutory reserve: Represents reserve created as per Section 45-IC of the Reserve Bank of India Act, 1934.
- General reserve: Represents amount appropriated from retained earnings.

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 : 30th May, 2019

**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

## Cash Flow Statement

(₹ in lakhs)

	2018-19		2017-18	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Profit before tax	1487,71.08		849,71.40	
Add: Finance costs	1762,50.94	3250,22.02	1346,02.27	2195,73.67
Depreciation and Amortisation expense		53,96.77		63,61.64
Impairment on financial instruments		107,33.14		85,50.84
(Gain)/loss on sale of property, plant and equipment		6,66.06		5,54.99
Share-based payment expense		2,47.83		1,85.37
Derivatives MTM		(76,13.89)		(35,59.96)
Exchange loss on foreign currency translations		80,11.55		31,66.29
Fair value adjustment of Investments		(11,05.16)		(7,90.70)
Dividend income		(33,04.86)		(26,34.88)
(Gain) / Loss on disinvestment of shares - Exceptional item		(592,43.45)		-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>2788,10.02</b>		<b>2314,07.26</b>
(Increase)/ Decrease in Leased assets - net of sales	(32,96.04)		3,54.12	
(Increase)/ Decrease in Bank deposits	192,15.72		(306,92.15)	
(Increase)/ Decrease in SLR Investments (net)	(60,61.37)		(26,60.01)	
(Increase)/ Decrease in trade and other receivables	2,36.36		(3,65.72)	
(Increase)/ Decrease in Loans	(5371,10.32)		(6478,22.15)	
(Increase)/ Decrease in Other financial assets	(1,34.19)		(2,20.72)	
(Increase)/ Decrease in Other non-financial assets	31,24.55		(65,39.72)	
Increase/ (Decrease) in trade and other payables	30,34.63		(103,93.41)	
Increase/(Decrease) in financial liabilities	(56,81.02)		(106,51.98)	
Increase/(Decrease) in other non-financial liabilities and provisions	(11,37.43)	(5278,09.11)	31,70.77	(7058,20.97)
Cash generated from Operations		(2489,99.09)		(4744,13.71)
Financial cost	(1423,41.15)		(1074,58.48)	
Direct Taxes Paid	(365,00.00)	(1788,41.15)	(238,00.00)	(1312,58.48)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>		<b>(4278,40.25)</b>		<b>(6056,72.18)</b>

## Cash Flow Statement (Contd.)

	2018-19	2017-18
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase and construction of property, plant and equipment	(26,60.03)	(17,48.35)
Purchase and construction of investment properties	(9,79.10)	–
Purchase and generation of intangible assets	(9,20.50)	(5,24.41)
Purchase of Equity instruments	–	(226,45.50)
Sale of Equity instruments	973,20.84	–
Purchase of other investments	(7549,59.00)	(7046,75.94)
Sale of other investments	7610,25.38	6899,12.17
Proceeds from sale of property, plant and equipment, intangible assets and investment property	6,77.36	3,11.52
Dividend income	33,04.86	26,34.88
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>1028,09.81</b>	<b>(367,35.63)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Debt securities, deposits, sub-ordinated liabilities and other borrowings		
Availment	27980,71.58	28605,05.21
Repayment	(24504,84.64)	(22063,68.95)
Dividend Paid (including dividend distribution tax)	(222,17.54)	(81,59.51)
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>3253,69.40</b>	<b>6459,76.75</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>	<b>3,38.96</b>	<b>35,68.94</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	126,39.56	90,70.62
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	129,78.52	126,39.56
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
AT THE END OF THE YEAR		
Balances with Banks	48,05.28	54,00.78
Cash, Cheques & drafts on hand	81,73.24	72,38.78
	129,78.52	126,39.56

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 : 30th May, 2019

**T T Srinivasaraghavan**  
Managing Director

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**Harsha Viji**  
Deputy Managing Director

**S Prasad**  
Director

**A N Raju**  
Director (Operations)

**P Viswanathan**  
Secretary & Compliance Officer

## NOTES TO THE ACCOUNTS

### General information:

Sundaram Finance Limited ('the Company') is a Public Limited Company incorporated in India with its registered office located at No.21, Patullous Road, Chennai – 600002. The Company is registered as a Non-Banking Finance Company (Deposit taking) with Reserve Bank of India and is primarily engaged in the business of financing of Commercial vehicles, Cars, construction equipment and other vehicles in the retail segment.

The equity shares of the Company are listed on the National Stock Exchange of India Limited.

### SIGNIFICANT ACCOUNTING POLICIES AND IMPACT OF FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS

#### Note 1 : Basis of preparation and presentation

##### 1.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared as a going concern for the first time in accordance with the Indian Accounting Standard ('Ind AS'), notified under section 133 of the Companies Act, 2013 read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendments Rules, 2016 issued by the Ministry of Corporate Affairs (MCA). The financial statements of the previous year ended 31st March 2018 which was previously prepared in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with para 7 of the Companies (Accounts) rules 2014 (herein referred to as Previous GAAP) have been now restated as per Ind AS to provide comparability. The date of transition to Ind AS being 1st April 2017, the financial statements for the year ended 31st March 2017 prepared under Previous GAAP has now been restated as per Ind AS as on 01st April 2017.

In addition, the guidance notes and announcements issued by the Institute of Chartered Accountants of India are also applied, except where the compliance with other statutory provisions requires different treatment.

All the amounts included in Standalone Financial Statements are reported in Indian Rupees (₹) and all values are rounded off to the nearest lakhs except where otherwise indicated.

##### 1.2 ACCOUNTING CONVENTION

The Financial Statements have been prepared under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period.

#### Note 2 : Significant Accounting policies

##### 2.1 REVENUE RECOGNITION

As per Ind AS 109, Financial Instruments, Interest income from financial assets is recognised on an accrual basis using effective interest rate method (EIR). The effective interest rate method is the rate that exactly discounts estimated future cash receipts (including all fees, transaction costs and other premiums or discounts paid or received) through the expected life of the financial instrument to the carrying amount on initial recognition.

For revenue recognition from leasing transactions of the Company, refer Note 2.3 on Leases below.

Effective April 1, 2018, the Company has adopted Ind AS 115 "Revenue from Contract with Customers".

Revenue is recognised upon transfer of control of promised services to customer in an amount that reflects the consideration we expect to receive as per the agreement with the customer.

Where the performance obligation is satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, revenue is recognised as per the percentage of completion method.

The Company has applied revenue recognition criteria for each distinct performance obligation in relation to service income. The transaction price is allocated to each performance obligation based on the standalone selling price.

Dividend income from investments is recognised when the right to receive payment has been established.

##### 2.2 MEASUREMENT OF FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's accounting policies and disclosures require the measurement of financial and non-financial assets and liabilities at fair values. The Company has established policies and procedures with respect to measurement of fair values.



## 2.3 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. Financial instruments also include derivative contracts such as foreign currency forward contracts and cross currency swaps. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

### Financial Assets / Liabilities

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in profit or loss.

Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities that are measured at amortised cost are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

### Classification and subsequent measurement

The Company classifies its financial assets as subsequently measured at either amortized cost or fair value depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost only if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold them to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

Such Financial assets are subsequently measured at amortised cost using the Effective Interest rate method. Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal and the interest on the principal outstanding. Any financial instrument, which does

not meet the criteria for categorisation as amortized cost or as Fair Value Through Other Comprehensive Income (FVTOCI), is classified as at Fair Value Through P&L (FVTPL). In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit and loss.

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method except for financial liabilities at FVTPL. A financial liability is classified as FVTPL if it is held-for-trading or it is a derivative or it is designated as FVTPL on initial recognition. Interest expense, foreign exchange gains (losses) and any gains and losses on de-recognition are recognised in the profit or loss.

### Equity Investments

The Company accounts for equity investments in subsidiaries, associates and joint ventures at cost less impairment.

All other equity investments are designated at Fair Value Through Other Comprehensive Income (FVTOCI). The fair value changes on the instrument, excluding dividends, are recognised under Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to profit and loss on sale of investment.

### Fair Value Hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - This level includes financial assets that are measured by reference to quoted prices in active markets for identical assets or liabilities.

Level 2 - This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. price) or indirectly (i.e. derived from prices).

Level 3 - This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using



## NOTES TO THE ACCOUNTS (Contd.)

a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

### Impairment of Financial Assets

The Company applies the Expected Credit Loss (ECL) model for recognising impairment losses on financial assets.

12 months ECL represents the expected default events on the financial asset that are possible within 12 months after the reporting date.

Where the credit risk on the financial assets has not increased significantly since initial recognition, the loss is measured at an amount equal to 12 months ECL.

Where the credit risk on the financial assets has increased significantly since initial recognition, the loss is measured at an amount equal to the lifetime expected credit loss.

### Contract Asset and Contract Liability.

Revenue in excess of invoicing is classified as contract assets while invoicing in excess of revenue is classified as contract liability.

Value of contract Asset/liability is determined based on the time spent on each project or on period basis for Annual maintenance contract.

### De-recognition of financial assets and financial liabilities

**Financial asset:** A financial asset or a part thereof is primarily de-recognised when:

The right to receive contractual cash flows from the asset has expired, or

The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains all or substantially all the risks and rewards of the transferred assets, the transferred assets are not de-recognised.

On de-recognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in profit or loss.

**Financial liabilities:** The Company de-recognises a financial liability when its contractual obligations are discharged, cancelled or expired.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## 2.4 LEASES

A lease is classified at the inception of the lease as finance or operating lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

**1. Finance lease (as a lessor):** Amount due from lessees under finance leases are recorded in balance sheet as receivables, being the amount equal to net investment in lease. The net investment in lease is the gross investment in lease less unearned finance income.

The lease income earned are recognised in the profit and loss account based on pattern reflecting constant periodic return on the Company's net investment in lease.

**2. Finance lease (as a lessee) :** The Company recognises finance lease as an asset and liability in the balance sheet, at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are accounted as finance charge in statement of profit and loss.

At the end of every reporting period the Company determines whether the asset has become impaired and provides for impairment loss if necessary.

**3. Operating lease (as a lessor):** Assets leased out on operating lease are recognised as an asset under Property, Plant and Equipment in the balance sheet.

Lease income from operating lease is recognised as income on straight line basis over the lease term. Where

## NOTES TO THE ACCOUNTS (Contd.)

the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

4. **Operating Lease (as a lessee):** Operating lease payments are recognised as expense in the profit & loss Account on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern or the payments to the lessor are structured to increase in line with the expected general inflation.

### 2.5 EMPLOYEE BENEFITS

#### Short term Employee benefits

Short term employee benefits for services rendered by employees are recognised during the period when the services are rendered.

#### Post Employment benefits

##### Defined contribution plans

1. **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.
2. **Employees' Pension Scheme and Employees' State Insurance Scheme:** 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.

##### Defined benefit plans

1. **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.

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements and the change in defined benefit plan asset is split between interest income and re-measurements. Changes due to service cost and net interest cost / income is recognised in the statement of profit and loss.

Re-measurement of the net defined benefit liability/ (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability /asset) are recognised in other comprehensive income.

2. **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 monthly contribution made by the Company is recognised as employee benefit expense in the Statement of Profit and Loss.
3. **Retired Employee Medical scheme:** The Post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

#### Other Long Term Employee Benefits

1. **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.
2. **Employee Assured Bonus Scheme & Sick leave:** The estimated liability in respect of other long term benefits like Employee Assured Bonus Scheme and entitlement of sick leave has been provided based on actuarial valuation.

### 2.6 SHARE BASED PAYMENTS:

**Employee Stock Options :** The Company has an employee stock option scheme in accordance with SEBI guidelines 1999. It recognises the compensation expense relating to share based payments in accordance with Ind AS 102 - Share based payments.

The equity settled share based payments to employees is measured at the fair value of the equity instrument at the grant date.

## NOTES TO THE ACCOUNTS (Contd.)

The fair value determined on the grant date of equity settled share payment is expensed on straight line basis over the vesting period based on Company's estimate of equity instruments that will eventually vest with a corresponding increase in equity. At the end of each financial year, the Company revises its estimate of the number of equity instruments that are expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit and loss in such a way that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity.

The Option carries neither right to Dividend nor voting rights.

### 2.7 INCOME TAXES

Tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

#### Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting

date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are offset only if the Company:

- a) Has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

#### Current and Deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### 2.8 PROPERTY, PLANT AND EQUIPMENT (PPE)

The property plant and equipment are the assets held for the use in the supply of services.

Property, plant and equipment's are stated in the balance sheet at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses.

Cost of acquisition is inclusive of freight, non-refundable duties & taxes and other directly attributable cost of bringing the asset to its working condition for the intended use.

Freehold land is not depreciated.

An item is recognised as property, plant and equipment if and only if it is probable that future economic benefits associated with the item will flow to the Company and its costs can be measured reliably. Subsequent expenditure is added to the carrying amount or recognized as separate asset, when the Company expects future economic benefits from that item.

Depreciation is recognised to write off the cost of assets less their residual values over their useful lives, using the written down value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

## NOTES TO THE ACCOUNTS (Contd.)

Estimated useful lives of the assets, based on technical assessment, which are different in certain cases from those prescribed in Schedule II of the Companies Act 2013, are as follows:

	(in years)				
Assets	Plant and machinery	Computers-End user services	Computers-Servers and Network	Vehicles	Office equipment
Own	15	7	10	5	8
Operating lease	5	3	6	4	—

The property plant and equipment with definite life are reviewed for impairment whenever the events or changes indicate that their carrying value may not be recoverable.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

An item of the property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of the item of property, plant and equipment is determined as the difference between the sale proceeds and carrying amount of the asset and is recognised in profit and loss.

### 2.9 INVESTMENT PROPERTY

Properties held to earn rental income or for capital appreciation or both and that is not occupied by the Company is classified as Investment Property.

It is measured initially at cost of acquisition including transaction costs, borrowing cost and other directly attributable cost in bringing the asset to its working condition for its intended use. Subsequent expenditure is capitalized to the asset carrying amount only when it is probable that the future economic benefit associated with the expenditure will flow to the Company.

The fair value of investment property has been determined by property valuer, having recognised qualifications and experience.

Depreciation is provided on written down value method by adopting useful life of 60 years in the case of Building as prescribed under schedule II to the Companies Act, 2013 after retaining 5% of Original cost as residual value for Buildings.

### 2.10 INTANGIBLE ASSETS

Intangible assets are identified non-monetary assets without physical existence.

Intangible assets with finite useful lives that are acquired separately are capitalized and carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over the estimated useful life of the asset.

Intangible assets are recognised in books only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost can be measured reliably.

The cost of the intangible asset shall include the purchase price, including non-refundable duties and taxes, all the directly attributable costs to bring the intangible to the present location, working condition and intended use.

Intangible assets represent Computer software whose cost is amortized over their expected useful life 2 to 5 years on a straight-line basis.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an assets net selling price and the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

#### Intangible Assets under development

Development expenditure on new products is capitalized as intangible asset if all the following are demonstrated.

- Technical feasibility of completing the asset
- Intention to complete the asset
- The ability to use or sell the asset
- Probability that the intangible asset will generate future economic benefits
- Availability of the adequate technical, financial and other resources to complete the intangible asset
- The ability to measure reliably the expenditure attributable during the development stage

## NOTES TO THE ACCOUNTS (Contd.)

### 2.11 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.

### 2.12 FOREIGN CURRENCY TRANSACTION

Transactions in foreign currency are accounted at the exchange rates prevailing on the date of the transaction. The foreign currency borrowing being a monetary liability is restated to INR (being the functional currency of the Company) at the prevailing rates of exchange at the end of every reporting period with the corresponding exchange gain/loss being recognised in profit or loss. The Company enters into forward exchange contracts, forward rate agreements, coupon only swaps and interest rate swaps. The Company undertakes such transactions for hedging its balance sheet. The foreign currency borrowing and derivative swaps are treated as separate transactions.

The derivatives (swaps, forward rate agreements and forward contracts) are classified at fair value through profit or loss (FVTPL) under Ind AS 109, Financial Instruments with the resultant gain or loss being taken to profit or loss.

### 2.13 DERIVATIVES & HEDGE ACCOUNTING

The Company designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships. These derivatives qualify for hedge accounting and meet the criteria for cash flow hedge. The effective portion of the gain or loss arising on the fair value measurement of the hedging instrument is recognised in other comprehensive income.

### 2.14 DIVIDEND

The final Dividend on shares is recorded as a liability on the date of approval by the Shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors

### 2.15 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby net profit after tax is adjusted for the effects of transactions of non-cash nature, tax and any deferrals or accruals of past or future cash receipts or payments. The cash flows are

prepared for the operating, investing and financing activities of the Company.

### 2.16 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised only when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that it is required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the obligation at the reporting date, considering the risk and uncertainties surrounding the obligation.

#### Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Company (or)

There is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

### 2.17 EARNINGS PER SHARE

The basic earnings per share has been computed by dividing the net income attributable to equity shareholders by weighted average number of shares outstanding during the year.

The diluted earnings per share have been computed using weighted average number of shares adjusted for effects of all potentially dilutive equity shares.

### Note 3 : Approach on exemptions under Ind AS 101 First Time Adoption of Indian Accounting Standards (Ind AS)

#### MANDATORY EXCEPTIONS ADOPTED BY THE COMPANY

The Company has availed the following mandatory exceptions that are provided to the first time adopters.

- 1) De recognition of financial assets and financial liabilities  
The Company has opted to apply the de recognition requirements as per Ind AS 109 prospectively for transactions on or after 1 April 2017.



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## NOTES TO THE ACCOUNTS (Contd.)

### 2) Classification and measurement of Financial assets

The Company has determined the classification of financial assets based on facts and circumstances that existed on the date of transition.

## OPTIONAL EXEMPTIONS AVAILED BY THE COMPANY

The Company has availed the following optional exemptions available to Ind AS upon first time adoption

### 1) Share based payment transaction

The Company has opted to apply the requirements of Ind AS 102 only to the employee stock options that are yet to be vested as at 1 April 2017.

### 2) Leases

The Company has evaluated whether an arrangement existing at the transition date contains a lease on the basis of the facts and circumstances existing on the transition date except where the effect is expected to be immaterial

### 3) Business combination

The Company has elected not to apply Ind AS 103 – Business Combinations retrospectively to past business combinations that occurred before the transition date.

### 4) Deemed cost

The Company has elected to measure its property plant equipment, intangibles and investment property at the previous GAAP carrying amounts as its deemed cost on the date of transition to Ind AS.

### 5) Deemed cost of investment in subsidiaries and associate

The Company has elected to measure its investment in subsidiary and associates at the previous GAAP carrying amounts as its deemed cost on the date of transition to Ind AS.

## CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit and loss. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates. The Company's management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

## Note 4 : Standards issued but not yet effective

The amendments to the standard that are issued but not yet effective up to the date of issuance of the standard are disclosed below. The Company intends to adopt these standards, if applicable as and when it becomes effective.

The Ministry of Corporate Affairs has issued the Companies (Indian Accounting Standard) amendments rules 2019 amending the following standards:

### Ind AS 116 Leases

Ind AS 116 was issued on 30th March 2019, which shall come into force from 1st April 2019. The standard sets out the principle for the recognition, measurement and disclosure of leases. Principles of Ind AS 116 for lessor are substantially same. However, there is significant change in the way a lessee shall account for leases in its books.

It provides that an entity, being a lessee, shall treat almost all leases, except leases for short-term and leases of low value assets, as finance leases. The entity shall recognise a right-of-use asset and a lease liability whenever it takes any asset on lease. The right-of-use asset shall be measured at cost that comprises of initial value of lease liability, lease payments made on or before the commencement of lease, initial direct costs incurred by the entity and an initial estimated cost of dismantling & removing the leased asset and restoring the site on which the asset is located. The lease liability shall be measured at the present value of the lease payments due, using the implicit interest rate in the lease or lessee's incremental borrowing rate.

Subsequently, at each balance sheet date, the right-of-use asset shall be depreciated and lease liability shall be increased by interest amount & decreased by amount paid. The right-of-

## NOTES TO THE ACCOUNTS (Contd.)

use asset may also be measured at revalued amount under revaluation model.

The Company is currently evaluating the impact of the new Lease standard.

### Note 5 : Amendments to the Ind AS notified by Ministry of Corporate Affairs, not yet effective

#### Ind AS 12 Income taxes

The first amendment requires an entity to create a corresponding liability for Dividend Distribution Tax (DDT) when it recognises a liability to pay a dividend. The liability for DDT shall be recorded in statement of profit & loss, other comprehensive income or equity, as the case may be.

The second amendment relates to tax consequence of an item whose tax treatment is uncertain. Tax treatment of an item is considered as uncertain when there is uncertainty whether the relevant taxation authority will accept the tax treatment of that item or not.

If there is uncertainty over tax treatment of an item an entity should predict the resolution of the uncertainty. If it is probable that the taxation authority will accept the tax treatment, there will be no impact on the amount of taxable profits/losses, tax bases, unused tax losses/credits and tax rates. In vice-versa case, the entity shall show the effect of the uncertainty for each uncertain tax treatment on account of related items by using either the most likely outcome or the expected outcome of the uncertainty. The Company is currently evaluating the effect of this amendment.

#### Ind AS 109 Financial Instruments

The amendments notified to Ind AS 109 pertain to classification of a financial instrument with prepayment feature with negative compensation. Negative compensation arises where the terms of the contract of the financial instrument permit the holder to make repayment or permit the lender or issuer to put the instrument to the borrower for repayment before the maturity at an amount less than the unpaid amounts of principal and interest. Earlier, there was no guidance on classification of such instruments.

According to the amendments, these types of instruments can be classified as measured at amortised cost, or measured at fair value through profit or loss, or measured at fair value through other comprehensive income by the lender or issuer if the respective conditions specified under Ind AS 109 are satisfied. The Company is currently evaluating the effect of this amendment.

#### Ind AS 19 “Employee Benefits”

The amendments to Ind AS 19, Employee Benefits relate to effects of plan amendment, curtailment and settlement. When an entity determines the past service cost at the time of plan amendment or curtailment, it shall remeasure the amount of net defined benefit liability/asset using the current value of plan assets and current actuarial assumptions which should reflect the benefits offered under the plan and plan assets before and after the plan amendment, curtailment and settlement.

The Company does not have any impact on account of this amendment.

### Note 6 : Reconciliation between Previous GAAP and Ind AS

#### (i) Equity reconciliation

(₹ in lakhs)

Particulars	Note	31.03.2018	01.04.2017
Equity as per previous GAAP		3970,84.51	3745,62.94
Impact due to Scheme (demerger and merger)		–	(228,72.50)
Adjusted Equity as per previous GAAP		3970,84.51	3516,90.44
On application of Effective Interest Rate method			
Financial assets	(a)	72,19.62	49,67.62
Financial liabilities	(a)	15,15.61	11,41.96
Impact on account of Expected credit loss	(b)	96,71.52	93,95.61
Financial assets / Liabilities measured at Fair value through Profit & Loss	(c)	14,56.65	(11.04)
Impact on recognition of securitised loan portfolio	(d)	1,55.81	
Derecognition of Financial asset	(e)	23,19.50	28,58.74
Others	(f)	2,10.28	1,35.42
Tax impact on above adjustments	(g)	(62,70.38)	(51,07.28)
Equity as per Ind AS		4133,63.12	3650,71.47

## NOTES TO THE ACCOUNTS (Contd.)

### (ii) Total Comprehensive income reconciliation for the year ended 31st March,2018

(₹ in lakhs)

Particulars	Note	Apr-Mar 18
<b>Profit as per previous GAAP</b>		<b>532,95.08</b>
<b>Adjustments increasing/ (decreasing) net profit after tax as reported in the previous GAAP:</b>		
Amortisation of net income under EIR method for financial assets	(a)	22,52.00
Amortisation of expenses under EIR method for financial liabilities	(a)	3,73.65
Application of Expected Credit Loss method for loan loss provisions	(b)	2,75.91
Financial assets / liabilities measured at Fair Value through Profit & Loss	(c)	14,67.69
Impact on recognition of securitised loan portfolio	(d)	1,55.81
Derecognition of Financial asset	(e)	(5,39.24)
Others	(f)	3,06.95
Tax adjustments on above items	(g)	(12,44.20)
<b>Net Profit after tax as per Ind AS</b>		<b>563,43.65</b>
Other Comprehensive income (net of taxes)	(h)	(1,50.99)
<b>Total Comprehensive income as per Ind AS</b>		<b>561,92.66</b>

### (iii) Effect of Ind AS adoption on Cash flow statement for the year ended 31.03.2018

(₹ in lakhs)

Particulars	Note no.	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net Cash flow from operating activities	(a), (c), (d), (e) & (f)	(3340,33.03)	(2716,39.16)	(6056,72.18)
Net Cash flow from investing activities		(367,35.63)		(367,35.63)
Net Cash flow from financing activities	(a), (c), (d), (e)	3743,40.31	2716,36.44	6459,76.75
Effect of foreign exchange rates		(2.71)	2.71	-
Net increase in cash and cash equivalents		35,68.94		35,68.94
Cash and cash equivalents at the beginning of the year		90,70.62		90,70.62
Cash and cash equivalents at the end of the year		126,39.56		126,39.56

### NOTES TO RECONCILIATION BETWEEN PREVIOUS GAAP AND IND AS

- a) Under Ind AS, the income from financial assets are recognised under Effective Interest Rate (EIR) method under which the transaction costs, fee income, etc. have been amortised over the underlying period. Similarly, financial expenses are accounted considering the transaction cost under EIR method. Under Previous GAAP, these were accounted upfront.
- b) Under Ind AS, impairment loss is provided on Financial Assets as per the expected credit loss method prescribed under Ind AS 109, whereas under Previous GAAP the provisioning/ income deferment was made as per the RBI guidelines.
- c) Under Ind AS, certain financial assets are measured at fair value through profit or loss (FVTPL), whereas under Previous GAAP, the same was measured at cost / lower of cost or market value, depending on the instrument.
- d) Under Ind AS, securitisation fails to satisfy the criteria for de-recognition specified under Ind AS 109, whereas under previous GAAP, Securitised assets were derecognised in the books. The Company has opted the above change only for the transactions after 01.04.2017 in line with Ind AS 101.
- e) Under Ind AS, the Profit on Direct assignment transactions are accounted upfront as per Ind AS 109 whereas, under Previous GAAP the profit on assignment were recognised over the tenor of transaction as per RBI guidelines.
- f) Under Ind AS, Rental deposits, lease deposits and loan given to employees at concessional rates are initially measured at Fair value and subsequently accounted under amortization method as per Ind AS 109 whereas as per Previous GAAP, measuring at fair value was not required.
- g) Tax adjustments include deferred tax impact on account of the above differences between previous GAAP and Ind AS.
- h) Under Ind AS, re-measurements i.e Actuarial gains and losses and the return on plan assets, excluding amount included in the net interest expenses on the net defined benefit liability are recognised in Other Comprehensive income instead of profit and loss account as accounted in Previous GAAP.
- The Cumulative impact of the above changes as on the transition date is adjusted against the reserves as on 01.04.2017. The subsequent effect of changes for the financial year 2017-18 is disclosed under profit and loss reconciliation.



## NOTES TO THE ACCOUNTS (Contd.)

### Note 7: Cash and cash equivalents

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
Cash on hand	20,63.98	15,72.87	14,44.12
Balances with Banks	48,05.28	54,00.78	26,27.21
Cheques, drafts on hand	61,09.26	56,65.91	49,99.29
<b>TOTAL</b>	<b>129,78.52</b>	<b>126,39.56</b>	<b>90,70.62</b>

### Note 8: Bank Balance other than specified in Note 7 above

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
Unpaid dividend account	2,77.16	2,25.33	2,44.28
Balances with banks *	706,07.31	853,45.03	657,96.25
<b>TOTAL</b>	<b>708,84.47</b>	<b>855,70.36</b>	<b>660,40.53</b>

\* Bank deposits include,

- ₹611,58.00 lakhs (as on 31.03.2018 ₹601,11.00 lakhs and as on 31.03.2017 ₹499,97.10 lakhs) provided as collateral for assets securitised.
- In accordance with the Reserve Bank of India directives, the company has created a floating charge on the statutory liquid assets comprising bank deposits of ₹36,50.00 lakhs (as on 31.03.2018 ₹12,44.00 lakhs and as on 31.03.2017 ₹121,72.00 lakhs) in favour of trustees representing the deposit holders of the Company.
- A deposit amounting to ₹Nil (as on 31.03.2018 - ₹0.90 lakhs and as on 31.03.2017 - ₹0.90 lakhs) has been provided for legal purposes.

### Note 9 : Derivative Financial Instruments

The details of the outstanding derivative instruments and their fair values are as below;

#### Part I

(₹ in lakhs)

Particulars	31st March 2019			31st March 2018			1st April 2017		
	Notional amount	Fair Value		Notional amount	Fair Value		Notional amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
<b>(i) Currency derivatives:</b>									
- Currency swaps	888,05.16	62,35.34	-	1592,42.93	-	13,04.40	842,44.14	-	28,09.15
- Forward Contracts	-	-	-	203,16.49	-	74.15	220,45.42	-	21,29.36
Subtotal (i)	888,05.16	62,35.34	-	1795,59.42	-	13,78.55	1062,89.56	-	49,38.51
<b>(ii) Interest rate derivatives:</b>									
- Forward Rate Agreements & Interest Rate Swaps	300,00.00	10,44.49	-	-	-	-	-	-	-
Subtotal (ii)	300,00.00	10,44.49	-	-	-	-	-	-	-
<b>Total Derivative Financial Instruments (i) + (ii)</b>	<b>1188,05.16</b>	<b>72,79.83</b>	<b>-</b>	<b>1795,59.42</b>	<b>-</b>	<b>13,78.55</b>	<b>1062,89.56</b>	<b>-</b>	<b>49,38.51</b>

## NOTES TO THE ACCOUNTS (Contd.)

**Part II - Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:**

(₹ in lakhs)

Particulars	31st March 2019			31st March 2018			1st April 2017		
	Notional amount	Fair Value		Notional amount	Fair Value		Notional amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
(i) Cash flow hedging:									
- Interest rate derivatives	300,00.00	10,44.49	-	-	-	-	-	-	-
(ii) Undesignated derivatives	888,05.16	62,35.34	-	1795,59.42	-	13,78.55	1062,89.56	-	49,38.51
Total Derivative Financial Instruments (i) + (ii)	1188,05.16	72,79.83	-	1795,59.42	-	13,78.55	1062,89.56	-	49,38.51

### Derivatives designated as Hedging Instruments

The impact of the hedging instrument on the balance sheet as at 31 March 2019 is as follows:

(₹ in lakhs)

Hedged Instrument	Notional Amount	Carrying Amount	Line item in the Balance sheet	Change in fair value used for measuring ineffectiveness for the period
Interest Rate swap/ Forward rate agreement	300,00.00	10,44.49	Derivative Financial Instruments	(10,44.49)

**The impact of hedged items on the Balance sheet is as follows:**

(₹ in lakhs)

Hedged Item	Change in value used for measuring ineffectiveness	Cash flow hedge reserve as on 31.03.2019
Fixed rate borrowing / loans	(10,44.49)	6,79.50

**The effect of cash flow hedge in the statement of profit and loss and other comprehensive income is as follows:**

(₹ in lakhs)

Hedged Item	Total hedging gain / loss recognised in OCI	Ineffectiveness recognised in the profit and loss	Line item in the statement of profit and loss that include the hedge ineffectiveness	Amount reclassified from cash flow hedge reserve to Profit or loss	Line item in the statement of profit or loss that includes the reclassification adjustment
Fixed rate borrowing / loans	(10,44.49)	-	NA	-	NA

### Note 10: Receivables

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
<b>Trade receivables</b>			
- Secured, considered good	-	-	-
- Unsecured, considered good	17,33.95	19,57.62	11,70.86
- Receivables which have significant increase in Credit Risk	11.47	16.37	10.59
- Receivables - credit impaired	1.56	8.14	10.39
Less: Impairment loss on the above	2.10	5.85	7.46
Sub-total - Trade receivables	17,44.88	19,76.28	11,84.38
<b>Other receivables</b>			
- Unsecured, considered good	11.95	13.16	4,37.73
Less: Impairment loss on the above	-	-	-
Sub-total - Other receivables	11.95	13.16	4,37.73
<b>TOTAL</b>	<b>17,56.83</b>	<b>19,89.44</b>	<b>16,22.11</b>

NOTES TO THE ACCOUNTS (Contd.)

**Note 11: Loans**  
**Carried at amortised cost**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
Hypothecation loans #	25929,22.68	19954,02.33	12927,05.93
Net Investment in hire purchase	789,22.67	1619,81.20	2323,29.64
Term Loans	311,20.09	191,53.76	138,17.66
Advance for business assets	191,50.85	196,33.79	111,25.81
Amount retained on Assets securitised / assigned	111,90.94	140,15.47	194,18.50
Loans repayable on Demand	43,50.08	–	–
Bills Purchased and Bills Discounted	16,32.28	12,60.94	6,70.17
Net investment in lease	13,53.17	15,28.11	18,90.09
Other loans @	43,39.45	38,55.35	41,16.14
Total Loans - Gross	27449,82.21	22168,30.95	15760,73.94
Less: Impairment loss allowance	178,34.18	165,31.31	150,81.55
<b>Total Loans - Net</b>	<b>27271,48.03</b>	<b>22002,99.64</b>	<b>15609,92.39</b>
Of the above			
Secured by tangible assets	27198,49.99	21921,79.33	15606,18.45
Secured by intangible assets	–	–	–
Covered by Bank/Government Guarantees	1,72.61	1,59.17	14.26
Secured by Deposits	3,49.71	3,67.52	3,65.38
Unsecured	246,09.90	241,24.93	150,75.85
Total Loans - Gross	27449,82.21	22168,30.95	15760,73.94
Less: Impairment loss allowance	178,34.18	165,31.31	150,81.55
<b>Total Loans - Net</b>	<b>27271,48.03</b>	<b>22002,99.64</b>	<b>15609,92.39</b>
Loans in India			
Public Sector	–	–	–
Others *	27449,82.21	22168,30.95	15760,73.94
Total Loans - Gross	27449,82.21	22168,30.95	15760,73.94
Less: Impairment loss allowance	178,34.18	165,31.31	150,81.55
Total Loans in India - Net - (A)	27271,48.03	22002,99.64	15609,92.39
Loans outside India	–	–	–
Less: Impairment loss allowance	–	–	–
Total Loans outside India - Net - (B)	–	–	–
<b>Total loans (A) + (B)</b>	<b>27271,48.03</b>	<b>22002,99.64</b>	<b>15609,92.39</b>

# includes repossessed assets at market value.

@ includes loans to employees and loan against deposits.

\* includes loans to Individuals, Sole proprietorship, Partnership, LLPs, Private and Public Limited companies.

NOTES TO THE ACCOUNTS (Contd.)

**Note 12: Investments**

(₹ in lakhs)

Particulars	Note No.	Face Value (₹)	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
			Holding (Number)	Carrying Amount	Holding (Number)	Carrying Amount	Holding (Number)	Carrying Amount
<b>At Cost:</b>								
<b>Equity Instruments</b>								
- <b>Subsidiaries</b>								
Royal Sundaram General Insurance Co. Limited	i	10	—	—	34,07,91,000	888,32.08	25,12,29,000	664,31.12
Sundaram Asset Management Company Limited		10	2,00,00,000	185,70.41	2,00,00,000	185,32.51	2,00,00,000	185,01.70
Sundaram Trustee Company Limited		10	50,000	2,28.62	50,000	2,28.62	50,000	2,28.62
LGF Services Limited		10	2,50,000	5.00	2,50,000	5.00	250,000	5.00
Sundaram Finance Holdings Limited	ii & iii	5	4,00,00,000	20,15.18	4,00,00,000	20,15.18	2,00,00,000	20,15.18
				<u>208,19.21</u>		<u>1096,13.39</u>		<u>871,81.62</u>
<b>- Joint Ventures</b>								
Royal Sundaram General Insurance Co. Limited		10	22,45,00,000	585,37.34	—	—	—	—
Sundaram BNP Paribas Home Finance Limited		10	5,07,28,473	152,57.75	5,07,28,473	152,22.82	5,07,28,473	151,86.03
Sundaram BNP Paribas Fund Services Limited		10	2,29,51,530	22,95.15	2,29,51,530	22,95.15	2,04,01,530	20,40.15
				<u>760,90.24</u>		<u>175,17.97</u>		<u>172,26.18</u>
<b>Less: Allowance for Impairment loss</b>				<u>(12,42.70)</u>		<u>(8,08.13)</u>		<u>(7,95.99)</u>
				<u>748,47.54</u>		<u>167,09.84</u>		<u>164,30.19</u>
				<b><u>956,66.74</u></b>		<b><u>1263,23.23</u></b>		<b><u>1036,11.81</u></b>
<b>Total - A</b>								
<b>At fair value through other comprehensive income:</b>								
<b>Equity Instruments</b>								
Equifax Credit Information Services Private Limited		10	1,35,00,000	13,50.00	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	1,12,00,000	11,20.00
				<u>24,70.00</u>		<u>24,70.00</u>		<u>24,70.00</u>
<b>Total - B</b>								
<b>At fair value through profit or loss:</b>								
<b>- Mutual Funds</b>								
Sundaram Money Fund		10	3,30,24,680	130,15.52	5,46,76,479	200,30.89	5,83,31,656	201,22.30
Sundaram Mutual Fund - Seed Capital	iv	10	—	13,20.50	—	11,73.63	—	10,66.29
HDFC Charity Fund for Cancer Cure 2017	ii	10	30,00,000	3,00.24	30,00,000	3,00.87	30,00,000	3,00.66
Sundaram Smart Nifty 100 Equal Weight Fund		10	—	—	2,69,121	31.78	2,69,121	29.32
Sundaram Banking & PSU Debt Fund		10	—	—	1,61,805	44.25	1,61,805	41.61
				<u>146,36.26</u>		<u>215,81.43</u>		<u>215,60.18</u>

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	Note No.	Face Value (₹)	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
			Holding (Number)	Carrying Amount	Holding (Number)	Carrying Amount	Holding (Number)	Carrying Amount
<b>- Alternative Investment Funds</b>								
IFMR Fimpact Medium Term Microfinance Fund		1,00,000	1,199	12,75.32	1,199	12,74.00	1,199	12,65.04
Sundaram Alternative Opportunities Fund – Nanocap Series I	v	1,00,000	900	8,84.93	900	10,38.37	150	1,50.72
Sundaram Alternative Opportunities Fund – Nanocap Series II	v	1,00,000	913	9,07.50	913	10,63.32	–	–
Sundaram Alternative Opportunities Series – High Yield Secured Debt Fund	v	1,000	69,665	51,56.63	–	25,02.97	–	–
Sundaram India Premier Fund		100	9,11,077	7,24.58	–	–	–	–
Lok Capital Growth Fund		100	13,89.49	7,63.18	6,38,781	–	–	–
			103,38.45	66,41.83				14,15.76
			<b>249,74.71</b>	<b>282,23.26</b>				<b>229,75.94</b>
<b>Total - C</b>								
<b>At amortised cost:</b>								
<b>Debt securities</b>								
<b>- Government Securities:</b>								
Central Government Loans	ii	100	1,25,14,300	126,25.20	1,10,14,300	112,98.41	1,00,14,300	104,28.49
State Government Loans	ii	100	2,78,98,000	282,26.22	2,76,48,000	279,69.64	1,46,48,000	150,49.25
				<b>408,51.42</b>		<b>392,68.05</b>		<b>254,77.74</b>
<b>- Non-Convertible Debentures:</b>								
Royal Sundaram General Insurance Co. Limited		10,00,000	1,000	102,76.94	1,000	102,70.93	1,000	102,76.96
Unsecured Subordinated Redeemable Non-Convertible Debentures								
<b>- Pass Through Certificates:</b>								
<b>- Commercial Paper:</b>								
Northern Arc Capital Limited		5,00,000	1,000	77,31.21	1,000	91,91.99		29,11.04
				47,14.12		49,72.03		9,26.73
				635,73.69		637,02.99		395,92.47
				(52.16)		(39.47)		(28.21)
<b>Less: Allowance for Impairment loss</b>				<b>635,21.53</b>		<b>636,63.52</b>		<b>395,64.26</b>
<b>Total Investments*</b>				<b>1866,32.98</b>		<b>2206,80.00</b>		<b>1686,22.01</b>
<b>(Net of allowance for impairment loss)</b>								

\* All investments of the company are in India

Notes: i) During the year the company divested 25.90% stake in Royal Sundaram General Insurance Co. Limited to Ageas Insurance International N.V., the Netherlands. Subsequent to the sale, the company holds 50% in the Equity capital of Royal Sundaram General Insurance Co. Limited, and has become a Joint Venture company with effect from 23rd February 2019.

ii) Represent Quoted Investments.

iii) Denotes shares are under lock in period.

iv) Seed Capital investment 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) Represents sponsor investments, in compliance with SEBI (Alternative Investment Funds) Regulations, 2012 and the same cannot be redeemed unless the Fund is wound up.

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 ₹40412.30 lakhs (amortised cost - ₹40851.42 lakhs).



NOTES TO THE ACCOUNTS (Contd.)

**Note 13 : Other Financial assets**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
Carried at amortised cost			
- Security deposits	7,79.78	7,55.33	7,12.20
- Other advances	5,42.36	4,32.62	2,55.03
Less: Impairment loss on the above	54.45	71.36	71.19
<b>TOTAL</b>	<b>12,67.69</b>	<b>11,16.59</b>	<b>8,96.04</b>

NOTES TO THE ACCOUNTS

**NOTE 14: Disclosure pursuant to Ind AS 12 "Income Taxes"**

**(a) Major components of tax expense / (income):**

(₹ in lakhs)

Sl. No.	Particulars	2018-19	2017-18
(a)	Profit or Loss section:		
	<b>(i) Current income tax:</b>		
	Current income tax expense	391,36.27	274,20.68
	Tax expense of prior periods	—	—
		<u>391,36.27</u>	<u>274,20.68</u>
	<b>(ii) Deferred tax:</b>		
	Tax expense on origination and reversal of temporary differences	(26,58.10)	13,75.05
	Effect of previously unrecognised tax losses used to reduce tax expense	(3,48.09)	(1,67.98)
		<u>(30,06.19)</u>	<u>12,07.07</u>
	<b>Income tax expense reported in Profit or Loss [(i) + (ii)]</b>	<b><u>361,30.08</u></b>	<b><u>286,27.75</u></b>
(b)	Other Comprehensive Income (OCI) section:		
	<b>(i) Items not to be reclassified to profit or loss in subsequent periods:</b>		
	Current tax expense/(income):	(2,15.84)	(81.10)
	On remeasurement of defined benefit plans		
	<b>(ii) Items to be reclassified to profit or loss in subsequent periods:</b>		
	<b>(A) Deferred tax expense/(income):</b>		
	On MTM of cash flow hedges	3,64.99	—
	<b>Income tax expense reported in Other Comprehensive Income [(i) + (ii)]</b>	<b>1,49.15</b>	<b>(81.10)</b>
	Retained earnings:		
	Current income tax	389,20.43	273,39.58
	Deferred tax	(26,41.20)	12,07.07
	<b>Income tax expense reported in retained earnings</b>	<b><u>362,79.23</u></b>	<b><u>285,46.65</u></b>

NOTES TO THE ACCOUNTS (Contd.)

**(b) Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate applicable in India:**

(₹ in lakhs)

Sl. No.	Particulars	2018-19	2017-18
(a)	Profit before tax and exceptional items	894,98.63	849,71.40
(b)	Profit on exceptional items	592,43.45	–
(c)	Profit before tax	1487,42.08	849,71.40
(d)	Corporate tax rate as per Income Tax Act 1961	34.94%	34.61%
(e)	Tax on Accounting profit (e)=(a)*(d)	<b>312,74.40</b>	<b>294,06.90</b>
(f)	<b>(i) Tax on income exempt from tax :</b>		
	(A) Dividend income	11,54.85	9,11.88
	<b>(ii) Tax on expenses not tax deductible :</b>		
	(A) CSR expenses/Donations	1,85.28	1,20.98
	(B) Expenses in relation to exempt income	1,28.49	1,27.25
	<b>(iii) Tax effect on various other items</b>	13,20.29	1,15.50
	Total effect of tax adjustments [(i) -(ii) + (iii)]	21,61.37	7,79.15
(g)	Tax on exceptional items @ 23.296%	70,17.05	–
(h)	Tax expense recognised during the year (h) =(e)-(f)+(g)	<b>361,30.08</b>	<b>286,27.75</b>
(i)	Effective tax Rate (f) =(h)/(c)	24.29%	33.69%

**(c) Unrecognised deductible temporary differences for which no deferred tax asset is recognised in Balance Sheet**

(₹ in lakhs)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Base amount	Deferred tax	Base amount	Deferred tax	Base amount	Deferred tax
Deductible temporary differences towards provision for diminution in value of investments on which DTA not created	12,42.7	4,34.25	8,08.13	2,82.39	7,95.99	2,75.48
Total	12,42.7	4,34.25	8,08.13	2,82.39	7,95.99	2,75.48

**(d) Components of deferred tax (assets) and liabilities recognised in Balance Sheet and Statement of Profit or Loss:**

(₹ in lakhs)

Sl. no.	Particulars	Balance Sheet			Statement of Profit or Loss	
		As at 31-03-2019	As at 31-03-2018	As at 01-04-2017	2018-19	2017-18
(a)	Items disallowed u/s.43B of the Income Tax Act 1961	8,48.35	10,92.82	9,83.19	(2,44.47)	1,09.63
(b)	Provision for doubtful debts and advances	26,16.80	38,68.12	49,15.89	(12,51.32)	(10,47.77)
(c)	Difference between book depreciation and tax depreciation	54,15.82	55,74.87	52,81.58	(1,59.05)	2,93.29
(d)	Other temporary differences	(8,69.04)	(51,65.08)	(46,02.86)	42,96.04	(5,62.22)
	<b>Deferred tax expense/(income)</b>				26,41.20	(12,07.07)
	<b>Net deferred tax (assets)/liabilities</b>	80,11.93	53,70.73	65,77.80		

NOTES TO THE ACCOUNTS (Contd.)

(e) Reconciliation of deferred tax (assets) / liabilities:

(₹ in lakhs)

Sl. no.	Particulars	2018-19	2017-18
(a)	Opening balance as at April 1	53,70.73	65,77.80
(b)	Tax income/(expense) during the period recognised in :		
	(i) Statement of Profit and Loss in Profit or Loss section	30,06.19	(12,07.07)
	(ii) Statement of Profit and Loss under OCI section	(3,64.99)	–
	<b>Closing balance as at March 31</b>	<b>80,11.93</b>	<b>53,70.73</b>

Note 15 Investment Property

(₹ in lakhs)

Particulars	Land	Building	Total
<b>GROSS BLOCK AT DEEMED COST</b>			
As at 01.04.2017	61,05.03	10,18.90	71,23.93
Additions		76.18	76.18
Deductions	45.68	6.15	51.83
As at 31.03.2018	<b>60,59.35</b>	<b>10,88.93</b>	<b>71,48.28</b>
<b>DEPRECIATION</b>			
Upto 31.03.2017	–	–	–
Additions		57.14	57.14
Deductions	–	–	–
Upto 31.03.2018	–	<b>57.14</b>	<b>57.14</b>
<b>GROSS BLOCK AT COST</b>			
As at 31.03.2018	60,59.35	10,88.93	71,48.28
Additions	5,46.39	4,32.71	9,79.10
Deductions	40.27	0.61	40.88
As at 31.03.2019	<b>65,65.47</b>	<b>15,21.03</b>	<b>80,86.50</b>
<b>DEPRECIATION</b>			
Upto 31.03.2018		57.14	57.14
Additions		63.19	63.19
Deductions		0.43	0.43
Upto 31.03.2019	–	<b>119.90</b>	<b>1,19.90</b>
<b>CARRYING VALUE</b>			
As at 31.03.2019	<b>65,65.47</b>	<b>14,01.13</b>	<b>79,66.60</b>
As at 31.03.2018	<b>60,59.35</b>	<b>10,31.79</b>	<b>70,91.14</b>
As at 31.03.2017	<b>61,05.03</b>	<b>10,18.90</b>	<b>71,23.93</b>

Investment Property

The fair value measurement for all the investment property has been categorized as Level 2 based on the inputs to the valuation technique, taking into consideration the prevailing market price of similar property / locality.

(₹ in lakhs)

Particulars	31.03.2019	31.03.2018	01.04.2017
Fair value of the Investment property	243,12.04	233,96.42	240,16.34

Items relating to investment property recognised in Profit & Loss Account for the year ended are given below:

(₹ in lakhs)

Particulars	2018-19	2017-18
Rental income from Investment property	6,75.51	6,09.74
Direct Operating expenses on properties generating rental income	48.70	50.62
Direct Operating expenses on properties not generating rental income	3.85	1.38

The investment properties are freely realisable.

(₹ in lakhs)

Particulars	31.03.2019	31.03.2018	01.04.2017
Contractual obligations to purchase, construct or develop investment property	–	15.10	10.42



**Note 16 : Property, Plant and Equipment**

(₹ in lakhs)

Particulars	Freehold Land	Freehold Buildings	Leasehold office / Residential Premises	Plant and Machinery & Computers	Furniture and Fixtures	Vehicles	Office Equipment	Assets on Operating Lease		Assets Taken under Finance Lease	Total
								Plant and Machinery & Computers	Vehicles		
<b>GROSS BLOCK AT DEEMED COST</b>											
As at 01.04.2017	26,44.45	9,51.59	5,40.01	16,64.27	4,67.10	10,79.53	5,14.83	81.95	186,53.49	39.08	266,36.30
Additions	96.52	30.27	—	7,88.57	1,69.87	5,63.61	99.55	—	40,18.75	—	57,67.14
Deductions		76.18	—	9.84	3.51	2,37.68	4.87	1.71	53,70.58	—	57,04.37
<b>As at 31.03.2018</b>	<b>27,40.97</b>	<b>9,05.68</b>	<b>5,40.01</b>	<b>24,43.00</b>	<b>6,33.46</b>	<b>14,05.46</b>	<b>6,09.51</b>	<b>80.24</b>	<b>173,01.66</b>	<b>39.08</b>	<b>266,99.07</b>
<b>DEPRECIATION</b>											
Upto 31.03.2017		—	—	—	—	—	—	—	—	—	—
Additions		54.96	26.58	5,48.97	1,37.36	3,15.95	1,18.77	4.35	42,92.75	—	54,99.69
Deductions		—	—	1.20	0.46	13.31	0.43	0.59	4,24.65	—	4,40.64
<b>Upto 31.03.2018</b>	<b>—</b>	<b>54.96</b>	<b>26.58</b>	<b>5,47.77</b>	<b>1,36.90</b>	<b>3,02.64</b>	<b>1,18.34</b>	<b>3.76</b>	<b>38,68.10</b>	<b>—</b>	<b>50,59.05</b>
<b>GROSS BLOCK AT COST</b>											
As at 31.03.2018	27,40.97	9,05.68	5,40.01	24,43.00	6,33.46	14,05.46	6,09.51	80.24	173,01.66	39.08	266,99.07
Additions	2,38.65	2,39.34	2,19.00	10,79.79	2,24.62	5,23.03	1,35.60	6,63.65	47,66.64	—	80,90.32
Deductions	2,40.32	98.15	—	24.99	8.63	1,15.78	23.40	59.30	40,86.43	—	46,57.00
<b>As at 31.03.2019</b>	<b>27,39.30</b>	<b>10,46.87</b>	<b>7,59.01</b>	<b>34,97.80</b>	<b>8,49.45</b>	<b>18,12.71</b>	<b>7,21.71</b>	<b>6,84.59</b>	<b>179,81.87</b>	<b>39.08</b>	<b>301,32.39</b>
<b>DEPRECIATION</b>											
Upto 31.03.2018		54.96	26.58	5,47.77	1,36.90	3,02.64	1,18.34	3.76	38,68.10	—	50,59.05
Additions		83.84	32.76	6,88.21	1,42.41	3,35.66	1,09.14	1,54.47	33,94.84	—	49,41.33
Deductions		8.28	—	8.10	2.65	27.44	5.18	0.45	11,67.66	—	12,19.76
<b>Upto 31.03.2019</b>	<b>—</b>	<b>1,30.52</b>	<b>59.34</b>	<b>12,27.88</b>	<b>2,76.66</b>	<b>6,10.86</b>	<b>2,22.30</b>	<b>1,57.78</b>	<b>60,95.28</b>	<b>—</b>	<b>87,80.62</b>
<b>CARRYING VALUE</b>											
As 31.03.2019	27,39.30	9,16.35	6,99.67	22,69.92	5,72.79	12,01.85	4,99.41	5,26.81	118,86.59	39.08	213,51.77
As 31.03.2018	27,40.97	8,50.72	5,13.43	18,95.23	4,96.56	11,02.82	4,91.17	76.48	134,33.56	39.08	216,40.02
As 31.03.2017	26,44.45	9,51.59	5,40.01	16,64.27	4,67.10	10,79.53	5,14.83	81.95	186,53.49	39.08	266,36.30

NOTES TO THE ACCOUNTS (Contd.)

**Note 17 Other Intangibles assets and Intangible assets under development**

(₹ in lakhs)

Particulars	Computer Software		Total	Intangibles Under Development
	Purchased	Self Generated		
<b>GROSS BLOCK AT DEEMED COST</b>				
As at 01.04.2017	3,29.31	6,13.76	9,43.07	98.75
Additions	3,27.30	1,97.10	5,24.41	1,43.21
Deductions	–	–	–	2,21.02
As at 31.03.2018	6,56.61	8,10.86	14,67.48	20.94
<b>DEPRECIATION</b>				
Upto 31.03.2017	–	–	–	–
Additions	3,17.24	4,87.61	8,04.85	–
Deductions	–	–	–	–
Upto 31.03.2018	3,17.24	4,87.61	8,04.85	–
<b>GROSS BLOCK AT COST</b>				
As at 31.03.2018	6,56.61	8,10.86	14,67.48	20.94
Additions	7,61.10	1,59.41	9,20.50	1,38.47
Deductions	–	–	–	1,59.41
As at 31.03.2019	14,17.71	9,70.27	23,87.98	–
<b>DEPRECIATION</b>				
Upto 31.03.2018	3,17.24	4,87.61	8,04.85	–
Additions	3,09.28	82.97	3,92.25	–
Deductions	–	–	–	–
Upto 31.03.2019	6,26.52	5,70.58	11,97.10	–
<b>CARRYING VALUE</b>				
As at 31.03.2019	7,91.19	3,99.69	11,90.88	–
As at 31.03.2018	3,39.37	3,23.25	6,62.63	20.94
As at 31.03.2017	3,29.31	6,13.76	9,43.07	98.75

**Note:**

The Company has, with effect from 1st April 2018, revised the estimated useful life of intangible asset resulting in amortisation expenses for the year 2018-19 being lower by ₹114.54 lacs.

**Note 18: Other Non-Financial Assets**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
Balances with Government authorities	47,55.14	40,15.76	28,74.52
Prepaid expenses	12,86.53	17,30.04	16,68.47
SF employee welfare trust	3,09.91	3,16.26	3,21.18
Stamp and stamp papers on hand	1,88.88	1,20.47	89.76
Capital Advances	50.23	1,98.25	1,03.28
Others Assets *	31.35	2,65.85	2,16.32
<b>TOTAL</b>	<b>66,22.04</b>	<b>66,46.63</b>	<b>52,73.53</b>

\* Amount paid for which goods / services are to be received.

**Maturity Pattern of Borrowings:**

(₹ in lakhs)

Implicit Interest rate (%)	As on 31.03.2019				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	<1 year	1 - 3 years	>3 years	Total
<b>Secured Debentures</b>												
> 7 to 8	2076,83.01	1676,89.89	0.00	3753,72.90	1272,63.76	3619,35.29	102,66.68	4994,65.73	150,47.36	1665,96.64	-	1816,43.99
> 8 to 9	955,68.21	3336,69.48	283,86.18	4576,23.86	567,29.93	533,25.45	438,05.86	1538,61.23	1230,42.49	990,54.96	161,31.67	2382,29.12
> 9 to 10	255,52.10	153,97.57	-	409,49.67	248,14.26	248,33.33	-	496,47.59	1134,69.99	489,81.14	-	1624,51.13
> 10 to 11	-	-	-	-	212,75.97	-	-	212,75.97	0.00	212,62.18	-	212,62.18
<b>Total</b>	3288,03.32	5167,56.93	283,86.18	8739,46.43	2300,83.92	4400,94.06	540,72.54	7242,50.52	2515,59.83	3358,94.92	161,31.67	6035,86.42
<b>Long Term Loans</b>												
> 6 to 7	423,92.35	298,28.32	63.53	722,84.19	575,45.90	700,79.20	57,29.58	1333,54.68	-	-	-	0.00
> 7 to 8	1976,23.38	649,12.68	21,83.83	2647,19.89	790,79.57	2152,65.84	93,37.33	3036,82.74	-	119,32.87	-	119,32.87
> 8 to 9	1714,25.94	3306,49.73	131,49.14	5152,24.81	479,91.39	-	-	479,91.39	146,50.53	478,37.14	-	624,87.67
<b>Total</b>	4114,41.67	4253,90.73	153,96.50	8522,28.89	1846,16.86	2853,45.04	150,66.91	4850,28.81	146,50.53	597,70.01	-	744,20.54
<b>Subordinated liabilities</b>												
> 8 to 9		-	857,05.44	857,05.44		-	856,36.70	856,36.70			158,24.52	158,24.52
> 9 to 10		204,15.23	411,73.57	615,88.80		14919.18	337,50.68	486,69.86			483,14.58	483,14.58
> 10 to 11		53,17.31	199,05.13	252,22.44		-	251,82.77	251,82.77			251,49.24	251,49.24
<b>Total</b>		257,32.54	1467,84.14	1725,16.68		14919.18	1445,70.14	1594,89.32			892,88.33	892,88.33

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.

## NOTES TO THE ACCOUNTS (Contd.)

### Note 19: Payables

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
<b>Trade payables</b>			
(i) Total outstanding dues of micro enterprises and small enterprises			
Outstanding Liability	85.84	—	—
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises			
Dealer Balances	84,69.15	53,71.91	62,43.27
Outstanding Liability	9,59.26	11,49.59	6,85.01
<b>Sub-Total</b>	<b>95,14.25</b>	<b>65,21.49</b>	<b>69,28.28</b>
<b>Other payables</b>			
(i) Total outstanding dues of micro enterprises and small enterprises	—	—	—
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	8,42.93	8,01.05	107,87.68
<b>Sub-Total</b>	<b>8,42.93</b>	<b>8,01.05</b>	<b>107,87.68</b>

### Note 20: Debt Securities

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
<b>Carried at amortised cost</b>			
Non-Convertible debentures	8739,46.43	7242,50.52	6035,86.42
Commercial paper	1740,06.86	2002,35.24	3538,07.77
Liability component of compound financial instruments	—	—	—
<b>Total</b>	<b>10479,53.29</b>	<b>9244,85.76</b>	<b>9573,94.19</b>
Of the above			
- Debt securities in India	10479,53.29	9244,85.76	9573,94.19
- Debt securities in outside India	—	—	—
<b>Total</b>	<b>10479,53.29</b>	<b>9244,85.76</b>	<b>9573,94.19</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.

## NOTES TO THE ACCOUNTS (Contd.)

### Note 21: Borrowings other than debt securities

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
<b>Carried at amortised cost</b>			
Secured			
Term Loan from banks	8622,33.41	5050,28.81	744,20.54
Working capital demand loans and Cash credit	1114,34.27	2102,90.24	238,51.68
Unsecured			
Credit facilities from banks	–	536,74.21	322,30.24
Finance lease obligation	39.08	39.08	39.08
<b>Total</b>	<b>9737,06.76</b>	<b>7690,32.34</b>	<b>1305,41.54</b>
Of the above			
Borrowings in India	9737,06.76	7690,32.34	1305,41.54
Borrowings in Outside India	–	–	–
<b>Total</b>	<b>9737,06.76</b>	<b>7690,32.34</b>	<b>1305,41.54</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.

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.

### Note 22: Deposits

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
<b>Carried at amortised cost</b>			
- Public Deposits	3064,03.94	2579,08.80	2484,44.77
- From banks	–	–	–
- From others	–	–	–
<b>Total</b>	<b>3064,03.94</b>	<b>2579,08.80</b>	<b>2484,44.77</b>

### Note 23: Subordinated Liabilities

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
<b>Carried at amortised cost</b>			
Subordinated Non Convertible Debentures			
- Subordinated Liabilities in India	1725,16.68	1594,89.32	892,88.33
- Subordinated Liabilities outside India	–	–	–
<b>Total</b>	<b>1725,16.68</b>	<b>1594,89.32</b>	<b>892,88.33</b>

## NOTES TO THE ACCOUNTS (Contd.)

### Note 24: Other Financial liabilities

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
Amount due on assets securitised or assigned	132,07.36	192,33.46	290,71.83
Unpaid matured deposits and interest accrued thereon	35,95.25	37,91.19	45,39.46
Advance received from customers	54,09.91	43,36.63	59,16.84
Unpaid dividend	2,77.16	2,25.33	2,44.28
Payable to employees	58,57.06	55,01.00	48,67.93
Other liabilities**	138,05.89	70,80.37	69,99.65
<b>Total</b>	<b>421,52.63</b>	<b>401,67.98</b>	<b>516,39.99</b>

\*\* Other liabilities include amount payable to creditors for expenses, payable to customers for security deposit received and commission payable to non-whole time directors.

### Note 25: Provisions

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
Provision for employee benefits	11,47.86	6,30.29	4,33.83
Provision for Other expenses ^	39,88.22	56,38.77	28,12.56
<b>Total</b>	<b>51,36.08</b>	<b>62,69.06</b>	<b>32,46.39</b>

^ Provision for other expenses include provision made for legal cases / claims

### Note 26: Other Non-Financial liabilities

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
Revenue received in advance	2,19.57	2,53.38	1,94.53
Other Liabilities #	20,90.51	13,98.86	10,63.52
<b>Total</b>	<b>23,10.08</b>	<b>16,52.24</b>	<b>12,58.05</b>

# Others mainly include government dues, taxes payable, GST payable and salary deductions payable

## NOTES TO THE ACCOUNTS (Contd.)

### Note 27: Equity Share capital

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
<b>Authorised capital</b>			
27,81,00,000 Equity Shares of ₹10/- each *	278,10.00	278,10.00	
25,00,00,000 Equity Shares of ₹10/- each			250,00.00
<b>Issued, Subscribed and fully paid-up</b>			
11,11,03,860 Equity Shares of ₹10/- each	<u>111,10.39</u>	<u>111,10.39</u>	<u>111,10.39</u>

\* Authorised share capital has been increased pursuant to the Scheme of Arrangement and Amalgamation

#### a) reconciliation of the number of shares outstanding at the beginning and at the end of the period

	March 31, 2019	March 31, 2018	April 1, 2017
At the beginning of the year	11,11,03,860	11,11,03,860	11,11,03,860
Add: Issue of shares during the year	—	—	—
At the end of the year	<u>11,11,03,860</u>	<u>11,11,03,860</u>	<u>11,11,03,860</u>

#### b) No shareholder of the company holds more than 5% of the Equity shares

## STATEMENT OF PROFIT AND LOSS - NOTES

### Note 28: Interest Income

(₹ in lakhs)

	2018-19	2017-18
<b>On Financial assets measured at amortised cost:</b>		
Loans	2835,79.24	2288,76.70
Investments	48,85.38	40,71.90
Deposits with Banks	47,11.69	62,16.89
<b>On Financial assets classified at Fair value through profit or loss:</b>		
Investments	6,11.81	2,03.64
<b>Total</b>	<u>2937,88.12</u>	<u>2393,69.13</u>

### Note 29 : Fees and Commission Income

(₹ in lakhs)

	2018-19	2017-18
<b>Relating to</b>		
- Loans	108,29.04	91,42.44
- Selldown servicing fee	58,28.85	63,98.05
- Income from other Financial Services	64,44.43	59,43.46
<b>Total</b>	<u>231,02.32</u>	<u>214,83.95</u>

## NOTES TO THE ACCOUNTS (Contd.)

### Note 30: Net Gain on Fair Value Changes

(₹ in lakhs)

	2018-19	2017-18
A. Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio	—	—
(ii) On Financial instruments designated at fair value through profit or loss	—	—
B. Others -		
Net gain on financial instruments at fair value through profit or loss on		
Investments	11,05.16	7,90.70
Derivatives	76,13.89	35,59.96
C. Total Net gain on fair value changes (A + B)	87,19.05	43,50.66
Of the above, fair value changes:		
Realised	10,20.46	4,53.14
Unrealised	76,98.59	38,97.53
<b>Total</b>	<b>87,19.05</b>	<b>43,50.66</b>

### Note 31: Other Income

(₹ in lakhs)

	2018-19	2017-18
Net gain/(loss) on Derecognition of Property, Plant and equipment	1,77.31	19.19
Interest income	2,13.83	35,02.62
Rental income	7,18.67	6,45.38
Other non-operating income	9,45.77	7,45.57
<b>Total</b>	<b>20,55.58</b>	<b>49,12.76</b>

### Note 32: Finance Costs

(₹ in lakhs)

	2018-19	2017-18
<b>On Financial liabilities carried at amortised cost:</b>		
Interest on		
Deposits	216,18.47	208,28.97
Term loans	515,59.49	188,72.67
Debt securities	877,53.26	814,81.28
Subordinated liabilities	145,50.40	111,25.86
Other interest expense and borrowing cost	7,69.32	22,93.49
<b>Total</b>	<b>1762,50.94</b>	<b>1346,02.27</b>



## NOTES TO THE ACCOUNTS (Contd.)

### Note 33: Employee Benefit Expenses

	(₹ in lakhs)	
	2018-19	2017-18
Salaries and Wages	299,17.96	256,52.35
Contribution to provident and other funds	16,54.75	15,68.09
Share Based Payments to employees	2,47.83	1,85.37
Staff welfare expenses	4,21.97	4,20.65
<b>Total</b>	<b>322,42.51</b>	<b>278,26.46</b>

### Note 34: Administrative and Other Expenses

	(₹ in lakhs)	
	2018-19	2017-18
Rent, taxes and energy costs	19,68.96	27,68.98
Repairs and maintenance	19,29.60	15,89.87
Communication Costs	10,21.13	11,64.68
Printing and stationery	4,17.30	4,28.13
Advertisement and publicity	1,27.73	1,49.49
Director's fees, allowances and expenses	1,42.50	1,34.38
Auditor's fees and expenses	1,10.51	1,24.57
Legal and Professional charges	5,59.10	6,20.15
Insurance	1,72.10	1,73.03
Outsourcing cost	79,36.82	66,58.62
Travel and conveyance	16,83.38	15,37.37
Donations	11,73.14	10,25.45
Exchange loss on foreign currency transactions and translations (Net)	80,10.37	31,69.00
Other expenditure	24,13.09	36,83.61
<b>Total</b>	<b>276,65.73</b>	<b>232,27.33</b>

### Note 35: Impairment on Financial Instruments

	(₹ in lakhs)	
	2018-19	2017-18
On Financial instruments measured at amortised cost:		
Loans	91,02.41	80,18.12
Investments	4,47.26	23.40
Repossessed Assets	11,59.53	4,96.77
Others	23.94	12.55
<b>Total</b>	<b>107,33.14</b>	<b>85,50.84</b>

## NOTES TO THE ACCOUNTS (Contd.)

### Other Notes

#### Note 36: Capital Management:

The Company's capital management strategy is to ensure that it has sufficient capital for business operations, strategic investment, regulatory requirements and to provide reasonable return to the shareholders. Equity share capital and other equity are considered for Capital management.

The company monitors capital Adequacy ratio as stipulated by RBI for NBFC-Investment and credit company - Deposit taking. The Company endeavour to source diversified borrowing, depending on asset liability duration and interest rate sensitivities.

(₹ in lakhs)

Particulars	31st March 2019	31st March 2018	31st March 2017
Tier I	4254,72.46	2939,62.52	2493,36.29
Tier II	1396,07.79	1315,30.70	578,30.02
Total	5650,80.26	4254,93.22	3071,66.31
RWA	29038,34.88	23597,46.51	16643,60.62
Tier I %	14.65%	12.46%	14.98%
Tier II %	4.81%	5.57%	3.47%
<b>Total</b>	<b>19.46%</b>	<b>18.03%</b>	<b>18.45%</b>

#### Note 37: Revenue

**Disaggregate revenue information:** Since the requirement of application of IND AS 115 on Company's revenue is insignificant, the company believes that disaggregation of data about the nature, amount, timing of revenues is not required.

#### Remaining performance obligation

The remaining performance obligation disclosure provides aggregate amount of transaction price yet to be recognised at the end of reporting period and an explanation as to when the company expects to recognise these amounts in revenue.

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2019 is ₹50,36 lakhs (2017-18 is ₹44,62 lakhs) which the company expects to recognise in next year.

#### Note 38: Financial instruments – Fair value measurements

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

##### a. Financial Assets / Liabilities that are measured at Fair value through P&L

(₹ in lakhs)

	Fair Value Hierarchy	March 31, 2019	March 31, 2018	April 1, 2017
<b>Financial Assets</b>				
Derivatives	Level 2	72,79.83	–	–
<b>Investments</b>				
Mutual Funds	Level 1	146,36.26	215,81.43	215,60.18
Alternative Investment Funds	Level 1	103,38.45	66,41.83	14,15.76
<b>Financial Liabilities</b>				
Derivatives	Level 2	–	13,78.55	49,38.51

*Fair value is estimated based on the market inputs for the classification as per level 2.*

## NOTES TO THE ACCOUNTS (Contd.)

### b. Equity Shares designated at Fair value through Other Comprehensive Income

As on 1st April 2017, the company designated the following investments in equity shares at FVTOCI, because the company intends to hold these investments for long-term strategic purpose.

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
Investments in Equifax Credit Information Services Pvt. Ltd.	13,50.00	13,50.00	13,50.00
Investments in Experian Credit Information Company of India Pvt. Ltd.	11,20.00	11,20.00	11,20.00

As per Ind AS 109, Cost has been considered as the best estimate of the fair value.

There were no disposal of investment / dividend receipts during the financial years 2018-19 and 2017-18 respectively.

### c. The following table shows the carrying amounts and fair values of financial assets and financial liabilities measured at amortised cost, including their levels in the fair value hierarchy.

(₹ in lakhs)

	Carrying amount			Fair Value Hierarchy	Fair value		
	March 31, 2019	March 31, 2018	April 1, 2017		March 31, 2019	March 31, 2018	April 1, 2017
<b>Financial assets</b>							
Cash and cash equivalents	129,78.52	126,39.56	90,70.62	Level 1	129,78.52	126,39.56	90,70.62
Bank Balances	708,84.47	855,70.36	660,40.53	Level 3	711,22.13	858,22.93	668,76.16
Receivables	17,56.83	19,89.45	16,22.11	Level 3	17,56.83	19,89.45	16,22.11
Loans	27271,48.03	22002,99.64	15609,92.39	Level 3	26888,38.24	21844,00.83	15494,26.76
Investments in Government securities	408,51.42	392,68.05	254,77.74	Level 1	413,73.29	392,78.08	261,74.31
Investments (others)	226,70.11	243,95.47	140,86.53	Level 3	216,93.10	236,55.92	132,33.79
Other Financial assets	12,67.69	11,16.59	8,96.04	Level 3	12,66.72	11,26.81	9,09.44
<b>Total</b>	<b>28775,57.07</b>	<b>23652,79.12</b>	<b>16781,85.96</b>		<b>28390,28.83</b>	<b>23489,13.58</b>	<b>16673,13.20</b>
<b>Financial Liabilities</b>							
Payables	103,57.18	73,22.55	177,15.96	Level 3	103,57.18	73,22.55	177,15.96
Debt Securities	10479,53.29	9244,85.76	9573,94.19	Level 3	10533,06.99	9236,82.04	9631,64.94
Borrowings (Other than Debt Securities)	9737,06.76	7690,32.34	1305,41.54	Level 3	9707,88.56	7666,26.32	1376,95.47
Deposits	3064,03.94	2579,08.80	2484,44.77	Level 3	3051,73.18	2582,87.95	2502,09.25
Subordinated Liabilities	1725,16.68	1594,89.32	892,88.33	Level 3	1769,52.37	1670,73.29	980,86.85
Other Financial Liabilities	421,52.63	401,67.98	516,39.99	Level 3	421,01.65	404,45.45	518,95.85
<b>Total</b>	<b>25530,90.48</b>	<b>21584,06.75</b>	<b>14950,24.78</b>		<b>25586,79.93</b>	<b>21634,37.60</b>	<b>15187,68.32</b>

Fair value is arrived at using discounted future cash flows at market rates for the classification as per level 3 hierarchy.

### Note 39 : Financial Risk Management framework

Risk is an inherent and integral part of the financial services business and the company has been judiciously managing this through an efficient risk mitigation system, with a view to achieve the Company's stated objectives of Growth with Quality and Profitability. The risks primarily include credit risk, liquidity risk and market risk.

The policies and procedures laid down by the company for the purpose of risk identification, measurement and management, compare well with contemporary best practices followed by industry peers. The Risk Management Committee and Asset Liability Management Committee, functioning under the supervision of the Audit Committee, have enunciated detailed policies for assessment of various types of risks, and fixed tolerance limits as appropriate.

#### 39.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet his contractual obligations, and arises principally from the company's loan receivables.

The company has in place a robust credit policy which clearly defines the credit filters and the terms of acceptance of proposals for financing different categories of borrowers and asset classes. The credit appraisal process, inter alia, includes filters for stratification of customers, compliance with know your customer (KYC) norms, Field investigation, Credit bureau verification, exposure ceilings, asset risk and segment and geography risks. The risk metrics also address Loan to Value, loan tenure, based on the useful life of the asset, end-use of the asset and credit enhancements, as appropriate. The Company's exposure is primarily to retail customers, thereby making for a well-diversified risk portfolio. The time-tested monitoring and recovery mechanism ensures timely recovery of instalments and where required, necessary action for resolution of delinquent accounts is initiated, including legal proceedings. Finally, physical presence and in-depth knowledge of the markets in which the Company operates enables early identification of emerging risks thereby facilitating prompt remedial action.

#### Impairment - Expected credit loss (ECL):

The application of Ind AS 109 has necessitated fundamental changes to the accounting for expected default risk (risk provisioning). Specifically, the incurred loss model has been replaced by the Expected Credit Loss model (ECL). Consequent to this change, the Expected Credit losses on financial instruments are classified under three stages.

**Stage 1:** Every financial asset is classified as stage 1, upon initial recognition. In addition, stage 1 contains all transactions with limited default risk.

**Stage 2:** Financial assets whose default risk has risen significantly since initial recognition and which are not classified as cases with limited default risk.

**Stage 3:** Financial assets that display objective evidence of impairment at the reporting date.

The accounting standard, Ind AS 109 does not specifically prescribe any methodology for computing ECL. However, entities are required to adopt sound and market acceptable methodologies which are in line with the size, complexity and risk-profile of the financial entity for computing the ECL. The Company uses three main components to measure ECL. These are, Exposure at Risk (EAR), Probability of Default (PD) and Loss Given Default (LGD). Exposure at Risk (EAR) is defined as the sum of Principal outstanding and interest accrued at the reporting date. PD is defined as the probability of borrowers defaulting on their obligations. LGD represents the economic loss, adjusted for cure rate, as a percentage of exposure at the time of default.

Accordingly, loan assets are categorised under three different stages, as under:

**Stage 1:** Where instalments are Current and 1-30 days overdue

**Stage 2:** Where instalments are 31 days – 90 days overdue and

**Stage 3:** Where instalments are overdue beyond 90 days

## NOTES TO THE ACCOUNTS (Contd.)

The company is required to provide 12-month **Expected Credit Loss** (12-month ECL) for stage 1 assets and the **Life Time Expected Credit Loss** (LECL) for stage 2 & stage 3 assets.

12-month ECL is the expected credit loss that results from default events that are possible within 12 months after the reporting date. LECL represents the expected credit loss from default events over the expected life of a financial asset.

As prescribed under para 5.5 in Ind AS 109, 12-months PD is required to be computed for financial instruments which are in stage 1, and life time PD for those in stage 2 & 3. 12-months PD is the likelihood of the borrower defaulting in the 12 months following the reporting date while life time PD is the likelihood of the borrower defaulting during the residual tenor.

The PD model has been developed for all the major asset classes using a statistical and iterative approach. The design and construction of the model involves identification of various credit parameters and variables that have a strong and direct correlation to propensity of default. The PD model reflects to the probability of default, taking into consideration the inherent credit quality of the borrower and the residual tenor of each contract. It relies not only historical information and the current economic environment, but also considers forward-looking information such as the forecasts on the macroeconomic outlook, including emerging risks. The PD for stage 3 contracts is considered at 100%. Where a customer has one contract in stage 3 and one or more contracts in stage 1 / stage 2, the PD for all the contracts is considered at 100%.

### LGD

LGD represents the economic loss, adjusted for cure rate, as a percentage of exposure at the time of default. Economic loss is the estimated shortfall in realisation of dues, in the event of default. Contracts that have turned delinquent do not necessarily involve ultimate losses, since many of them are resolved through corrective actions. The cure rate is the probability of a 'non performing' (i.e. defaulted) contract reverting to a 'performing' (i.e. non-default) status in a year.

Following tables provide an overview of the gross carrying amount and credit loss allowance broken down into stages

#### a. Loans and Advances:

(₹ in lakhs)

	Gross Carrying amount							
	31.03.2019				31.03.2018			
Stages ->	1	2	3	Total	1	2	3	Total
Balance at the beginning of the year	21111,94.55	809,07.33	283,04.53	22204,06.42	15014,56.11	536,65.17	280,24.33	15831,45.61
New business - net of recovery	6391,59.62	(388,95.53)	(52,08.19)	5950,55.90	7239,78.91	(242,40.50)	(82,24.63)	6915,13.79
Trfs. due to change in creditworthiness	(971,26.45)	757,67.46	213,58.99	–	(665,55.85)	514,82.66	150,73.19	–
Fin. assets that have been derecognised	645,38.49	–	–	645,38.49	476,84.62	–	–	476,84.62
Write off during the year	–	–	77,99.55	77,99.55	–	–	65,68.36	65,68.36
Balance at the end of the year	25886,89.24	1177,79.26	366,55.78	27431,24.28	21111,94.55	809,07.33	283,04.53	22204,06.42

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Stages ->	Expected Credit Loss							
	31.03.2019				31.03.2018			
	1	2	3	Total	1	2	3	Total
Balance at the beginning of the year	12,99.56	13,98.66	137,63.46	164,61.67	9,55.39	5,87.47	134,82.03	150,24.88
New business - net of recovery	15.67	9,77.39	81,66.76	91,59.83	28.31	9,41.53	70,44.88	80,14.72
Trfs. due to change in creditworthiness	5,00.06	(1,79.16)	(3,20.90)	–	3,25.43	(1,30.34)	(1,95.09)	–
Fin. assets that have been derecognised	57.44	–	–	57.44	9.57	–	–	9.57
Write off during the year	–	–	77,99.55	77,99.55	–	–	65,68.36	65,68.36
Balance at the end of the year	17,57.85	21,96.89	138,09.77	177,64.51	12,99.56	13,98.66	137,63.46	164,61.67

**Concentration of credit risk %**

**(i) Concentration by Geographical risk**

	31.03.2019	31.03.2018	01.04.2017
South	65.27	65.33	66.70
North	19.00	18.34	16.93
West	12.24	12.87	13.16
East	3.49	3.46	3.21
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

**(ii) Concentration by Asset class**

	31.03.2019	31.03.2018	01.04.2017
Commercial Vehicles	50.39	46.99	39.84
Cars	27.32	32.29	39.60
Construction Equipments	10.26	9.42	9.12
Tractors & Farm Equipments	5.43	5.01	4.21
Others	6.60	6.29	7.23
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

**b. Other assets**

The company computes Expected Credit Loss on other financial assets including trade receivables based on a provision matrix which is constructed using historical credit loss experience as adjusted to reflect current conditions.

(₹ in lakhs)

Stages ->	31.03.2019				31.03.2018				01.04.2017			
	1	2	3	Total	1	2	3	Total	1	2	3	Total
Gross carrying amount	60,33.44	11.47	84.08	61,29.00	60,98.94	16.37	1,13.40	62,28.71	55,08.60	10.99	1,04.97	56,24.56
Expected Credit Loss	40.56	0.06	69.26	1,09.88	38.62	0.09	94.47	1,33.18	38.79	0.07	89.07	1,27.93
Net Carrying amount	59,92.88	11.41	14.82	60,19.12	60,60.32	16.28	18.93	60,95.54	54,69.81	10.92	15.90	54,96.63

## NOTES TO THE ACCOUNTS (Contd.)

### c. Loan Commitments and Financial Guarantees

(₹ in lakhs)

Stages ->	31.03.2019				31.03.2018				01.04.2017			
	1	2	3	Total	1	2	3	Total	1	2	3	Total
Gross carrying amount	102,82.93	-	-	102,82.93	99,88.39	-	-	99,88.39	68,53.66	-	-	68,53.66
Expected Credit Loss	73.60	-	-	73.60	29.00	-	-	29.00	15.00	-	-	15.00
Net Carrying amount	102,09.33	-	-	102,09.33	99,59.39	-	-	99,59.39	68,38.66	-	-	68,38.66

#### Credit risk management practices

- (i) **Policy on write off:** Loans are written off when the value of underlying security/other collateral is not sufficient to cover the loan exposure or where the underlying security / customer is not traceable. In such cases, the company takes legal recourse for recovery of shortfall of dues, if any.
- (ii) **Narrative description of collateral:** The underlying assets, which are financed, are the primary collateral held. These are typically commercial vehicles, cars, construction equipment, farm equipment etc. Additional collateral, by way of credit enhancement, is obtained based on the management's credit evaluation of the customer.

### d. Debt Securities

All debt investments are allocated to stage 1 under initial recognition. If the rating assigned to the security at the time of investment is downgraded by two notches and / or where there is a delay in interest servicing by more than 30 days, this would result in stage 2 classification. Further downgrade of rating and/or delay in interest servicing by more than 90 days/default of payment of principal would result in stage 3 classification.

For investment in debt instruments, one-year transition matrix provided by the rating agencies is used as the PD. Loss given default (LGD) parameters assume a recovery rate of 65%, 75% and 50% for unsecured senior, unsecured subordinated and secured debt securities respectively.

A breakup of investment in debt securities into different stages is given as under:

(₹ in lakhs)

Stages ->	31.03.2019				31.03.2018				01.04.2017						
	Gross Carrying amount				Gross Carrying amount				Gross Carrying amount						
	FVTPL	At Amortised Cost			FVTPL	At Amortised Cost			FVTPL	At Amortised Cost					
	1	2	3	Total	1	2	3	Total	1	2	3	Total			
Government securities	-	408,51.42	-	-	408,51.42	-	392,68.05	-	-	392,68.05	-	254,77.74	-	-	254,77.74
Mutual Fund	146,36.26	-	-	-	-	215,81.43	-	-	-	-	215,60.17	-	-	-	-
Alternative Investment Funds	103,38.45	-	-	-	-	66,41.83	-	-	-	-	14,15.76	-	-	-	-
Pass through certificates	-	77,31.21	-	-	-	77,31.21	-	-	-	91,91.99	-	-	-	-	91,91.99
Non - Convertible Debentures	-	102,76.94	-	-	-	102,76.94	-	-	-	102,70.93	-	-	-	-	102,70.93
Commercial paper	-	47,14.12	-	-	-	47,14.12	-	-	-	49,72.03	-	-	-	-	49,72.03
<b>Total</b>	<b>249,74.71</b>	<b>635,73.69</b>	<b>-</b>	<b>-</b>	<b>635,73.69</b>	<b>282,23.26</b>	<b>637,03.00</b>	<b>-</b>	<b>-</b>	<b>637,03.00</b>	<b>229,75.93</b>	<b>395,92.47</b>	<b>-</b>	<b>-</b>	<b>395,92.47</b>

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Stages ->	Expected Credit Loss							
	31.03.2019				31.03.2018			
	1	2	3	Total	1	2	3	Total
Balance at the beginning of the year	39.47	–	–	39.47	28.21	–	–	28.21
New investments - net of recovery	13.96	–	–	13.96	14.36	–	–	14.36
Transfers due to change in creditworthiness	–	–	–	–	–	–	–	–
Financial assets that have been derecognised	1.27	–	–	1.27	3.10	–	–	3.10
Write off during the year	–	–	–	–	–	–	–	–
Balance at the end of the year	52.16	–	–	52.16	39.47	–	–	39.47

39.2 Liquidity Risk

Liquidity risk relates to Company's potential inability to meet all payment obligations when they fall due or only being able to meet them at excessive costs. The objective of the liquidity risk management framework is to ensure that the Company can fulfil its payment obligations at all times and can manage liquidity and funding risks within its risk appetite. The Asset Liability Committee regularly monitors the liquidity position and the duration of assets/liabilities and ensures that liquidity is strictly managed as per the policy.

Following are the contractual maturities of financial liabilities / financial assets at the reporting date. The amounts are gross and undiscounted and include estimated interest payments / receipts and exclude the impact of netting agreements.

(₹ in lakhs)

31st March 2019	Contractual cash flows						
	Upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
<b>Non-derivative fin. liabilities</b>							
Payables	94,42.45	4,72.20	–	3,59.76	82.77	–	103,57.18
Debt Securities	2010,03.88	1107,47.25	2298,96.49	5779,04.48	368,30.00	–	11563,82.10
Borrowings (Other than Debt Securities)	869,93.23	831,98.06	5904,98.99	4567,76.44	158,91.39	39.08	12333,97.19
Deposits	381,17.51	455,66.20	743,34.24	1786,91.36	–	–	3367,09.31
Subordinated Liabilities	40,66.95	37,99.02	77,17.25	533,24.34	481,88.68	1518,25.71	2689,21.95
Other Financial Liabilities	408,63.42	98.26	75.00	11,46.48	5,95.68	–	427,78.84
<b>Derivative financial liabilities</b>	7,14.90	6,47.82	–	1,34.80	–	–	14,97.52
<b>Total</b>	<b>3812,02.34</b>	<b>2445,28.81</b>	<b>9025,21.97</b>	<b>12683,37.66</b>	<b>1015,88.52</b>	<b>1518,64.79</b>	<b>30500,44.09</b>
<b>Non-derivative fin. assets</b>							
Cash and cash equivalents	129,78.52	–	–	–	–	–	129,78.52
Bank Balances	46,66.01	162,99.39	386,62.71	154,20.03	–	–	750,48.14
Receivables	17,56.83	–	–	–	–	–	17,56.83
Loans	4262,00.93	3418,67.46	6126,74.17	14940,07.44	2814,69.75	39,09.70	31601,29.45
Investments	174,83.05	35,16.27	93,24.06	167,51.34	173,21.72	542,22.89	1186,19.33
Other Financial assets	8,16.29	32.07	79.72	2,11.72	1,09.47	4,20.84	16,70.11
<b>Derivative financial assets</b>	–	–	78,71.21	2,29.25	2,91.97	5,83.93	89,76.36
<b>Total</b>	<b>4639,01.63</b>	<b>3617,15.19</b>	<b>6686,11.87</b>	<b>15266,19.78</b>	<b>2991,92.91</b>	<b>591,37.36</b>	<b>33791,78.74</b>



NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

31st March 2018	Contractual cash flows						
	Upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
<b>Non-derivative financial liabilities</b>							
Payables	65,98.39	4,37.96	–	2,86.21	–	–	73,22.56
Debt Securities	1739,86.42	578,17.65	2392,27.93	4699,27.20	672,15.07	–	10081,74.26
Borrowings (Other than Debt Securities)	1372,90.29	366,70.38	3147,37.76	3081,64.44	156,71.14	39.08	8125,73.09
Deposits	318,03.84	385,83.73	626,21.61	1490,85.34	–	–	2820,94.52
Subordinated Liabilities	40,67.58	37,81.07	62,03.45	426,07.72	592,91.18	1423,38.91	2582,89.90
Other Financial Liabilities	382,28.08	82.56	76.84	20,51.49	84.03	–	405,23.00
<b>Derivative financial liabilities</b>	29,34.50	8,08.31	16,95.26	–	–	–	54,38.07
<b>Total</b>	<b>3949,09.10</b>	<b>1381,81.65</b>	<b>6245,62.85</b>	<b>9721,22.40</b>	<b>1422,61.41</b>	<b>1423,77.99</b>	<b>24144,15.40</b>
<b>Non-derivative financial assets</b>							
Cash and cash equivalents	126,39.57	–	–	–	–	–	126,39.57
Bank Balances	88,23.42	10,98.09	578,18.46	233,09.19	–	–	910,49.16
Receivables	19,89.45	–	–	–	–	–	19,89.45
Loans	3401,17.40	2697,54.70	4871,50.85	12058,63.91	2289,53.48	38,78.76	25357,19.09
Investments	270,08.35	24,55.79	42,30.81	173,97.63	190,31.34	542,15.54	1243,39.46
Other Financial assets	6,75.02	40.87	70.35	2,50.71	1,00.51	2,01.88	13,39.34
<b>Derivative fn. assets</b>	9.06	85.95	–	38,97.01	–	–	39,92.02
<b>Total</b>	<b>3912,62.26</b>	<b>2734,35.40</b>	<b>5492,70.47</b>	<b>12507,18.45</b>	<b>2480,85.33</b>	<b>582,96.18</b>	<b>27710,68.09</b>

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

1st April 2017	Contractual cash flows						
	Upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
<b>Non-derivative financial liabilities</b>							
Payables	166,72.47	7,77.68	–	265.81	–	–	177,15.96
Debt Securities	1814,74.55	1102,01.60	3563,98.31	3660,57.90	167,24.65	–	10308,57.01
Borrowings (Other than Debt Securities)	9,04.94	5,40.93	718,84.41	641,58.82	–	39.08	1375,28.18
Deposits	325,51.15	415,76.52	613,01.33	1376,54.50	–	–	2730,83.50
Subordinated Liabilities	12,25.73	37,83.57	33,25.24	166,99.81	394,70.34	772,36.99	1417,41.68
Other Financial Liabilities	484,23.08	97.36	50.92	29,56.86	2,42.93	–	517,71.15
<b>Derivative financial liabilities</b>	12,51.17	8,16.50	33,34.85	79.07	–	–	54,81.59
<b>Total</b>	<b>2825,03.09</b>	<b>1577,94.16</b>	<b>4962,95.06</b>	<b>5878,72.77</b>	<b>564,37.92</b>	<b>772,76.07</b>	<b>16581,79.07</b>
<b>Non-derivative financial assets</b>							
Cash and cash equivalents	90,70.62	–	–	–	–	–	90,70.62
Bank Balances	14,56.82	12,12.54	468,86.90	222,10.39	–	–	717,66.65
Receivables	16,22.11	–	–	–	–	–	16,22.11
Loans	2523,29.46	1996,01.09	3548,18.10	8434,47.12	1734,02.19	27,07.92	18263,05.89
Investments	209,99.64	15,69.86	32,34.05	112,39.81	91,75.08	406,71.45	868,89.89
Other Financial assets	5,22.74	44.56	56.76	2,07.52	1,21.40	3,18.41	12,71.39
<b>Derivative financial assets</b>	1.43	3.22	–	–	–	–	4.65
<b>Total</b>	<b>2860,02.82</b>	<b>2024,31.27</b>	<b>4049,95.81</b>	<b>8771,04.85</b>	<b>1826,98.67</b>	<b>436,97.78</b>	<b>19969,31.20</b>

39.3 Market Risk

Market risk is the risk of loss arising from potential adverse changes in the value of the firm's assets and liabilities from fluctuation in market variables like liquidity, interest rate and foreign exchange (Currency risk).

a. Interest rate risk

The Company's exposure to changes in interest rates relates to the Company's outstanding floating rate liabilities. Most of the Company's outstanding liability in local currency is on fixed rate basis and hence not subject to interest rate risk. Whereas the foreign currency liability is linked to international rate benchmarks like LIBOR and hence subject to interest rate risk. The Company hedges these risks through derivative transactions.

## NOTES TO THE ACCOUNTS (Contd.)

The interest rate profile of the Company's interest bearing financial instruments is as follows:

(₹ in lakhs)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
<b>Financial assets</b>			
<b>Fixed-rate instruments</b>			
Loans	27257,94.86	21987,71.53	15591,02.30
Investments	634,69.37	636,24.05	395,36.06
Bank Balances	708,84.47	855,70.36	660,40.53
	<b>28601,48.70</b>	<b>23479,65.94</b>	<b>16646,78.89</b>
<b>Variable rate instruments</b>			
Lease assets	137,66.57	150,38.15	206,25.58
<b>Total</b>	<b>28739,15.27</b>	<b>23630,04.09</b>	<b>16853,04.47</b>
<b>Financial liabilities</b>			
<b>Fixed-rate instruments</b>			
Debt securities	12204,69.97	10839,75.08	10466,82.52
Borrowings (Other than debt securities)	4973,99.89	4531,18.86	393,39.80
Deposits	3099,99.19	2616,99.99	2529,84.23
	<b>20278,69.05</b>	<b>17987,93.93</b>	<b>13390,06.55</b>
<b>Variable rate instruments</b>			
Financial liabilities with floating interest rate	4763,06.87	3159,13.48	912,01.74
<b>Total</b>	<b>25041,75.92</b>	<b>21147,07.41</b>	<b>14302,08.29</b>

### Fair value sensitivity analysis for fixed rate instruments

The Company's fixed rate instruments are carried at amortised cost and are not measured for interest rate risk, as neither the carrying amount nor the future cash flows will fluctuate because of changes in market interest rates.

### Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in lakhs)

	Profit or loss / Equity		Profit or loss / Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	31st March 2019		31st March 2018	
Variable rate instruments	(16,53.31)	16,53.31	(10,64.03)	10,64.03
Cross currency Interest Rate swap	(7,83.72)	7,83.72	(6,99.14)	6,99.14
Cash flow sensitivity (net)	(8,69.59)	8,69.59	(3,64.89)	3,64.89

## NOTES TO THE ACCOUNTS (Contd.)

### Interest rate sensitivity

The major lending of the Company is in the form of Hypothecation loans at fixed rates. The loans are financed by various fixed / floating Rate borrowings. While the assets financed are generally recovered over the tenure of the underlying contract equally, the liabilities are in general repayable on maturity. Hence, the interest rate risk and liquidity (mismatches in the duration of assets and liabilities) are inherent and inevitable.

To measure the above risk the Company adopts the duration gap analysis which is measured for assets and liabilities maturing in next 12 months as well as for the overall assets and liabilities. Also, for Interest rate risk management, the Duration Gap model is used on assets and liabilities maturing in the next 12 months, to assess the change in Net Interest Income (NII) for a 1% increase in interest rate. The change in NII for 1% increase in interest rate as on 31.03.2019 is (₹32.95 Cr.)

### b. Currency Risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which borrowings are denominated and the respective functional currency, i.e. INR. The transactions of the Company are primarily denominated in INR. Currency risks arise from the foreign currency loans availed by the Company.

### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk (based on notional amounts) as reported:

(₹ in lakhs)

	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	USD	INR	USD	INR	USD	INR
Total foreign currency exposure in respect of recognised assets and liabilities	13,12.30	907,73.77	25,40.68	1652,61.98	12,50.28	810,66.16
Cross currency Interest Rate swap / Forward exchange contracts	(13,12.30)	(907,73.77)	(25,40.68)	(1652,61.98)	(12,50.28)	(810,66.16)
Net exposure	-	-	-	-	-	-

### Sensitivity

Currency risks related to the amounts of foreign currency loans are fully hedged using derivatives that mature on the same dates as the loans are due for repayment.

## Note 40: Financial Instruments - Transferred financial assets that are not derecognised in their entirety

### Securitisation:

The company as part of its business model periodically enters into securitisation transactions via Pass Through Certificates (PTC) route and/or Direct Assignment (DA). As per RBI guidelines, the company maintained credit enhancement for securitisation transactions which covers the expected losses and thereby retains the risk associated with the assets.

## NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

	31st March 2019	31st March 2018	1st April 2017
Carrying amount of transferred assets	3646,47.50	2745,44.68	–
Carrying amount of associated liabilities	3815,13.06	2895,71.87	–
Fair value of assets	3569,13.67	2762,01.36	–
Fair value of associated liabilities	3793,57.79	2877,76.54	–
Net position at Fair value	(224,44.12)	(115,75.18)	–

### Note 41: Employee benefits

#### Post-employment benefits: Defined Contribution Plans

(₹ in lakhs)

Amount recognised as expense in Employee benefit expense	2018-19	2017-18
Superannuation	2,04.35	1,81.43
Pension fund	5,86.92	5,64.53
Employee State Insurance scheme	6.71	10.97
<b>Total</b>	<b>7,97.98</b>	<b>7,56.94</b>

#### Defined benefit plans

Defined benefit plan exposes the Company to a number of risks, the most significant of which are detailed below:

**Investment risk:** This may arise from volatility in Asset value due to market fluctuations and impairment of assets due to credit losses. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk.

**Interest risk:** A decrease in bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

**Salary cost Inflation risk:** The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. Increase in salary due to adverse Inflationary pressures might lead to higher liabilities.

**Longevity risk:** The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants. Increase or decrease in such rate will affect the plan liability.

#### A. Gratuity (Funded)

Expected contribution to the plan for the next year is ₹7,40 lakhs.

#### B. Leave encashment & Compensated absences (funded):

Expected contribution to the plan for the next year is ₹5,25 lakhs.

#### C. Post Retirement employees medical scheme (unfunded):

The company earmarks liability towards unfunded post retirement medical benefit and provides for payments to vested employees. The benefits under the plan are in the form of a medical benefit paid to employees post their employment within the company.

## NOTES TO THE ACCOUNTS (Contd.)

Details of defined benefit plans as per actuarial valuation are as below:

(₹ in lakhs)

Particulars	FUNDED Gratuity			UNFUNDED Retired Employee Medical Scheme		
	31.03.2019	31.03.2018	01.04.2017	31.03.2019	31.03.2018	01.04.2017
<b>Amounts recognised in profit or loss</b>						
Current service cost	2,88.43	2,63.07	–	–	–	–
Net interest expense/(income)	(13.35)	(8.45)	–	7.13	7.67	7.97
Total amount included in employee benefits expense	2,75.08	2,54.62	–	7.13	7.67	7.97
<b>Amounts recognised in other comprehensive income</b>						
Re measurement (gains)/losses: Actuarial (gains)/ losses arising from changes in						
- Financial assumptions	1,59.37	90.87	–	0.69	(0.71)	0.07
- Experience adjustments	4,26.69	2,03.53	–	9.64	(2.58)	(4.73)
Return on plan assets, excluding amount included in net interest expense/ (income)	21.29	(59.01)	–	–	–	–
<b>Total amount recognised in other comprehensive income</b>	<b>6,07.35</b>	<b>2,35.38</b>	<b>–</b>	<b>10.33</b>	<b>(3.29)</b>	<b>(4.66)</b>
<b>Changes in the defined benefit obligation</b>						
Opening defined benefit obligation	37,95.41	32,51.27	27,00.94	1,02.55	1,05.95	1,09.77
Add/(less) on account of business combination/transfers	–	(64.57)	–	–	–	–
Current service cost	2,88.43	2,63.07	2,05.16	–	–	–
Interest expense	2,99.10	2,29.26	2,11.48	7.13	7.67	7.96
Remeasurement (gains)/losses arising from changes in						
- Demographic assumptions	–	–	1,94.92	–	–	–
- Financial assumptions	1,59.37	90.87	-	0.69	(0.71)	0.07
- Experience adjustments	4,26.69	2,03.53	53.65	9.64	(2.58)	(4.73)
Benefits paid	(1,04.01)	(1,78.02)	(1,14.88)	(19.10)	(7.78)	(7.12)
<b>Closing defined benefit obligation</b>	<b>48,64.98</b>	<b>37,95.41</b>	<b>32,51.27</b>	<b>1,00.91</b>	<b>1,02.55</b>	<b>1,05.95</b>
Opening fair value of plan assets	36,37.92	31,42.73	25,85.15	–	–	–
Add/(less) on account of business combination	–	(73.47)	–	–	–	–
Return on plan assets excluding interest income	3,12.45	2,37.71	2,16.76	–	–	–
Contribution by employer	6,49.24	4,49.96	4,65.17	19.10	7.78	7.12
Benefits paid	(1,04.01)	(1,78.02)	(1,14.88)	(19.10)	(7.78)	(7.12)
Actuarial gain / (loss) on plan assets	(21.29)	59.01	(9.47)	–	–	–
Closing fair value of plan assets	44,74.31	36,37.92	31,42.73	–	–	–
<b>Net asset / (liability) recognised in balance sheet</b>						
Defined benefit obligation	48,64.98	37,95.41	32,51.28	1,00.91	1,02.55	1,05.95
Fair value of plan assets	44,74.31	36,37.92	31,42.73	–	–	–
Surplus/(Deficit)	(3,90.67)	(1,57.49)	(1,08.55)	(1,00.91)	(1,02.55)	(1,05.95)

NOTES TO THE ACCOUNTS (Contd.)

(in %)

Particulars	FUNDED Gratuity			UNFUNDED Retired Employee Medical Scheme		
	31.03.2019	31.03.2018	01.04.2017	31.03.2019	31.03.2018	01.04.2017
<b>I. Actuarial assumptions</b>						
Discount rate	7.62	7.99	7.25	6.5-7.5	6.36-7.67	6.35-7.51
Expected Return on plan assets	7.62	7.99	7.25	–	–	–
Attrition rate (Age based)						
From Age 18 - 20 years	3.00	3.00	3.00	–	–	–
From Age 21 - 40 years	2.00	2.00	2.00	–	–	–
From Age 41 - 58 years	1.00	1.00	1.00	–	–	–
Salary escalation	8.00	8.00	7.00	–	–	–

(₹ in lakhs)

Particulars	FUNDED Gratuity			UNFUNDED Retired Employee Medical Scheme		
	31.03.2019	31.03.2018	01.04.2017	31.03.2019	31.03.2018	01.04.2017
<b>II. Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as below</b>						
Impact of						
0.5% decrease in discount rate	2,30.97	1,84.34	1,43.62	–	–	–
1.0% decrease in discount rate	–	–	–	4.55	4.64	4.76
0.5% increase in discount rate	(2,13.19)	(1,69.94)	(1,32.69)	–	–	–
1.0% increase in discount rate	–	–	–	(4.11)	(4.19)	(4.29)
0.5% decrease in salary growth rate	(2,13.42)	(1,70.68)	(1,33.62)	–	–	–
0.5% increase in salary growth rate	2,29.02	1,83.44	1,43.32	–	–	–
Life expectancy + 1 year	–	–	–	(2.77)	(2.77)	(2.75)
Life expectancy - 1 year	–	–	–	2.81	2.72	2.70
Weighted average duration of the Defined benefit obligation (in years)	15.09	15.84	16.27	9.50	10.00	10.60

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	FUNDED Gratuity			UNFUNDED Retired Employee Medical Scheme		
	31.03.2019	31.03.2018	01.04.2017	31.03.2019	31.03.2018	01.04.2017
<b>Maturity profile of defined benefit obligation</b>						
Year 1	9,03.72	7,05.93	6,17.87	12.09	12.17	12.23
Year 2	2,81.75	1,29.00	1,74.50	11.31	11.45	11.58
Year 3	2,50.27	2,49.04	1,81.29	10.51	10.71	10.90
Year 4	1,93.45	2,15.39	1,77.25	9.70	9.95	10.20
Year 5	2,47.34	1,71.20	1,71.42	8.88	9.18	9.47
Next 5 years	18,93.78	15,05.78	12,12.40	32.62	34.52	36.43

In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets & the description of the Asset-Liability matching strategies used by the plan has not been disclosed.

**D. Provident Fund**

The provident fund contributions to trust are managed through trust investments in addition to contribution of a portion of its provident fund liability relating to Employees Pension Scheme to Employees Provident Fund Organisation.

The fund has a relatively balanced mix of investments in order to manage the risks. The investment strategy is designed based on the interest rate scenario, liquidity needs of the Plans and pattern of investment as prescribed under the statute.

The trustees regularly monitor the funding and investment, there are systems in place to ensure that the health of the portfolio is regularly reviewed and investments do not pose any significant risk of impairment.

The trust also holds reserves in its Balance sheet which can be used to provide for shortage in yield, if any, in the future years.

**Major Category of Plan Assets as a % of the Total Plan Assets**

Particulars	31.03.2019	31.03.2018	01.04.2017
Central Government Securities	13.70	17.10	20.40
State Government Securities	34.10	27.90	23.70
Public Sector Bonds	41.90	46.10	46.40
Private Sector Bonds	3.20	1.80	2.20
Special Deposits	3.80	4.50	5.20
Short Term Deposits	–	–	0.30
Equity Fund	3.30	2.60	1.80
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>



## NOTES TO THE ACCOUNTS (Contd.)

### Note 42: Share Based Payments (Refer note 33)

The Company grants ESOP to Senior Management employees in accordance with the terms of the Plan.

Description of the plan that existed during the period

Particulars	Grant 10	Grant 9	Grant 8
Board meeting date	25-May-18	29-May-17	30-May-16
Options granted	20000	18550	14400
Exercise price (per share)	10	10	10
Date of grant	25-May-18	29-May-17	30-May-16
Vesting date	31-May-19	31-May-18	31-May-17
Vesting period	12 months	12 Months	12 Months
Exercise period	01-June-19 to 31-August-2019	01-June-2018 to 31-August-2018	01-June-2017 to 31-August-2017
Market price immediately prior to grant date	1732.90	1497.90	1397.70
Intrinsic value	1722.90	1487.90	1387.70

#### Group share based payments

The company as a part of ESOP scheme, has issued share options to employees of various group companies. The company does not get reimbursed for the cost of such group share options and such costs are treated as investment in the group companies.

Effect of Share based payments transactions on Entities Financials:

(₹ in lakhs)

Particulars	2018-19	2017-18
Expenses recognised in Profit & Loss account	2,47.83	1,85.37
Amount recognised as Investment in Group companies	85.46	78.06

Unvested share options issued to employees of various group companies are as under:

(in nos)

Particulars	Grant 10	Grant 9	Grant 8
	31-03-2019	31-03-2018	01-04-2017
Sundaram Asset Management Company Limited	2,250	2,250	1,250
Royal Sundaram General Insurance Co. Limited	750	750	500
Sundaram BNP Paribas Home Finance Limited	2,000	2,500	2,500
<b>Total</b>	<b>5,000</b>	<b>5,500</b>	<b>4,250</b>

## NOTES TO THE ACCOUNTS (Contd.)

### Measurement of fair value

The fair values of the options issued have been arrived at using the Black Scholes Model.

The key assumptions used in computing the fair value are

Particulars	Grant10	Grant 9	Grant 8
Risk free interest rate per annum	7.03%	6.76%	7.47%
Life of the option	372 days	368 days	367 days
Expected volatility	31.18%	29.80%	34.15%
Fair value of the option (₹)	1,723.59	1,488.56	1,388.43

The expected volatility is based on historical share price volatility. The life of the option has been based on general option holder behaviour.

### Reconciliation of the outstanding share options - 2018-19:

The number and weighted-average exercise prices of share options under various grants are as follows:

Grant details	Grant 10		Grant 9	
	Weighted average exercise price per option	No of options	Weighted average exercise price per option	No of options
Outstanding at the beginning of the period	—	—	—	—
Granted during the period	10	20,000	10	18,550
Forfeited / expired during the period	—	—	—	—
Exercised during the period	—	—	—	—
Outstanding at the end of the period	10	20,000	10	18,550
Exercisable at the end of the period	—	—	—	—

### Exercise price and Contractual life for the share options outstanding at the end of the period

Particulars	2019	2018	2017
Exercise Price (₹)	10	10	10
Contractual life	2 months	2 months	2 months

### Reconciliation of the outstanding share options - 2017-18:

The number and weighted-average exercise prices of share options under various grants are as follows:

Grant details	Grant 9		Grant 8	
	Weighted average exercise price per option	No of options	Weighted average exercise price per option	No of options
Outstanding at the beginning of the period	—	—	10	14,400
Granted during the period	10	18,550	—	—
Forfeited / expired during the period	—	—	—	—
Exercised during the period	—	—	10	14,400
Outstanding at the end of the period	10	18,550	—	—
Exercisable at the end of the period	—	—	—	—

NOTES TO THE ACCOUNTS (Contd.)

**Note 43: Leases**

(₹ in lakhs)

Details	31-03-2019		31-03-2018		01-04-2017	
	Gross Investment in Lease	Present value of Minimum Lease payments	Gross Investment in Lease	Present value of Minimum Lease payments	Gross Investment in Lease	Present value of Minimum Lease payments
Upto 1 Year	554,30.38	494,25.92	929,63.67	796,60.33	1124,09.67	928,49.36
1-5 Year	331,11.90	308,49.92	941,05.83	838,48.97	1610,33.02	1413,70.37
> 5 Year	–	–	–	–	–	–
Total	885,42.28	802,75.84	1870,69.50	1635,09.30	2734,42.69	2342,19.73
Less: Unearned Finance income	82,66.44		235,60.20		392,22.96	
Present value of Minimum Lease payments	802,75.84		1635,09.30		2342,19.73	

**Operating lease as lessor**

**Maturity pattern of Minimum Lease payments:**

(₹ in lakhs)

Year	31.03.2019	31.03.2018	01.04.2017
Less than 1 year	52,88.66	57,62.06	79,72.38
Later than 1 year and not later than 5 years	67,66.77	70,40.30	103,60.04
Later than 5 years	–	–	–
Total	120,55.43	128,02.36	183,32.42

**Operating lease as a lessee**

The Company has taken certain premises for its business operations under cancellable operating lease agreements ranging from 11 months to 15 years which are subject to renewal at mutual consent:

(₹ in lakhs)

Particulars	2018-19	2017-18
Total operating lease payment recognised as expense during the period	16,77.28	14,73.94

**Finance lease as a lessee**

Assets acquired under finance lease comprises Land which have a primary period of Ninety-eight years with an option to renew it.

(₹ in lakhs)

Particulars	31.03.2019	31.03.2018	01.04.2017
Carrying value of assets taken on finance lease	39.08	39.08	39.08

## Note 44: General

44.01 In February 2019, the company sold 11,62,91,000 equity shares of ₹10/- each (representing 25.90% stake) in Royal Sundaram General Insurance Co. Limited (RSGI) for a consideration of ₹984,17.07 lakhs to Ageas Insurance International N.V, The Netherlands, resulting in a profit before tax of ₹592,43.45 lakhs, disclosed as an exceptional item in the statement of Profit and Loss. The profit is net of transaction expenses and provisions towards certain financial covenants, whereby the company has agreed to indemnify the buyer. Subsequent to the transaction, the company holds 50% in the equity share capital of RSGI, resulting in RSGI becoming a Joint Venture company with effect from 23rd February 2019.

### 44.02 Segment Information

Segment information is presented in the consolidated financial statements as per Ind AS 108.

44.03 The Company has spent an amount of ₹14,04.87 lakhs (2017-18 - ₹12,64.84 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.

44.04 The pending litigations as on 31st March 2019 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.

### 44.05 Provisions contingent liabilities and contingent asset

(₹ in lakhs)

Movement of provisions	Amount
Carrying amount as on 31.03.2018	56,38.77
Add: Provisions made during the year	49.08
Less: Amount used or reversed during the year	16,99.63
Carrying amount as on 31.03.2019	39,88.22

(₹ in lakhs)

Contingent liabilities	31.03.2019	31.03.2018	01.04.2017
a) On Cheques discounted	1.38	27.80	99.79
b) Bank guarantee and Letter of credit	5,14.83	8,15.14	1,94.30
c) Claims against the company not acknowledged as debts	6,21.60	6,34.29	5,71.46
d) Tax disputes	60,23.16	74,14.68	98,87.90

Tax disputes in respect of Income Tax, Service Tax, VAT demands and Customs duty 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.)

### 44.06 RELATED PARTIES DISCLOSURES:

Related Party Disclosures as per INDAS 24 for the year ended 31st March 2019, are given below:

#### Subsidiary Companies:

Sundaram Asset Management Company Limited  
 Sundaram Asset Management Singapore Pte Limited  
 Sundaram Alternate Assets Limited  
 Sundaram Trustee Company Limited  
 Sundaram Finance Holdings Limited  
 Sundaram Business Services Limited  
 Sundaram BPO India Limited (Till 31.03.2018)  
 LGF Services Limited  
 Royal Sundaram General Insurance Co. Limited (Till 22/02/2019)  
 Sundaram Finance employee Welfare trust

#### Joint Ventures:

Sundaram BNP Paribas Home Finance Limited  
 Sundaram BNP Paribas Fund Services Limited  
 Royal Sundaram General Insurance Co. Limited (From 23/02/2019)

#### Associates:

Flometallic India Private Limited  
 The Dunes Oman LLC (FZC)  
 Sundaram Hydraulics Limited  
 Axles India Limited  
 Turbo Energy Private Limited  
 Transenergy Limited  
 Sundaram Dynacast Private Limited

#### Key Management Personnel:

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. R.N. Mala
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

M/s. Azorius Holdings Private Limited  
 M/s. Uthirattadhi Sriram Holdings Private Limited

## NOTES TO THE ACCOUNTS (Contd.)

All the arrangements and transactions entered into by the company with related parties, during the financial year 2018-19 were in ordinary course of business and on arm's length price.

The required statements and documents with respect to the related party transactions were placed before the Audit Committee and Board of Directors.

### Related Party Transactions for the Year Ended 31st March 2019

The nature and volume of transactions for the year ended 31st March 2019 with the above related parties are as follows.

(₹ in lakhs)

Particulars	Subsidiaries	Associates	Joint Ventures	2018-19	2017-18
<b>INCOME</b>					
Lease Rental Income	28.37	73.11	58.48	1,59.96	1,50.76
Interest Income	0.04	–	10,74.98	10,75.02	10,85.97
Income from Services	22.28	33.89	14,98.03	15,54.20	13,39.35
Dividend	15,12.50	–	17,75.50	32,88.00	26,15.50
Rent Receipts	3,75.47	–	2,66.03	6,41.50	5,71.51
Income from other Financial Services	10,44.39	–	31,48.34	41,92.73	43,29.68
Other Non Operating Income	40.46	–	1,71.95	2,12.41	2,10.06
<b>EXPENDITURE</b>					
Interest			5,02.62	5,02.62	4,39.73
Support Services	11,57.37	–	–	11,57.37	7,36.35
Rent Paid	94.39		2.89	97.28	25.34
Insurance Premium			1,25.47	1,25.47	1,28.13
Brokerage Paid			3.44	3.44	1.10
<b>ASSETS</b>					
Investments	–	–	–	–	226,45.50
Disinvestment	–	–	303,07.38	303,07.38	–
Loans and Advances Disbursed	3.33	–	–	3.33	5.70
Repayment of Loans and Advances	3.62	–	–	3.62	5.82
Insurance Premium paid in advance	–	–	1,42.83	1,42.83	1,19.37
<b>Dividend Paid</b>	1,78.71	–	–	1,78.71	63.67
<b>LIABILITIES</b>					
Issue of Non Convertible Debentures	–	–	15,02.34	15,02.34	–
Other Liabilities	1,62.35	–	–	1,62.35	1,39.81

(₹ in lakhs)

	2018-19	2017-18
Compensation paid to Key Managerial Personnel		
Short term benefits	10,87.47	10,18.28
Post retirement benefits	34.28	32.25
Share based payments	42.09	35.62

(₹ in lakhs)

Transactions with Key Managerial Personnel	2018-19	2017-18
Interest on deposits	57.07	83.95
Dividend Paid	12,68.92	4,85.06
Dividend Paid to Enterprises over which KMP and his relatives is exercising significant influence	3,96.05	1,51.43

NOTES TO THE ACCOUNTS (Contd.)

**Disclosure Of Material Transactions With Related Parties**

(₹ in lakhs)

Particulars	Related Parties	2018-19	2017-18
<b>INCOME</b>			
Lease Rental Income	Turbo Energy Private Limited	56.88	63.73
	Sundaram BNP Paribas Fund Services Limited	40.71	15.48
	Sundaram Asset Management Company Limited	28.37	28.55
	Royal Sundaram General Insurance Co. Limited	17.77	28.28
	Axles India Limited	16.23	14.72
Interest Income	Royal Sundaram General Insurance Co. Limited	10,74.98	10,75.00
	Sundaram Asset Management Company Limited	0.04	0.14
	Sundaram Business Services Limited	–	10.83
Income from Services	Sundaram BNP Paribas Home Finance Limited	7,52.11	6,72.01
	Royal Sundaram General Insurance Co. Limited	3,80.64	3,63.42
	Sundaram BNP Paribas Fund Services Limited	3,65.28	2,59.58
	Turbo Energy Private Limited	33.89	28.08
	Sundaram Asset Management Company Limited	13.69	14.43
	Sundaram Finance Holdings Limited	7.50	–
	Sundaram Business Services Limited	1.09	1.82
Dividend	Sundaram BNP Paribas Home Finance Limited	17,75.50	17,75.50
	Sundaram Asset Management Company Limited	8,00.00	7,00.00
	Sundaram Finance Holdings Limited	6,00.00	37.50
	LGF Services Limited	62.50	62.50
	Sundaram Trustee Company Limited	50.00	40.00
Rent Receipts	Sundaram Asset Management Company Limited	2,33.12	1,99.97
	Sundaram BNP Paribas Home Finance Limited	1,90.07	1,73.68
	Sundaram Business Services Limited	1,10.02	1,26.29
	Royal Sundaram General Insurance Co. Limited	47.91	43.52
	Sundaram Finance Holdings Limited	32.32	–
	Sundaram BNP Paribas Fund Services Limited	28.05	28.05
Income from other Financial Services	Royal Sundaram General Insurance Co. Limited	18,45.81	14,81.10
	Sundaram Asset Management Company Limited	10,21.45	15,43.40
	Sundaram BNP Paribas Fund Services Limited	6,90.91	5,72.20
	Sundaram BNP Paribas Home Finance Limited	6,11.62	6,65.77
	Sundaram Alternate Assets Limited	22.94	–
	LGF Services Limited	–	67.20

NOTES TO THE ACCOUNTS (Contd.)

Particulars	Related Parties	2018-19	2017-18
Other Non Operating Income	Sundaram BNP Paribas Home Finance Limited	1,29.98	1,10.99
	Sundaram BNP Paribas Fund Services Limited	26.67	29.07
	Sundaram Asset Management Company Limited	26.46	31.68
	Royal Sundaram General Insurance Co. Limited	15.30	25.83
	Sundaram Business Services Limited	10.00	6.00
	Sundaram Finance Holdings Limited	4.00	0.50
	Sundaram BPO India Limited	–	6.00
<b>EXPENDITURE</b>			
Interest	Royal Sundaram General Insurance Co. Limited	502.62	4,39.73
Support Services	Sundaram Finance Holdings Limited	11,57.37	2,44.20
	Sundaram BPO India Limited	–	4,92.15
Rent Paid	Sundaram Finance Holdings Limited	94.39	21.02
	Royal Sundaram General Insurance Co. Limited	2.67	2.91
	Sundaram BNP Paribas Home Finance Limited	0.22	1.41
Insurance Premium	Royal Sundaram General Insurance Co. Limited	1,25.47	1,28.13
Brokerage Paid	Sundaram BNP Paribas Home Finance Limited	3.44	1.10

(₹ in lakhs)

Particulars	Related Parties	2018-19	2017-18
Dividend Paid	Sundaram Finance employee Welfare trust	1,78.71	63.67

(₹ in lakhs)

Particulars	Related Parties	2018-19	2017-18
<b>ASSETS</b>			
Purchase of Fixed Assets	Sundaram Business Services Limited	7.25	–
Investments	Royal Sundaram General Insurance Co. Limited	–	223,90.50
	Sundaram BNP Paribas Fund Services Limited	–	2,55.00
Disinvestments	Royal Sundaram General Insurance Co. Limited	303,07.38	–
Loans and Advances Disbursed	Sundaram Asset Management Company Limited	3.33	5.70
Repayment of Loans and Advances	Sundaram Asset Management Company Limited	3.62	5.82
Insurance Pemium paid in advance	Royal Sundaram General Insurance Co. Limited	1,42.83	1,19.37
<b>LIABILITIES</b>			
Issue of Non Convertible Debentures	Royal Sundaram General Insurance Co. Limited	15,02.34	–
Other Liabilities	Sundaram Finance Holdings Ltd	1,62.35	1,39.81



## NOTES TO THE ACCOUNTS (Contd.)

### Balances With Related Parties as at 31st March 2019

(₹ in lakhs)

Balances Outstanding	Subsidiaries	Associates	Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP and his relatives is exercising significant influence	31.03.2019	31.03.2018	01.04.2017
<b>ASSETS</b>									
Investments	208,19.21	–	863,67.18	–	–	–	1071,86.39	1374,02.29	1146,84.76
Loans and Advances	0.20	32.18	4,13.04	–	–	–	4,45.42	2,58.30	3,29.81
Other Assets	14.93	–	9,13.48	–	–	–	9,28.41	11,89.62	5,09.41
<b>LIABILITIES</b>									
Equity Holdings	5,29.57	–	–	2,04.57	4,51.98	2,32.97	14,19.08	15,19.00	15,62.38
Non Convertible Debentures	–	–	53,02.33	–	–	–	53,02.33	54,16.51	52,45.02
Deposits	–	–	–	31.10	6,82.81	–	7,13.91	7,03.19	10,64.61
Other Liabilities	1,89.30	–	1,79.69	–	–	–	3,68.99	3,48.23	2,58.48
Remuneration payable	–	–	–	7,54.51	–	–	7,54.51	7,07.48	5,50.21

### Disclosure of Material Balances with Related Parties as at 31st March 2019

(₹ in lakhs)

Balances Outstanding	Subsidiaries	Joint Ventures	31.03.2019	31.03.2018	01.04.2017
<b>ASSETS</b>					
<b>Investments</b>					
a) Investments In Equity Shares					
Royal Sundaram General Insurance Co. Limited	–	585,37.34	585,37.34	888,32.08	664,31.12
Sundaram Asset Management Company Ltd.	185,70.41	–	185,70.41	185,32.51	185,01.70
Sundaram BNP Paribas Home Finance Ltd.	–	152,57.75	152,57.75	152,22.82	151,86.03
Sundaram BNP Paribas Fund Services Ltd.	–	22,95.15	22,95.15	22,95.15	20,40.15
Sundaram Trustee Company Ltd.	2,28.62	–	2,28.62	2,28.62	2,28.62
Sundaram Finance Holdings Ltd.	20,15.18	–	20,15.18	20,15.18	20,15.18
LGF Services Ltd.	5.00	–	5.00	5.00	5.00
<b>Total</b>	<b>208,19.21</b>	<b>760,90.24</b>	<b>969,09.45</b>	<b>1271,31.36</b>	<b>1044,07.80</b>
b) Investments In Non-Convertible Debentures					
Royal Sundaram General Insurance Co. Limited	–	102,76.94	102,76.94	102,70.93	102,76.96

NOTES TO THE ACCOUNTS (Contd.)

Disclosure of Material Balances with Related Parties as at 31st March 2019

(₹ in lakhs)

Balances Outstanding	Subsidiaries	Associates	Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP and his relatives is exercising significant influence	31.03.2019	31.03.2018	01.04.2017
<b>Loans and Advances</b>									
a) Intercompany Loans									
Sundaram Business Services Ltd.	–	–	–	–	–	–	–	–	2,00.00
b) Lease Receivables									
Sundaram BNP Paribas Fund Services Ltd.	–	–	4,13.04	–	–	–	4,13.04	2,47.42	89.49
Axles India Ltd.	–	32.18	–	–	–	–	32.18	10.43	15.36
c) Fleet									
Sundaram Asset Management Company Ltd.	0.20	–	–	–	–	–	0.20	0.45	0.46
Sundaram Business Services Ltd.	–	–	–	–	–	–	–	–	0.13
d) Hypothecation Loans									
Sundaram Hydraulics Ltd.	–	–	–	–	–	–	–	–	24.37
<b>Total</b>	<b>0.20</b>	<b>32.18</b>	<b>4,13.04</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,45.42</b>	<b>2,58.30</b>	<b>3,29.81</b>
<b>Other Assets</b>									
Royal Sundaram General Insurance Co. Ltd.	–	–	7,58.28	–	–	–	7,58.28	4,84.42	2,28.04
Sundaram Business Services Limited	13.16	–	–	–	–	–	13.16	15.34	13.83
Sundaram Asset Management Company Ltd.	0.37	–	–	–	–	–	0.37	3,52.97	1,77.32
Sundaram Alternate Assets Limited	1.40	–	–	–	–	–	1.40	–	–
Sundaram BNP Paribas Fund Services Ltd.	–	–	93.79	–	–	–	93.79	88.81	50.89
Sundaram BNP Paribas Home Finance Ltd.	–	–	61.41	–	–	–	61.41	2,37.74	39.33
Sundaram Finance Holdings Ltd.	–	–	–	–	–	–	–	0.33	–
Sundaram BPO India Ltd.	–	–	–	–	–	–	–	1.77	–
Turbo Energy Private Ltd.	–	–	–	–	–	–	–	8.24	–
<b>Total</b>	<b>14.93</b>	<b>–</b>	<b>9,13.48</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,28.41</b>	<b>11,89.62</b>	<b>5,09.41</b>
<b>LIABILITIES</b>									
<b>Equity Holdings</b>	5,29.57	–	–	2,04.57	4,51.98	2,32.97	14,19.08	15,19.00	15,62.38
<b>Non Convertible Debentures</b>									
Royal Sundaram General Insurance Co. Ltd.	–	–	53,02.33	–	–	–	53,02.33	54,16.51	52,45.02
<b>Deposits</b>				31.10	6,82.81		7,13.91	7,03.19	10,64.61
<b>Other Liabilities</b>									
Sundaram BNP Paribas Home Finance Ltd.	–	–	1,43.44	–	–	–	1,43.44	1,43.58	1,44.02
Royal Sundaram General Insurance Co. Ltd.	–	–	36.25	–	–	–	36.25	36.25	36.25
Sundaram Asset Management Company Ltd.	26.95	–	–	–	–	–	26.95	26.95	26.95
Sundaram BPO India Ltd.	–	–	–	–	–	–	–	–	51.26
Sundaram Finance Holdings Ltd	1,62.35	–	–	–	–	–	1,62.35	1,39.81	–
LGF Services Ltd	–	–	–	–	–	–	–	1.64	–
Remuneration payable	–	–	–	7,54.51	–	–	7,54.51	7,07.48	5,50.21
<b>Total</b>	<b>1,89.30</b>	<b>–</b>	<b>1,79.69</b>	<b>7,54.51</b>	<b>–</b>	<b>–</b>	<b>11,23.50</b>	<b>10,55.71</b>	<b>8,08.69</b>

(₹ in lakhs)

Maximum amount outstanding in respect of Loans and Advances	2018-19	2017-18
Sundaram BNP Paribas Fund Services Ltd	4,22.90	2,47.42
Axles India Ltd	49.21	54.77

## NOTES TO THE ACCOUNTS (Contd.)

44.07 Estimated amount of contracts remaining to be executed on capital account

(₹in lakhs)

Particulars	31.03.2019	31.03.2018	01.04.2017
Estimated Amount of contracts remaining to be executed on capital account (net of advance)	1,52.56	3,24.86	6,11.15
Uncalled commitment in Alternative Investment Fund Schemes	8,88.92	33,61.22	13,50.00

44.08 Interim dividend paid during the year is ₹5/- per share. Final dividend of ₹7.5/- per share and Special dividend of ₹5/- per share have been recommended by the Board for the year ended 31st March 2019 in May 2019.

44.09 Administrative and other expenses include payment to Auditors towards:

(₹in lakhs)

Particulars	2018-19	2017-18
Statutory Audit	60.00	60.00
Tax Audit	15.00	15.00
Certification	21.00	29.70
Reimbursement of expenses	2.00	0.09

44.10 Disclosure under the MSME Act 2006, (As per the intimation received form the vendor)

(₹ in lakhs)

Particulars	31.03.2019	31.03.2018	31.03.2017
i) a) Principal amount remaining unpaid*	85.84	NIL	NIL
b) Interest amount remaining unpaid	NIL	NIL	NIL
ii) Interest and principal amount paid beyond appointed date	NIL	NIL	NIL
iii) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under this Act.	NIL	NIL	NIL
iv) Interest accrued and remaining unpaid	NIL	NIL	NIL
v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	NIL	NIL	NIL

\* Subsequently paid in Apr-19 as per the agreed terms

## NOTES TO THE ACCOUNTS (Contd.)

44.11 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.

### 44.12 Scheme of arrangement

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. 01st 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 ₹1110 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 ₹173.43 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.

### 44.13 Earnings per Share

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
Profit/(Loss) attributable to equity shareholders ( ₹ in lakhs)	1126,30.88	563,43.65
Weighted average number of equity shares	11,11,03,860	11,11,03,860
Earnings per share – Basic & Diluted (in ₹)	101.37	50.71
Face value of Share	10	10

NOTES TO THE ACCOUNTS (Contd.)

**Note 45 : Disclosures as per Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (based on Ind AS financial statements)**

45.01 Capital to Risk (weighted) Assets Ratio

	31.03.2019	31.03.2018
CRAR (%)	19.46	18.03
CRAR - Tier I Capital (%)	14.65	12.46
CRAR - Tier II Capital (%)	4.81	5.57
Subordinated debt considered as Tier II Capital (₹ in lakhs)	1437,06.51	1410,38.82

45.02 Investments

(₹ in lakhs)

	31.03.2019	31.03.2018
Value of Investments		
Gross Value of Investments		
a) In India	1879,27.84	2215,27.60
b) Outside India	—	—
Provisions for Depreciation		
a) In India	12,94.86	8,47.60
b) Outside India	—	—
Net Value of Investments		
a) In India	1866,32.98	2206,80.00
b) Outside India	—	—
Movement of provisions held towards depreciation on investments		
Opening balance	8,47.60	8,24.20
Add : Provisions made during the year	4,48.53	26.50
Less : Reversal of provisions during the year	1.27	3.10
Closing balance	12,94.86	8,47.60

## NOTES TO THE ACCOUNTS (Contd.)

### 45.03 Derivatives

#### 45.03.01 Forward Rate Agreement / Interest Rate Swap (FRA / IRS)

(₹ in lakhs)

	31.03.2019	31.03.2018
The notional principal of swap agreements	300,00.00	–
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	13,22.83	–
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	10,06.30	–

The details and terms of IRS / FRA are set out below:

(₹ in lakhs)

Derivatives	31.03.2019	31.03.2018	Benchmark	Terms
	Notional Principal			
Interest Rate Swap	125,00.00	–	OIS	Fixed Receivable v/s Floating Payable
Interest Rate Swap	125,00.00	–	OIS	Fixed Payable v/s Floating Receivable
Forward Rate Agreement	50,00.00	–	OIS	Fixed Receivable v/s Floating Payable

#### 45.03.02 Exchange Traded Interest Rate (IR) Derivatives : NIL

#### 45.03.03 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. 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	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
i)	Derivatives (Notional Principal Amount) For Hedging	888,05.16	1795,59.42	300,00.00	–
ii)	Marked to Market Position				
	- Asset (+)	62,35.34	11,87.90	13,22.83	–
	- Liability (-)	–	25,66.45	3,16.53	–
iii)	Credit Exposure	17,76.10	102,95.60	6,50.00	–
iv)	Unhedged Exposures	–	–	–	–

## NOTES TO THE ACCOUNTS (Contd.)

### 45.04 Disclosures relating to Securitisation

#### 45.04.01 Special Purpose Vehicles (SPVs) and Minimum Retention Requirements

(₹ in lakhs)

	31.03.2019	31.03.2018
No. of SPVs Sponsored by the NBFC for Securitisation Transactions	16	15
Total amount of securitised assets as per books of the SPVs sponsored	4225,72.50	4395,51.72
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	608,42.77	597,94.66
Others	77,18.27	91,73.62
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	–	–

#### 45.04.02 Details of Assignment transactions undertaken

(₹ in lakhs)

	2018-19	2017-18
No. of accounts	9316	5829
Aggregate consideration on sale	656,29.28	489,64.01
Aggregate value (net of provisions) of accounts sold	645,38.49	476,84.62
Additional consideration realized in respect of accounts transferred in earlier years	–	–
Aggregate gain / (loss) over net book value	10,90.79	12,79.39

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

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

## NOTES TO THE ACCOUNTS (Contd.)

### 45.05 Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2019:

(₹ in lakhs)

	Upto 30/ 31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	138,37.93	125,00.22	125,71.52	422,63.31	679,71.04	1608,55.17	–	–	3099,99.19
Borrowings	923,26.37	586,64.74	1165,14.22	1653,42.37	5120,57.01	9678,80.19	697,40.35	1208,65.55	21033,90.79
Foreign Currency Liabilities	–	–	–	–	907,85.94	–	–	–	907,85.94
Advances	1551,39.31	1288,69.90	1419,88.73	3416,45.38	6121,98.16	14915,72.14	2798,88.53	10,68.94	31523,71.10
Investments	151,87.13	44,64.60	20,18.88	66,65.84	143,39.51	267,57.98	60,96.25	1111,02.80	1866,32.98
Foreign Currency Assets	1,27.79	–	–	–	–	–	–	–	1,27.79

### 45.06 Exposures

#### 45.06.01 Exposure to Real Estate Sector

(₹ in lakhs)

	31.03.2019	31.03.2018
Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	16,31.83	17,83.45
Commercial Real Estate - 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	21,63.48	10,00.24
Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
- Residential	–	–
- Commercial Real Estate	–	–
<b>Total Exposure to Real Estate Sector</b>	<b>37,95.31</b>	<b>27,83.69</b>



## NOTES TO THE ACCOUNTS (Contd.)

### 45.06.02 Exposure to Capital Market

(₹ in lakhs)

	31.03.2019	31.03.2018
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)	23,15.42	23,15.18
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>23,15.42</b>	<b>23,15.18</b>

45.06.03 Details of financing of parent company products : NIL

45.06.04 Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the company : NIL

45.07 Registration obtained from other financial sector regulators during the year : NIL

45.08 Disclosure of penalties imposed by RBI and other regulators : NIL

45.09 Rating Assignment by Credit Rating Agencies and migration of ratings during the year

Instrument	ICRA	CRISIL
Deposits	AAA	AAA
Debentures	AAA	AAA
Subordinated Debentures	AAA	AAA
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 : NIL

## NOTES TO THE ACCOUNTS (Contd.)

### 45.10 Provisions and Contingencies

(₹ in lakhs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	2018-19	2017-18
Provisions for depreciation on Investments	4,47.26	23.40
Provisions towards Stage III assets (incl. write offs)	78,42.53	68,56.98
Provisions for Stage I & II assets	24,43.35	16,70.46
Provisions made towards Income Tax	361,40.20	286,27.75

### 45.11 Concentration of Deposits

(₹ in lakhs)

	31.03.2019	31.03.2018
Total Deposits of twenty largest depositors	121,12.49	105,65.16
% of Twenty largest depositors	4.07%	4.23%

### 45.12 Concentration of Advances

(₹ in lakhs)

	2018-19	2017-18
Total Advances to twenty largest borrowers	419,36.11	250,74.62
% of Twenty largest borrowers	2.45%	1.60%

### 45.13 Concentration of Exposures

(₹ in lakhs)

	31.03.2019	31.03.2018
Total Exposure to twenty largest borrowers	530,50.29	516,20.29
% of Twenty largest borrowers	1.92%	2.33%

### 45.14 Concentration of Stage III assets

(₹ in lakhs)

	31.03.2019	31.03.2018
Total Exposure to top four Stage III assets	22,74.50	16,37.09

### 45.15 Sector-wise Stage III assets as a percentage to Total Advances

(₹ in lakhs)

Sector	31.03.2019	31.03.2018
Truck Operators	1.03	0.96
Auto Loans	1.39	1.14
Infrastructure Loans	0.91	0.96
Agriculture	4.12	5.12
Others	1.79	1.72

## NOTES TO THE ACCOUNTS (Contd.)

### 45.16 Movement of Stage III assets

(₹ in lakhs)

	2018-19	2017-18
Net Stage III assets to Net Advances (%)	0.83%	0.66%
<b>Movement of Stage III assets (Gross)</b>		
Opening balance	283,50.46	280,59.18
Additions during the year	280,07.80	198,61.24
Reductions during the year	196,61.70	195,69.97
Closing balance	366,96.56	283,50.46
<b>Movement of Net Stage III assets</b>		
Opening balance	145,57.15	145,54.50
Additions during the year	165,71.55	90,10.88
Reductions during the year	82,68.42	90,08.23
Closing balance	228,60.28	145,57.15
<b>Movement of ECL on Stage III assets</b>		
Opening balance	137,93.31	135,04.69
Provisions made during the year	114,36.26	108,50.36
Write-off / Write-back of excess provisions	113,93.28	105,61.74
Closing balance	138,36.29	137,93.31

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

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

### 45.19 Customer Complaints

	2018-19	2017-18
No. of complaints pending at the beginning of the year	–	2
No. of complaints received during the year	639	162
No. of complaints redressed during the year	639	164
No. of complaints pending at the end of the year	–	–

NOTES TO THE ACCOUNTS (Contd.)

**Note 46: Disclosure on Restructured Accounts**

(₹ in lakhs)

Type of Restructuring		Others	Total
Details		Stage III assets	
Restructured Accounts as on April 1, 2018	No. of borrowers	3	3
	Amount outstanding	4,15.49	4,15.49
	Provision thereon	1,75.64	1,75.64
Fresh restructuring during the year	No. of borrowers	–	–
	Amount outstanding	–	–
	Provision thereon	–	–
Upgradations to restructured standard category during the year	No. of borrowers	–	–
	Amount outstanding	–	–
	Provision thereon	–	–
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	–	–
	Amount outstanding	–	–
	Provision thereon	–	–
Downgradations of restructured accounts during the year	No. of borrowers	–	–
	Amount outstanding	–	–
	Provision thereon	–	–
Write-offs of restructured accounts during the year	No. of borrowers	1	1
	Amount outstanding	1,34.25	1,34.25
	Provision thereon	1,34.25	1,34.25
Restructured Accounts as on March 31, 2019	No. of borrowers	2	2
	Amount outstanding	1,62.32	1,62.32
	Provision thereon	14.24	14.24

**Note 47: Disclosure on frauds**

During the year, frauds committed by four borrowers, in the nature of criminal breach of trust, to the extent of ₹3,49.42 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.

Signatures to Note 1-47

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 : 30th May, 2019

**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 II 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
	<b>Liabilities side:</b>		
<b>(1)</b>	<b>Loans and advances availed by the NBFCs @</b>		
a	Debtures : Secured	8739,46.43	–
	: Unsecured	1725,16.68	–
	(other than falling within the meaning of public deposits)		
b	Deferred Credits	–	–
c	Term Loans	8622,33.44	–
d	Inter-corporate loans and borrowings	–	–
e	Commercial paper	1740,06.86	–
f	Public Deposits	3098,49.29	3595.25 #
g	Other loans		
	- Bank Borrowing	1114,73.32	–
	- Deposits from Corporates	1,49.90	–
<b>(2)</b>	<b>Break-up of 1 (f) above (Outstanding public deposits)@</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	3098,49.29	35,95.25 #

@ Includes interest accrued thereon but not due and hence not paid # Represents unrenewed deposits and interest accrued thereon

(₹ in lakhs)

	Particulars	Amount outstanding
	<b>Assets side:</b>	
<b>(3)</b>	<b>Break-up of Loans and Advances including bills receivables (other than those included in (4) below) :</b>	
a	Secured	209,89.06
b	Unsecured (including Advance for Business Assets)	247,40.20
<b>(4)</b>	<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	119,18.81
(ii)	Net Stock on hire including hire charges under sundry debtors	
a	Assets on hire	800,81.76
b	Repossessed Assets	2,38.47
(iii)	Hypothecation loans counting towards AFC activities	
a	Loans where assets have been repossessed	10,21.00
b	Loans other than (a) above	26102,64.60

(₹ in lakhs)

	Particulars	Amount outstanding	Market Value *
(5)	<b>Break-up of Investments :</b>		
	<b>Current Investments:</b>		
1.	Quoted:	–	–
2.	Unquoted:		
(i)	Units of mutual funds	130,15.52	130,15.52
(ii)	Others		
	- Investment in Commercial paper	47,14.12	47,21.87
	<b>Long Term Investments:</b>		
1.	Quoted:		
(i)	Equity Shares	20,15.18	341,40.00
(ii)	Government Securities	408,51.42	413,73.29
(iii)	Units of mutual funds	3,00.24	3,00.24
2.	Unquoted:		
(i)	Equity Shares	973,64.27	1424,54.24
(ii)	Debentures and Bonds	102,76.94	93,47.97
(iii)	Units of mutual funds	13,20.50	13,20.50
(iv)	Others		
	- Investment in Pass Through Certificates	77,31.21	76,75.43
	- Investment in Alternative Investment Fund	103,38.45	103,38.45
	<b>Total</b>	<b>1879,27.85</b>	<b>2646,87.51</b>

\* Unquoted investments disclosed at break up / fair value / NAV.

(₹ in lakhs)

(6)	Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :	Amount net of provisions		
		Category		
		Secured	Unsecured	Total
1.	<b>Related Parties**</b>			
a	Subsidiaries	0.20	12.02	12.22
b	Companies in the same group	4,45.22	29.07	4,74.29
c	Other related parties	–	–	–
2.	<b>Other than related parties</b>	27110,93.85	238,37.25	27349,31.10
	<b>Total</b>	<b>27115,39.27</b>	<b>238,78.34</b>	<b>27354,17.61</b>

(₹ in lakhs)

(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):	Market Value / Break up or fair value or NAV		Book Value (Net of Provisions)	
		Category		Provisions)	
1.	<b>Related Parties**</b>				
a	Subsidiaries	552,29.98		208,19.21	
b	Companies in the same group	1307,12.23		875,73.60	
c	Other related parties	-		-	
2.	<b>Other than related parties</b>	787,45.30		782,40.17	
	<b>Total</b>	<b>2646,87.51</b>		<b>1866,32.98</b>	

\*\* As per Ind AS

(₹ in lakhs)

(8)	Other Information	Particulars		Amount	
		Particulars		Amount	
(i)	<b>Stage III assets</b>				
a	Related Parties				–
b	Other than related parties				366,96.57
(ii)	<b>Stage III assets (Net of ECL)</b>				
a	Related Parties				–
b	Other than related parties				228,60.28
(iii)	Assets acquired in satisfaction of debt (during the year)				1,20.32

Note: All figures in this schedule are based on Ind AS financial statements.

SUNDARAM FINANCE LIMITED

*Consolidated  
Financial  
Statements*

# Consolidated Balance Sheet

## as at 31st March, 2019

(₹ in lakhs)

Particulars	Note	March 31,2019	March 31,2018	April 01,2017
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	7	150,16.77	203,40.47	176,17.42
Bank Balances	8	708,91.93	870,89.95	660,50.22
Derivative financial instruments	9	75,27.82		
Receivables	10			
(I) Trade receivables		44,27.90	44,53.53	27,94.16
(II) Other receivables		11.95	631,44.32	411,18.27
Loans	11	27272,33.93	22003,85.86	15608,51.81
Investments	12	4539,31.63	8693,09.22	6546,73.52
Other Financial assets	13	18,49.04	121,61.01	106,32.67
<b>Non-Financial Assets</b>				
Current tax assets (Net)	14	159,53.00	304,95.59	227,23.51
Investment Property	15	57,03.42	47,88.05	47,91.13
Property, Plant and Equipment	16	244,19.19	268,84.71	316,13.61
Capital work-in-progress		-	3.56	5.79
Intangible assets under development	17	-	3,15.91	2,52.91
Goodwill		137,61.82	491,44.05	491,44.05
Other intangible assets	17	12,58.20	12,56.65	17,96.47
Other non-financial assets	18	250,96.67	288,28.22	189,91.37
<b>Total Assets</b>		<b>33670,83.27</b>	<b>33986,01.10</b>	<b>24830,56.91</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Financial Liabilities</b>				
Derivative financial instruments	9	-	12,56.21	48,66.72
Payables	19			
(I) Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises		85.84	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		103,09.57	98,61.53	108,52.98
(II) Other Payables				
(i) Total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		8,46.47	4002,37.47	3205,74.13
Debt securities	20	10479,53.29	9190,69.27	9521,49.17
Borrowings (Other than debt securities)	21	9744,20.77	7704,13.72	1305,62.55
Deposits	22	3064,03.94	2579,08.80	2484,44.77
Subordinated liabilities	23	1725,16.68	1594,68.96	890,11.37
Deferred tax liabilities		20,92.67	39,11.34	23,80.85
Other financial liabilities	24	432,92.59	651,72.99	590,82.55
<b>Non-Financial Liabilities</b>				
Provisions	25	64,53.03	101,97.52	63,33.83
Other non-financial liabilities	26	28,87.57	54,71.65	100,98.08
<b>Equity</b>				
Equity share capital	27	110,14.29	110,12.44	110,11.00
Other equity (Refer Statement of Changes in equity)		6149,15.13	5539,12.10	4744,03.41
Non Controlling Interest		1738,91.43	2307,07.10	1632,85.50
<b>Total Liabilities and Equity</b>		<b>33670,83.27</b>	<b>33986,01.10</b>	<b>24830,56.91</b>

Significant Accounting policies and Impact of First time adoption of Ind AS  
Balance sheet, Statement of Profit and Loss and Other disclosures

1-6  
7-44

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 : 30th May, 2019

**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**



## Consolidated Statement of Profit and Loss

### for the Year Ended 31st March, 2019

(₹ in lakhs)

Particulars	Note	2018-19	2017-18
<b>Revenue from operations</b>			
Interest Income	28	2941,42.59	2669,00.96
Insurance Premium earned		—	2818,45.04
Lease Rental income (Net)		56,80.46	74,23.70
Fees and Commission Income	29	222,02.24	179,64.34
Dividend Income		22,83.11	19,43.90
Income from other Services		399,89.29	406,56.49
Recovery of Bad debts		21,72.26	18,67.25
Net gain on fair value changes	30	98,38.35	94,21.43
Net gain on derecognition of financial instruments under amortised cost category		6,10.61	9,51.84
<b>Total Revenue from operations</b>		<b>3769,18.91</b>	<b>6289,74.96</b>
Other Income	31	19,04.93	54,27.39
<b>Total Income</b>		<b>3788,23.84</b>	<b>6344,02.35</b>
<b>Expenses</b>			
Finance cost	32	1766,35.14	1344,43.71
Employee benefit expenses	33	429,13.40	513,92.09
Insurance claims incurred		—	2303,98.82
Fees and commission expenses		153,81.73	412,46.24
Administrative & other expenses	34	325,63.31	577,84.10
Depreciation & amortisation		58,07.34	78,81.76
Impairment on financial instruments	35	103,30.02	86,91.76
Net loss on fair value changes		—	11,22.52
<b>Total expenses</b>		<b>2836,30.94</b>	<b>5329,61.00</b>
Profit/(loss) before exceptional items and tax		951,92.90	1014,41.34
Exceptional item	44.01	465,85.34	—
<b>Profit before tax</b>		<b>1417,78.24</b>	<b>1014,41.34</b>
<b>Tax expense:</b>			
Current tax		418,86.19	344,86.32
MAT Credit Entitlement		(1,28.36)	(49.89)
Deferred tax		(29,61.26)	3,57.79
<b>Net Profit (before adjustment for non-controlling interest)</b>		<b>1029,81.67</b>	<b>666,47.13</b>
Add: Share of Profit in Associates		107,24.44	111,77.83
Add: Share of Profit in Joint Ventures		121,44.07	65,07.03
<b>Profit after Tax</b>		<b>1258,50.18</b>	<b>843,31.99</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		(6,74.98)	(1,58.82)
Equity Instruments through Other Comprehensive Income		(608,70.32)	715,80.30
Share of other comprehensive income from associates & Joint Ventures using equity method		(19.68)	15.81
(ii) Income tax relating to items that will not be reclassified to profit or loss		43,46.89	32,99.72
<b>Sub-total (A) = (i)-(ii)</b>		<b>(572,18.09)</b>	<b>681,37.57</b>
B (i) Items that will be reclassified to profit or loss			
Change in fair value of derivative instrument		11,32.63	60.41
Net gain/(loss) on debt securities measured at fair value through OCI		—	(61,94.25)
Share of other comprehensive income from associates & Joint Ventures using equity method		3,64.64	(3,08.38)
Foreign currency Translation Reserve		4,12.72	(9.20)
(ii) Income tax relating to items that will be reclassified to profit or loss		(3,89.51)	21,27.18
<b>Sub-total (B) = (i)-(ii)</b>		<b>15,20.48</b>	<b>(43,24.24)</b>
Other Comprehensive Income (A + B)		(556,97.61)	638,13.33
<b>Total Comprehensive Income for the period</b>		<b>701,52.57</b>	<b>1481,45.32</b>
Profit for the year attributable to			
Owners of the Company		1160,85.39	729,91.20
Non-controlling interests		97,64.79	113,40.79
Other Comprehensive Income for the year attributable to			
Owners of the Company		(148,05.94)	147,95.55
Non-controlling interests		(408,91.67)	490,17.78
Total Comprehensive Income for the year attributable to:			
Owners of the Company		1012,79.45	877,86.75
Non-controlling interests		(311,26.89)	603,58.57
<b>Earnings per equity share (on PAT)</b>		<b>1,05.40</b>	<b>66.28</b>
Basic & diluted			

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 : 30th May, 2019

**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

**A) Equity share capital**

Particulars	(₹ in lakhs)
Balance as at 01st April 2017	110,11.00
Add: Allotment of Shares by ESOP Trust to Employees	1.44
Balance as at 31st March, 2018	110,12.44
Add: Allotment of Shares by ESOP Trust to Employees	1.85
Balance as at 31st March 2019	110,14.29

**B) Other equity**

(₹ in lakhs)

Particulars	Reserves and Surplus				Items of Other Comprehensive Income				Total			
	Capital Reserve	Share Options Outstanding Account	Statutory Reserve	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	Debt instruments through Other Comprehensive Income	Equity instrument through Other Comprehensive Income		Effective portion of cash flow hedge	Total Other Equity	Non Controlling Interest
<b>Balance as at 01st April 2017</b>	<b>15,27.73</b>	<b>1,66.61</b>	<b>889,83.46</b>	<b>2067,36.82</b>	<b>1423,55.00</b>	<b>90.13</b>	<b>9,00.27</b>	<b>336,43.38</b>		<b>4744,03.41</b>	<b>1632,85.50</b>	<b>6376,88.90</b>
Add/(Less) : Shares issued by subsidiary Company on account of Scheme of Arrangement and Amalgamation	(1,87.71)			(11,75.11)	13,62.82						71,12.02	71,12.02
(A) Profit After tax for the year					729,39.23	51.97				729,91.20	113,40.79	843,31.99
(B) Other comprehensive income												
(i) Items that will not be reclassified to profit or loss												
Remeasurements of the defined benefit plans					(1,16.65)					(1,16.65)	7.86	(1,08.79)
Change in Fair value of equity instruments								180,61.89		180,61.89	501,68.65	682,30.55
Share of other comprehensive income from associates using equity method								6.75		6.75	18.75	25.50
(ii) Items that will be reclassified to profit or loss												
Change in fair value of derivative instrument									11.59	11.59	32.18	43.77
Net gain/(loss) on Fair value of debt securities							(307,4.28)			(30,7,4.28)	(9,76.15)	(40,50.43)
Share of other comprehensive income from associates using equity method								(91.32)		(91.32)	(2,26.75)	(3,18.07)
Foreign currency Translation Reserve						(2.44)				(2.44)	(6.76)	(9.20)
<b>Total Comprehensive income for the year (A)+(B)</b>												
on account of Sundaram Finance Employees Welfare Trust					91.71					91.71	(48.98)	42.73
Dividends (Including dividend distribution tax)					(86,28.29)					(86,28.29)		(86,28.29)
Options Granted during the year		2,76.13								2,76.13		2,76.13
Cost of shares transferred on exercise of option		(4.93)								(4.93)		(4.93)
Deferred Employee Compensation Cost		(12.68)								(12.68)		(12.68)
Transfer to general reserve		(1,95.00)								(243,39.02)		(245,34.02)
Transfer to Statutory reserve										(106,59.02)		(106,59.02)
Transfer from Share Options Outstanding account				1,95.00						1,95.00		1,95.00
Transfer from Retained earnings			106,59.02	243,39.02						349,98.04		349,98.04

<b>Balance as at 31st March, 2018</b>	13,40.02	2,30.13	996,42.48	2300,95.74	1730,05.78	1,39.66	(21,74.00)	516,20.70	11.59	5539,12.09	2307,07.11	7846,19.20
Add: On account of scheme of arrangement and amalgamation	2.13									2.13		2.13
Add (Less) : Dilution of stake in Subsidiary Company (refer note no 44.01)					(181,03.80)					(181,03.80)	(25,687.88)	(437,91.69)
<b>(A) Profit After tax for the year</b>					<b>1159,50.99</b>	<b>1,34.39</b>				<b>1160,85.38</b>	<b>97,64.79</b>	<b>1258,50.17</b>
<b>(B) Other comprehensive income:</b>												
(i) Items that will not be reclassified to profit or loss												
Remeasurements of the defined benefit plans					(4,34.22)					(4,34.22)	(20.47)	(45,46.69)
Change in Fair value of equity instruments								(150,21.12)		(150,21.12)	(417,22.60)	(567,43.72)
Share of other comprehensive income from associates using equity method								20.81		20.81	(40.48)	(19.67)
(ii) Items that will be reclassified to profit or loss												
Change in fair value of derivative instrument									6,96.34	6,96.34	46.78	7,43.12
Share of other comprehensive income from associates using equity method								(1,77.00)		(1,77.00)	5,41.64	3,64.64
Foreign currency Translation Reserve						1,09.26				1,09.26	3,03.47	4,12.72
<b>Total Comprehensive income for the year (A)+(B)</b>												
On account of Sundaram Finance Employees Welfare Trust					52.35					52.35		52.35
Dividends (including dividend distribution tax)					(225,54.03)					(225,54.03)		(225,54.03)
Options Granted during the year						3,44.72				3,44.72		3,44.72
Cost of shares transferred on exercise of option						(6.35)				(6.35)		(6.35)
Deferred Employee Compensation Cost						(11.43)				(11.43)		(11.43)
Transfer to general reserve					(997,30.12)					(999,99.91)		(999,99.91)
Transfer to Statutory reserve					(225,26.18)					(225,26.18)		(225,26.18)
Transfer from Share Options Outstanding account										2,69.79		2,69.79
Transfer from Retained earnings										997,30.12		1222,56.30
<b>Balance as at 31st March 2019</b>	<b>13,42.14</b>	<b>2,87.28</b>	<b>1221,68.66</b>	<b>3300,95.65</b>	<b>1256,60.78</b>	<b>3,83.30</b>	<b>(21,74.00)</b>	<b>364,43.40</b>	<b>7,07.93</b>	<b>6149,15.13</b>	<b>1738,91.43</b>	<b>7888,06.56</b>

Description of nature and purpose of other equity:

- Capital Reserve: Represents reserve created on account of amalgamations and arrangements
- Share Options Outstanding Account: Represents reserve on grant of option to employees of the company / group company under Employee Stock option Scheme.
- General reserve: Represents amount appropriated from retained earnings.
- Statutory reserve: Represents reserve created as per Section 45-1C of the Reserve Bank of India Act, 1934.

As per our report of even date attached

For **Sundaram & Srinivasan**

Chartered Accountants

Registration No.0042075

**K Srinivasan**

Partner

Membership No.5809

Place : Chennai

Date : 30th May, 2019

**S Prasad**  
Director

**A N Raju**  
Director (Operations)

**P Viswanathan**  
Secretary & Compliance Officer

**S Viji**  
Chairman

**Harsha Viji**  
Deputy Managing Director

**T T Srinivasaraghavan**  
Managing Director

**M Ramaswamy**  
Chief Financial Officer

## Consolidated Cash Flow Statement

(₹ in lakhs)

	2018-19	2017-18	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Profit before tax	1417,78.24	1014,41.34	
Add: Finance costs	176,256.71	3180,34.95	2371,30.21
Depreciation and Amortisation expense	58,07.35		78,81.76
Impairment on financial instruments	107,33.14		86,48.36
(Gain)/loss on sale of property, plant and equipment	6,64.81		5,54.17
Share-based payment expense	2,85.73		3,12.46
Net foreign exchange differences	1,35.53		51.02
Derivatives MTM	(76,13.89)		(35,59.96)
Exchange loss on foreign currency translations	80,11.55		31,66.29
Interest Income	(0.21)		(293,27.81)
On scheme of amalgamation	5,97.05		-
Fair value adjustment of Investments	(13,24.13)		2,39.30
Net Actuarial gain/(loss) on defined benefit plan	(17.44)		(10.79)
Dividend income	43,41.24		31,42.90
(Gain) / Loss on disinvestment of shares - Exceptional item	(465,85.34)		-
(Gain) / Loss on sale of Investment	(12,81.86)		(48,85.45)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>2917,88.47</b>		<b>2233,42.45</b>
(Increase)/ Decrease in Leased assets - net of sales	(32,96.04)		3,54.12
(Increase)/ Decrease in Bank deposits	192,17.76		(306,92.15)
(Increase)/ Decrease in SLR Investments (net)	(60,61.37)		(26,60.01)
(Increase)/ Decrease in trade and other receivables	(1,28.62)		(20,33.69)
(Increase)/ Decrease in Loans	(5371,14.26)		(6483,04.98)
(Increase)/ Decrease in Other financial assets	35,21.42		79,26.59
(Increase)/ Decrease in Other non-financial assets	8,24.28		(161,53.23)
Increase/ (Decrease) in trade and other payables	4,96.62		269,83.57
Increase/(Decrease) in financial liabilities	(78,97.51)		(77,17.30)
Increase/(Decrease) in other non-financial liabilities and provisions	(10,69.45)	(5315,07.18)	367,38.59
Cash generated from Operations	(2397,18.70)		(4122,16.03)
Financial costs	(1423,41.15)		(1074,58.48)
Direct Taxes Paid	(377,62.19)	(1801,03.34)	(349,99.33)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>(4198,22.04)</b>		<b>(5546,73.85)</b>

## Consolidated Cash Flow Statement (Contd.)

(₹ in lakhs)

<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase and construction of property, plant and equipment	(29,12.83)	(34,10.59)
Purchase and construction of investment properties	(9,79.10)	-
Purchase and generation of intangible assets	(9,33.98)	(5,61.84)
Sale of Equity instruments	973,22.69	(226,45.50)
Purchase of other investments	(8271,76.43)	(11641,84.41)
Sale of other investments	8305,36.05	10430,40.59
Proceeds from sale of property, plant and equipment, intangible assets and investment property	6,91.65	3,16.54
Dividend income/Interest	34,85.30	292,58.94
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>1000,33.35</b>	<b>(1181,86.27)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase / (decrease) Debt securities, deposits, sub-ordinated liabilities and other borrowings		
Availment	27980,71.58	28621,76.70
Repayment	(24504,84.64)	(22063,68.95)
Dividend Paid (including dividend distribution tax)	(265,65.28)	(86,38.06)
Transaction costs related to loans and borrowings	(5.76)	(11.52)
Increase in Share capital /premium	-	295,00.00
Interest Expense	-	(10,75.00)
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>3210,15.90</b>	<b>6755,83.17</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>	<b>12,27.20</b>	<b>27,23.05</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	137,89.57	176,17.42
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<b>150,16.77</b>	<b>203,40.47</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
AT THE END OF THE YEAR		
Balances with Banks	68,43.53	131,01.69
Cash, Cheques & drafts on hand	81,73.24	72,38.78
	<b>150,16.77</b>	<b>203,40.47</b>

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 : 30th May, 2019

**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 AND IMPACT OF FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS

### 1.1 Reporting Entity

Sundaram Finance Limited (the “Company”) is domiciled in India, with its registered office located at No 21 Patullous road, Chennai 600002, The Company has been incorporated under the provisions of the Indian Companies Act 1913 and its equity shares are listed on the National Stock Exchange (NSE) in India.

The consolidated financial statement comprises the company, its subsidiaries and the Group’s interest in joint ventures (referred collectively as the Group). The Company, together with its subsidiaries and joint venture is engaged in the business of financing of Commercial vehicles, Cars, construction equipment, other vehicles and Housing Finance in the retail segment, business of Investments, Mutual Funds, General Insurance, Retail Distribution of a wide array of financial services and products, Information Technology, Business Processing and support services.

### 1.2 Statement of Compliance

The financial statements have been prepared on a going concern basis and for the first time in accordance with the Indian Accounting Standard (‘Ind AS’), notified under section 133 of the Companies Act, 2013 read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendments Rules, 2016 issued by the Ministry of Corporate Affairs (MCA). The financial statement of the previous year ended 31st March 2018 which was previously prepared in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with para 7 of the Companies(Accounts) rules 2014(herein referred to as Previous GAAP) have been now restated as per Ind AS to provide comparability. The date of transition to Ind AS being 1st April 2017, the financial statements for the year ended 31st March 2017 prepared under Previous

GAAP has now been restated as per Ind AS as on 01st April 2017.

In addition, the guidance notes and announcements issued by the Institute of Chartered Accountants of India are also applied, except where the compliance with other statutory provisions requires different treatment.

All the amounts included in Consolidated Financial Statements are reported in Indian Rupees (₹) and all values are rounded off to the nearest lakhs except where otherwise indicated.

### 1.3 Accounting Convention

The consolidated financial statements have been prepared and presented on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

### 1.4 Measurement of fair value

The accounting policies and disclosures require the measurement of financial and non-financial assets and liabilities at fair values. The group has established policies and procedures with respect to measurement of fair values.

Fair value measurements are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset and liability that are not based on observable market data.

### 1.5 Basis of Consolidation

The financial statements of the following subsidiary have been consolidated as per Ind AS 110 “Consolidated Financial Statements”



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

Name of the Company	% of Holdings As On		
	31.03.2019	31.03.2018	01.04.2017
Sundaram Asset Management Company#	100.00	100.00	100.00
Sundaram Trustee Company	100.00	100.00	100.00
LGF Services Limited	100.00	100.00	100.00
Royal Sundaram General Insurance Company Limited (till 22nd February 2019)	Joint Venture	75.90	75.90
Sundaram Finance Employee Welfare Trust	100.00	100.00	100.00
Sundaram Finance Holdings Limited *	26.47	26.47	26.47

# The investments in the following subsidiaries of Sundaram Asset Management Company (SAMC) have been considered for the Company's consolidation

Name of the Company	% of Holdings As On		
	31.03.2019	31.03.2018	01.04.2017
Sundaram Asset Management Singapore Pte Ltd	100.00	100.00	100.00
Sundaram Alternate Assets Limited	100.00	100.00	—

\*Sundaram Finance Holdings Limited

The Company along with its promoters holds more than 53.34% in Sundaram Finance Holdings Limited and hence treated as subsidiary for Consolidation purpose. The Investments in the following subsidiaries/ Associates companies of Sundaram Finance Holdings Limited have been considered for the company's consolidation.

Name of the Company	% of Holdings As On		
	31.03.2019	31.03.2018	01.04.2017
<b>Subsidiaries</b>			
Sundaram Business Services Limited	100.00	100.00	100.00
Sundaram BPO India Limited	—	100.00	100.00
<b>Associates</b>			
Flometallic India Private Limited	40.63	40.63	40.63
The Dunes Oman LLC (FZC)	43.69	43.69	43.69
Sundaram Hydraulics Limited	27.44	31.25	31.25
Axles India Limited	38.81	38.81	38.81
Turbo Energy Private Limited	32.00	32.00	32.00
Transenergy Limited	42.31	42.31	42.31
Sundaram Dynacast Private Limited	26.00	26.00	26.00

The investment in the following Joint Ventures have been consolidated as per Ind AS 28 "Investment in Associates and Joint Ventures".

Name of the Company	% of Holdings As On		
	31.03.2019	31.03.2018	01.04.2017
Sundaram BNP Paribas Home Finance Limited	50.10	50.10	50.10
Sundaram BNP Paribas Fund Services Limited	51.00	51.00	51.00
Royal Sundaram General Insurance Company Limited (From 23rd February 2019)	50.00	Subsidiary	Subsidiary

**The consolidated financial statement of the subsidiaries has been prepared on the following basis:**

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control is achieved when the Company has the power

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

over the investee and is exposed or has right to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The consolidated financial statement of the group combines the financial statement of the parent and its subsidiaries line by line by adding together the like items of the assets, liabilities, income and expenses. All the intra group assets, liabilities, income, expenses, unrealised profits/losses on intra group transaction are eliminated on consolidation.

Non-controlling interest represents that part of the total comprehensive income and net assets of the subsidiaries, attributable to interests which are not owned directly or indirectly by the Company.

### **The consolidated financial statements of the Joint ventures have been prepared on the following basis:**

Interest in Joint ventures is accounted for using the equity method. An investment in Joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income. Gain or loss in respect of changes in other equity of Joint ventures resulting in dilution of stake in the Joint Ventures is recognised in the Statement of Profit and Loss.

## **Note 2 : Significant Accounting Policies**

### **2.1 Revenue recognition**

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

#### **A) Interest Income**

As per Ind AS 109, Financial Instruments, Interest income from financial assets is recognised on an accrual basis using Effective Interest Rate method (EIR). The effective interest method is the rate that exactly discounts estimated future cash receipts (including all fees, transaction costs and other premiums or discounts paid or received) through the expected life of the financial instrument to the carrying amount on initial recognition.

#### **B) Service income**

Revenue is recognised upon transfer of control of promised services to customer in an amount that reflects the consideration we expect to receive as per the agreement with the customer.

Where the performance obligation is satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, revenue is recognised as per the percentage of completion method.

The Company has applied revenue recognition criteria for each distinct performance obligation in relation to service income. The transaction price is allocated to each performance obligation based on the standalone selling price.

#### **C) Fee and commission income**

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the effective interest rate.

#### **D) Dividend Income**

Dividend income from investments is recognized when the right to receive payment has been established.

#### **E) Lease income: Refer Note 2.3**

#### **F) Insurance Premium Income**

- **Gross Premium**

Premium (net of GST) in respect of insurance contracts (direct business) is recognized as income over the contract period or the period of risk, whichever is appropriate, and for instalment cases, it is recognized on instalment due dates, after adjusting for reserve for unexpired risk. Any subsequent revisions to or cancellations of premiums are recognised in the year in which they occur.

- **Reinsurance Premium**

Premium (net of GST) in respect of insurance contracts (reinsurance business) is recognized as income over the contract period or the period of risk, whichever is appropriate, after adjusting for reserve for unexpired



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

risk. Any subsequent revisions to or cancellations of premiums are recognised in the year in which they occur.

**G) Claims**

Claims paid include claims settlement cost, 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.

The 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 certified by the appointed actuary.

**H) 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. 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.

**I) Trusteeship Fee, investment management and advisory fees**

The trusteeship fee, investment management and advisory fee are accounted on accrual basis.

**2.2 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. Financial instruments also include derivative contracts such as foreign currency forward contracts and cross currency swaps. Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in profit or loss.

**Financial assets****Classification**

The Group classifies its financial assets as subsequently measured at either amortized cost or fair value depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

All regular way purchases or sales of financial assets are recognised and de-recognised on a settlement date basis. Regular way purchases or sales are purchase or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

**At Amortised Cost**

A financial asset is measured at amortised cost only if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold them in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

Such Financial assets are subsequently measured at amortised cost using the Effective Interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including

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

all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The interest income, foreign exchange gains and losses are recognized in the profit or loss. The losses arising from impairment are recognised in the profit or loss and the amortised cost is reduced by impairment losses.

### **Financial assets at fair value through other comprehensive income: (FVTOCI)**

Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal and the interest on the principal outstanding.

### **Financial instrument at Fair Value through Profit and Loss (FVTPL)**

Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

### **Amortization Policy on Brokerage Expenses – Mutual Fund:**

Incurred Towards Amortized over a period of

- Equity Linked Savings Schemes 36 Months
- Open Ended Equity Schemes-Lumpsum 12 Months
- Open Ended Equity Schemes-SIP 36 Months

### **Amortization Policy on Brokerage Expenses – AIF:**

Brokerage is amortized in proportion to Fees charged on AUM or Fees Charged on commitment amount as the case may be.

### **Equity Investments**

All equity investments (i.e. other than equity investments in subsidiaries / associates / joint ventures) are designated at Fair Value through OCI. The fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss on sale of investment.

### **Impairment of Financial Assets**

The Group applies the Expected Credit Loss (ECL) model for recognizing impairment losses on financial assets.

12 months ECL represents the expected default events on the financial asset that are possible within 12 months after the reporting date.

Where the credit risk on the financial assets has not increased significantly since initial recognition, the loss is measured at an amount equal to 12 months ECL.

Where the credit risk on the financial assets has increased significantly since initial recognition, the loss is measured at an amount equal to the lifetime expected credit loss.

### **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method except for financial liabilities at FVTPL. A financial liability is classified as FVTPL if it is held-for-trading or it is a derivative or it is designated as FVTPL on initial recognition. Interest expense, foreign exchange gains (losses) and any gains and losses on de-recognition are recognized in the profit or loss.

### **Contract Asset and Contract Liability**

Revenue in excess of invoicing is classified as contract assets while invoicing in excess of revenue is classified as contract liability.

Value of contract Asset/liability is determined based on the time spent on each project or on period basis for Annual maintenance contract.

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

**De-recognition of financial assets and financial liabilities****Financial asset**

A financial asset or a part thereof is primarily derecognized when:

The right to receive contractual cash flows from the asset has expired, or

The Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Group enters into transactions whereby it transfers assets recognized on its balance sheet, but retains all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received including any cumulative gain or loss accounted in OCI till now, is recognised in profit or loss.

**Financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**2.3 Leases**

A lease is classified at the inception of the lease as finance or operating lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards

incidental to ownership to the lessee. All other leases are classified as operating leases.

- A. Finance lease (as a lessor):** Amount due from lessees under finance leases are recorded in balance sheet as receivables, being the amount equal to net investment in lease. The net investment in lease is the gross investment in lease less unearned finance income.

The lease income earned are recognised in the profit and loss account based on pattern reflecting constant periodic return on the Group's net investment in lease.

- B. Finance lease (as a lessee):** The Group recognises finance lease as an asset and liability in the balance sheet, at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are accounted as finance charge in statement of profit and loss.

At the end of every reporting period the Group determines whether the asset has become impaired and provides for impairment loss if necessary.

- C. Operating lease (as a lessor):** Assets leased out on operating lease are recognised as an asset under Property, Plant and equipment in the balance sheet.

Lease income from operating lease is recognised as income on straight line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

- D. Operating Lease (as a lessee):** Operating lease payments are recognised as expense in the profit & loss Account on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern or the payments to the lessor are structured to increase in line with the expected general inflation.

**2.4 Employee Benefits****Short Term Employee Benefits**

Short term employee benefits for services rendered by employees are recognized during the period when the services are rendered.

## Post-Employment Benefits

### Defined contribution plans

#### 1. Superannuation

The Group 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.

#### 2. Employees' Pension Scheme and Employees' State Insurance Scheme

The Group 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.

#### 3. Provident Fund

Contributions of the subsidiaries and associates of the Group are made to the Government administered Provident Fund and Employees pension scheme under the Employees Provident Fund Act and through Employees State Insurance scheme on behalf of its employees. The contributions are charged to statement of Profit and Loss.

### Defined benefit plans

#### 1. Gratuity

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

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements and the change in defined benefit plan asset is split between interest income and re-measurements. Changes due to service cost and net interest cost / income is recognized in the statement of profit and loss.

Re-measurement of the net defined benefit liability/ (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability /asset) are recognised in other comprehensive income.

#### Provident Fund

Contributions of the Company 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 monthly contribution made by the Company is recognised as employee benefit expense in the Statement of Profit and Loss.

#### 2. Retired Medical care plan

The Post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

### Other Long-Term Employee Benefits

#### 1. Leave Encashment:

The Group contributes to a staff leave encashment scheme managed by SBI Life Insurance Company Limited. The Group accounts its liability based on an actuarial valuation, as at the balance sheet date, using the Projected Unit Credit method.

#### 2. Employee Assured Bonus Scheme & Sick leave:

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.

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

**3. Share Based Payments:****Employee Stock Options**

The Group has an employee stock option scheme in accordance with SEBI guidelines 1999. It recognises the compensation expense relating to share based payments in accordance with IND AS 102 - Share based payments.

The equity settled share based payments to employees is measured at the fair value of the equity instrument at the grant date.

The fair value determined on the grant date of equity settled share payment is expensed on straight line basis over the vesting period based on Group's estimate of equity instruments that will eventually vest with a corresponding increase in equity. At the end of each financial year, the Group revises its estimate of the number of equity instruments that are expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit and loss in such a way that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity

The Option carries neither right to Dividend nor voting rights.

**2.5 Income Taxes**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Consolidated Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

**a) Current income tax**

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**b) Deferred income tax**

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

MAT Credit Entitlement are in the form of unused tax credits and are accordingly grouped under Deferred Tax Assets.

**2.6 Property plant and equipment (PPE)**

The property plant and equipment are the assets held for the use in the supply of services.

Property, plant and equipment's are stated in the balance sheet at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses.

Cost of acquisition is inclusive of freight, non-refundable duties & taxes and other directly attributable cost of bringing the asset to its working condition for the intended use.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met.

Freehold land is not depreciated.



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

An item is recognized as property plant and equipment if and only if it is probable that future economic benefits associated with the item will flow to the Group and its costs can be measured reliably

Subsequent expenditure is added to the carrying amount or recognized as separate asset, when the Group expects future economic benefits from that item

Depreciation commences when the asset is ready for their intended use and is recognized to write off, the cost of assets less their residual values over their useful lives, using the written down value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of the assets, based on technical assessment, which are different in certain cases from those prescribed in Schedule II of the Companies Act 2013, are as follows:

(In Years)

Assets	Own	Operating Lease
Plant and Machinery	15	5
Computer and end user devices	7	3
Computer servers and network	10	6
Vehicles	5	4
Office equipment	3-8	–
Electrical installations	15	–
Furniture and Fixtures	3-10	–
Improvement to lease hold premises		Equally over the maximum period of the lease initially agreed upon and in case of improvement to existing leased premises, over the balance lease period

The property plant and equipment with definite life are reviewed for impairment whenever the events or changes indicate that their carrying value may not be recoverable

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

An item of the property plant equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of the item of property plant equipment is determined as the difference between the sale proceeds and carrying amount of the asset and is recognized in profit and loss. When the use of property changes from owner-occupied to investment property, the property is reclassified as investment property at its Carrying amount on the date of reclassification.

### 2.7 Investment property

Properties held to earn rental income or for capital appreciation or both and that is not occupied by the Group is classified as Investment Property.

It is measured initially at cost of acquisition including transaction costs, borrowing cost and other directly attributable cost in bringing the asset to its working condition for its intended use.

Subsequent expenditure is capitalized to the asset carrying amount only when it is probable that the future economic benefit associated with the expenditure will flow to the Group.

The fair value of investment property has been determined by property valuer, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

Depreciation is provided on written down value method by adopting useful life prescribed under schedule II to the Companies Act, 2013 after retaining 5% of Original cost as residual value for Buildings. The useful life of buildings is between 30 to 60 years

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefit are expected from the disposal. Any gain or loss arising on derecognition of the property is recognised in the statement of profit and loss in the same period.

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

**2.8 Intangible assets**

Intangible assets are identified non-monetary assets without physical existence.

Intangible assets with finite useful lives that are acquired separately are capitalized and carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful life of the asset.

Intangible assets are recognized in books only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably.

The cost of the intangible asset shall include the purchase price, including non-refundable duties and taxes, all the directly attributable costs to bring the intangible to the present location, working condition and intended use.

Intangible assets represent Computer software whose cost is amortized over their expected useful life 2 to 5 years on a straight-line basis.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an assets net selling price and the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**Intangible Assets under development**

Development expenditure on new products is capitalized as intangible asset if all the following are demonstrated.

- Technical feasibility of completing the asset
- Intention to complete the asset
- The ability to use or sell the asset

- Probability that the intangible asset will generate future economic benefits
- Availability of the adequate technical, financial and other resources to complete the intangible asset
- The ability to measure reliably the expenditure attributable during the development stage

**2.9 Impairment of non-financial 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.

**2.10 Foreign Currency transaction**

Transactions in foreign currency are accounted at the exchange rates prevailing on the date of the transaction. The foreign currency borrowing being a monetary liability is restated to INR (being the functional currency of the group) at the prevailing rates of exchange at the end of every reporting period with the corresponding exchange gain/loss being recognized in profit or loss. The group enters into forward exchange contracts, forward rate agreements, coupon only swaps and interest rate swaps. The group undertakes such transactions for hedging its balance sheet. The foreign currency borrowing and derivative swaps are treated as separate transactions.

The derivatives (swaps, forward rate agreements and forward contracts) are classified at fair value through profit or loss (FVTPL) under Ind AS 109, Financial Instruments with the resultant gain or loss being taken to profit or loss.

**2.11 Dividend**

The final Dividend on shares is recorded as a liability on the date of approval by the Shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors

## 2.12 Cash flow Statement

Cash flows are reported using the indirect method, whereby net profit after tax is adjusted for the effects of transactions of non-cash nature, tax and any deferrals or accruals of past or future cash receipts or payments. The cash flows are prepared for the operating, investing and financing activities of the group.

## 2.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when the group has a present obligation (legal or constructive) as a result of past event, and it is probable that it is required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation at the reporting date, considering the risk and uncertainties surrounding the obligation.

### Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the group (or)

There is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

## 2.14 Earnings Per Share

The basic earnings per share have been computed by dividing the net income attributable to equity shareholders by weighted average number of shares outstanding during the year.

The diluted earnings per share have been computed using weighted average number of shares adjusted for effects of all potentially dilutive equity shares.

## 2.15 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Chairman of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the CODM. The Group's CODM reviews financial information presented, for purposes of making operating decisions and assessing financial performance of the Group.

### Note 3: Approach on exemptions under Ind AS 101 First Time Adoption of Indian Accounting Standards (Ind AS)

#### Mandatory exceptions adopted by the company

The group has availed the following mandatory exceptions that are provided to the first-time adopters.

#### 1) De recognition of financial assets and financial liabilities

The group has opted to apply de recognition requirements as per Ind AS 109 prospectively for transactions on or after 1 April 2017.

#### 2) Classification and measurement of Financial assets

Ind AS 101 requires the entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further the standard permits measurement of financial assets accounted at amortised cost based on the facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost have been done retrospectively except where the same is impracticable.



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

**Optional exemptions availed by the company**

The group has availed the following optional exemptions available to Ind AS upon first time adoption:

**1) Share based payment transaction**

The group has opted to apply the requirements of Ind AS 102 only to the employee stock options that are yet to be vested as at 1 April 2017.

**2) Leases**

The group has evaluated whether an arrangement existing at the transition date contains a lease on the basis of the facts and circumstances existing on the transition date except where the effect is expected to be immaterial.

**3) Business combination**

The group has elected not to apply Ind AS 103 – Business Combinations retrospectively to past business combinations that occurred before the transition date.

**4) Deemed cost**

The group has elected to measure its property plant equipment, intangibles and investment property at the previous GAAP carrying amounts as its deemed cost on the date of transition to Ind AS.

**5) Deemed cost of investment in subsidiaries and associate**

The group has elected to measure its investment in subsidiary and associates at the previous GAAP carrying amounts as its deemed cost on the date of transition to Ind AS.

**Critical accounting judgments and key sources of estimation uncertainty**

On assessment of the estimates made under the Previous GAAP financial statements, the group has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the group for the relevant reporting dates reflecting conditions existing as at that date.

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some

items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit and loss. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates. The group's management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Any revision to the accounting estimates is recognized prospectively in the current and future periods.

**Note 4: Standards issued but not yet effective**

The amendments to the standard that are issued but not yet effective up to the date of issuance of the standard are disclosed below. The Group intends to adopt these standards, if applicable as and when it becomes effective.

The Ministry of Corporate Affairs has issued the Companies (Indian Accounting Standard) amendments rules 2019 amending the following standards:

**Ind AS116 Leases**

Ind AS 116 was issued on 30th March 2019, which shall come into force from 1st April 2019. The standard sets out the principle for the recognition, measurement and disclosure of leases. Principles of IND AS 116 for lessor are substantially same. However, there is significant change in the way a lessee shall account for leases in its books.

It provides that an entity, being a lessee, shall treat almost all leases, except leases for short-term and leases of low value assets, as finance leases. The entity shall recognise a right-of-use asset and a lease liability whenever it takes any asset on lease. The right-of-use asset shall be measured at cost that comprises of initial value of lease liability, lease payments made on or before the commencement of lease, initial direct costs incurred by the entity and an initial estimated cost of dismantling and removing the leased asset and restoring the site on which the asset is located. The lease liability shall be measured at the present value of the lease payments due. The interest rate implicit in the lease or lessee's incremental borrowing may be used to arrive at the present value. Subsequently, at each balance sheet date, the right-of-use asset shall be depreciated and lease liability

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

shall be increased by interest amount and decreased by amount paid. The right-of-use asset may also be measured at revalued amount under revaluation model.

The Group is currently evaluating the impact of the new Lease standard.

### **Note 5: Amendments to the Ind AS notified by Ministry of Corporate Affairs, not yet effective**

#### **Ind AS12 Income taxes**

The first amendment requires an entity to create a corresponding liability for Dividend Distribution Tax (DDT) when it recognises a liability to pay a dividend. The liability for DDT shall be recorded in statement of profit & loss, other comprehensive income or equity, as the case may be.

The second amendment relates to tax consequence of an item whose tax treatment is uncertain. Tax treatment of an item is considered as uncertain when there is uncertainty whether the relevant taxation authority will accept the tax treatment of that item or not.

If there is uncertainty over tax treatment of an item an entity should predict the resolution of the uncertainty. If it is probable that the taxation authority will accept the tax treatment, there will be no impact on the amount of taxable profits/losses, tax bases, unused tax losses/credits and tax rates. In vice-versa case, the entity shall show the effect of the uncertainty for each uncertain tax treatment on number of related items by using either the most likely outcome or the expected outcome of the uncertainty. The Group is currently evaluating the effect of this amendment.

#### **Ind AS 109 Financial Instruments**

The amendments notified to Ind AS 109 pertain to classification of financial instruments with prepayment feature with negative compensation. Negative compensation arises where the terms of the contract of the financial instrument permit the holder to make repayment or permit the lender or issuer to put the instrument to the borrower for repayment before the maturity at an amount less than the unpaid amounts of principal and interest. Earlier, there was no guidance on classification of such instruments.

According to the amendments, these types of instruments can be classified as measured at amortised cost, or measured at fair value through profit or loss, or measured at fair value through other comprehensive income by the lender or issuer if the respective conditions specified under Ind AS 109 are satisfied

#### **Ind AS19 “Employee Benefits”**

The amendments to Ind AS 19, Employee Benefits relate to effects of plan amendment, curtailment and settlement. When an entity determines the past service cost at the time of plan amendment or curtailment, it shall remeasure the amount of net defined benefit liability/asset using the current value of plan assets and current actuarial assumptions which should reflect the benefits offered under the plan and plan assets before and after the plan amendment, curtailment and settlement.

#### **Ind AS 28 “Long term interests in Associates and Joint ventures”**

Paragraph 14 A is inserted to clarify that an entity has to apply Ind AS109 including its impairment requirements to long term interests in associates or joint ventures, to which equity method is not applied.

#### **Ind AS 111 Joint Agreements**

The amendments states that where the party that participates in, but does not have joint control of , a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business defined in Ind AS 103, in such cases previously held interest in the joint operation are not remeasured.

#### **IndAS103 “Business Combinations”**

When a party to a joint arrangement (as defined in Ind AS111-Joint arrangement ), obtains control of business that is a joint operation and had rights to the assets and obligation for the liabilities relating to that joint operation immediately before the acquisition date, the transaction is a business combination achieved in stages .The acquirer shall therefore apply the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation in the manner as prescribed as per para 42 of Ind AS 103. In doing so the acquirer shall remeasure its entire previously held interest in joint operation.

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

**Note 6: Reconciliation between Previous GAAP and Ind AS****(i) Equity reconciliation**

(₹ in lakhs)

Particulars	Note	31.03.2018	01.04.2017
Equity as per Previous GAAP		4902,33.66	4809,21.00
Change in relationship of Consolidated entity			(513,84.09)
<b>Adjusted Equity as per Previous GAAP</b>		4902,33.66	4295,36.91
On application of Effective Interest Rate method			
Financial assets	(a)	105,11.34	68,43.16
Financial liabilities	(a)	17,86.25	14,02.06
Impact on account of Expected credit loss	(b)	81,38.44	86,53.33
Fair Value of Investments (FVTOCI)		518,09.33	375,59.67
Fair Value of Financial assets / Liabilities (FVTPL)	(c)	15,91.48	1,06.56
Impact on recognition of securitised loan portfolio	(d)	1,55.81	–
Derecognition of Financial asset	(e)	23,19.50	23,68.08
Others	(f)	10,44.92	7,66.10
Tax impact on above adjustments	(g)	(91,75.99)	(83,36.56)
Consolidation Adjustments		65,68.18	65,15.09
<b>Equity as per Ind AS</b>		<b>5649,82.92</b>	<b>4854,14.41</b>

**(ii) Total Comprehensive income reconciliation for the year ended 31st March, 2018**

(₹ in lakhs)

Particulars	Note	Apr-Mar 18
<b>Profit as per Previous GAAP</b>		711,53.59
<b>Adjustments increasing / (decreasing) net profit after tax as reported in the Previous GAAP:</b>		
Amortisation of net income under EIR method for financial assets	(a)	36,68.17
Amortisation of expenses under EIR method for financial liabilities	(a)	3,52.01
Application of Expected Credit Loss method for loan loss provisions	(b)	(5,15.17)
Fair Value of Financial assets / Liabilities (FVTPL)	(c)	6,78.82
Impact on recognition of securitised loan portfolio	(d)	1,55.81
Derecognition of Financial asset	(e)	(5,39.24)
Remeasurement of defined benefit plans	(h)	(1,73.41)
Others	(f)	(2,81.58)
Tax adjustments on above items	(g)	(4,30.97)
Other Comprehensive income (Net of Taxes)		
Fair Value of Investments (FVTOCI)		149,87.62
Others		(1,92.07)
Consolidation Adjustments		(10,76.82)
<b>Total Comprehensive income as per Ind AS</b>		<b>877,86.75</b>

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

### (iii) Effect of Ind AS adoption on Cash flow statement for the year ended 31.03.2018

(₹ in lakhs)

Particulars	Note no.	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net Cash flow from operating activities	(a), (c), (d), (e) & (f)	(2989,41.78)	(2557,32.07)	(5546,73.85)
Net Cash flow from investing activities		(475,30.34)	(706,55.93)	(1181,86.27)
Net Cash flow from financing activities	(a), (c), (d), (e)	3478,52.16	3277,31.01	6755,83.17
Effect of foreign exchange rates		(2.71)	2.71	–
Net increase in cash and cash equivalents		13,77.33	13,45.72	27,23.05
Cash and cash equivalents at the beginning of the year		235,48.70	(59,31.28)	176,17.42
Cash and cash equivalents at the end of the year		249,26.03	(45,85.56)	203,40.47

### Notes to reconciliation between Previous GAAP and Ind AS

- (a) Under Ind AS, the income from financial assets are recognised under Effective Interest Rate (EIR) method under which the transaction costs, fee income, etc. have been amortised over the underlying period. Similarly, financial expenses are accounted considering the transaction cost under EIR method. Under Previous GAAP, these were accounted upfront.
- (b) Under Ind AS, impairment loss is provided on Financial Assets as per the expected credit loss method prescribed under Ind AS 109, whereas under Previous GAAP the provisioning/income deferment was made as per the RBI guidelines.
- (c) Under Ind AS, certain financial assets are measured at fair value through profit or loss (FVTPL), whereas under Previous GAAP, the same was measured at cost / lower of cost or market value, depending on the instrument.
- (d) Under Ind AS, securitisation fails to satisfy the criteria for de-recognition specified under Ind AS 109, whereas under Previous GAAP, Securitised assets were derecognised in the books. The Company has opted the above change only for the transactions after 01.04.2017 in line Ind AS 101.
- (e) Under Ind AS, the Profit on Direct assignment transactions are accounted upfront as per Ind AS 109 whereas, under Previous GAAP the profit on assignment were recognised over the tenor of transaction as per RBI guidelines.
- (f) Under Ind AS, Rental deposits, lease deposits and loan given to employees at concessional rates are initially measured at Fair value and subsequently accounted under amortization method as per Ind AS 109 whereas as per Previous GAAP, measuring at fair value was not required.
- (g) Tax adjustments include deferred tax impact on account of the above differences between Previous GAAP and Ind AS.
- (h) Under Ind AS, re-measurements i.e Actuarial gains and losses and the return on plan assets, excluding amount included in the net interest expenses on the net defined benefit liability are recognised in Other Comprehensive income instead of profit and loss account as accounted in Previous GAAP.

The Cumulative impact of the above changes as on the transition date is adjusted against the reserves as on 01.04.2017. The subsequent effect of changes for the financial year 2017-18 is disclosed under profit and loss reconciliation.

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

**Note 7: Cash and cash equivalents**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
Cash on hand	20,65.47	15,75.13	14,52.60
Balances with Banks	68,42.05	126,29.27	101,94.74
Cheques, drafts on hand	61,09.26	61,36.07	59,70.09
<b>TOTAL</b>	<b>150,16.77</b>	<b>203,40.47</b>	<b>176,17.42</b>

**Note 8: Bank Balance other than specified in Note 7 above**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
Unpaid dividend account	2,84.62	2,25.33	2,44.28
Balances with banks*	706,07.31	868,64.62	658,05.95
<b>TOTAL</b>	<b>708,91.93</b>	<b>870,89.95</b>	<b>660,50.22</b>

\* Bank deposits include,

- ₹611,58.00 lakhs (as on 31.03.2018 ₹601,11.00 lakhs and as on 31.03.2017 ₹499,97.10 lakhs) provided as collateral for assets securitised.
- In accordance with the Reserve Bank of India directives, the company has created a floating charge on the statutory liquid assets comprising bank deposits of ₹36,50.00 lakhs (as on 31.03.2018 ₹12,44.00 lakhs and as on 31.03.2017 ₹121,72.00 lakhs) in favour of trustees representing the deposit holders of the Company.
- A deposit amounting to ₹ Nil (as on 31.03.2018 ₹0.90 lakhs and as on 31.03.2017 ₹0.90 lakhs) has been provided for legal purposes.

**Note 9: Derivative Financial Instruments**

The details of the outstanding derivative instruments and their fair values are as below;

**Part I**

(₹ in lakhs)

Particulars	31st March 2019			31st March 2018			1st April 2017		
	Notional amount	Fair Value		Notional amount	Fair Value		Notional amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
<b>(i) Currency derivatives:</b>									
- Currency swaps	888,05.16	64,83.33	-	1592,42.93	1,22.34	13,04.40	842,44.14	71.76	28,09.15
- Forward Contracts	-	-	-	203,16.49	-	74.15	220,45.42	-	21,29.36
Subtotal (i)	888,05.16	64,83.33	-	1795,59.42	1,22.34	13,78.55	1062,89.56	71.76	49,38.51
<b>(ii) Interest rate derivatives:</b>									
- Forward Rate Agreements & Interest Rate Swaps	300,00.00	10,44.49	-	-	-	-	-	-	-
Subtotal (ii)	300,00.00	10,44.49	-	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+(ii)	1188,05.16	75,27.82	-	1795,59.42	1,22.34	13,78.55	1062,89.56	71.76	49,38.51

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Part II - Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:**

(₹ in lakhs)

Particulars	31st March 2019			31st March 2018			1st April 2017		
	Notional amount	Fair Value		Notional amount	Fair Value		Notional amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
(i) Cash flow hedging:									
- Interest rate derivatives	300,00.00	10,44.49	-	-	-	-	-	-	-
- Currency Swaps		2,47.99	-	-	1,22.34	-	-	71.76	-
(ii) Undesignated derivatives	888,05.16	62,35.34	-	1795,59.42	-	13,78.55	1062,89.56	-	49,38.51
<b>Total Derivative Financial Instruments (i) + (ii)</b>	<b>1188,05.16</b>	<b>75,27.82</b>	<b>-</b>	<b>1795,59.42</b>	<b>1,22.34</b>	<b>13,78.55</b>	<b>1062,89.56</b>	<b>71.76</b>	<b>49,38.51</b>

**Note 10: Receivables**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
<b>Trade receivables</b>			
- Secured, considered good	-	-	-
- Unsecured, considered good	44,16.97	44,34.87	27,80.65
- Receivables which have significant increase in Credit Risk	24.71	19.84	10.59
- Receivables - credit impaired	33.89	73.55	25.59
Less: Impairment loss on the above	47.67	74.73	22.66
<b>Sub-total - Trade receivables</b>	<b>44,27.90</b>	<b>44,53.53</b>	<b>27,94.16</b>
<b>Other receivables</b>			
- Secured, considered good			
- Unsecured, considered good	11.95	22.59	4,46.85
- Reinsurance Assets	-	631,21.73	406,71.42
Less: Impairment loss on the above			
<b>Sub-total - Other receivables</b>	<b>11.95</b>	<b>631,44.32</b>	<b>411,18.27</b>
<b>TOTAL</b>	<b>44,39.86</b>	<b>675,97.85</b>	<b>439,12.43</b>

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

## Note 11: Loans

	(₹ in lakhs)		
	March 31, 2019	March 31, 2018	April 1, 2017
Hypothecation loans #	25929,22.68	19954,02.31	12927,05.93
Net Investment in hire purchase	789,22.67	1619,81.20	2323,29.64
Term Loans	311,20.09	191,53.76	138,17.66
Advance for business assets	191,50.85	196,33.79	111,25.81
Amount retained on Assets securitised / assigned	111,90.94	140,15.47	194,18.50
Loans repayable on Demand	43,50.08	—	—
Bills Purchased and Bills Discounted	16,32.28	12,60.94	6,70.17
Net investment in lease	13,53.17	15,28.11	18,90.09
Other loans @	44,27.83	39,44.38	39,78.35
<b>Total Loans - Gross</b>	<b>27450,70.60</b>	<b>22169,19.95</b>	<b>15759,36.15</b>
Less: Impairment loss allowance	178,36.67	165,34.09	150,84.34
<b>Total Loans - Net</b>	<b>27272,33.93</b>	<b>22003,85.86</b>	<b>15608,51.81</b>
Of the above			
Secured by tangible assets	27198,49.99	21921,79.33	15606,18.45
Covered by Bank/Government Guarantees	1,72.61	1,59.17	14.26
Secured by Deposits placed	3,49.71	3,67.52	3,65.38
Unsecured	246,98.29	242,13.92	149,38.07
<b>Total Loans - Gross</b>	<b>27450,70.60</b>	<b>22169,19.95</b>	<b>15759,36.16</b>
Less: Impairment loss allowance	178,36.67	165,34.09	150,84.34
<b>Total Loans - Net</b>	<b>27272,33.93</b>	<b>22003,85.85</b>	<b>15608,51.82</b>
Loans in India			
Public Sector	—	—	—
Others *	27450,70.60	22169,19.95	15759,36.16
<b>Total Loans - Gross</b>	<b>27450,70.60</b>	<b>22169,19.95</b>	<b>15759,36.16</b>
Less: Impairment loss allowance	178,36.67	165,34.09	150,84.34
<b>Total Loans in India - Net - (A)</b>	<b>27272,33.93</b>	<b>22003,85.85</b>	<b>15608,51.82</b>
Loans outside India	—	—	—
Less: Impairment loss allowance	—	—	—
<b>Total Loans outside India - Net - (B)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total loans (A) + (B)</b>	<b>27272,33.93</b>	<b>22003,85.85</b>	<b>15608,51.82</b>

# includes repossessed assets at market value

@ includes loans to employees and loan against deposits

\* includes loans to Individuals, Sole proprietorship, Partnership, LLPs, Private and Public Limited Companies.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 12: Investments**

(₹ in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
	Carrying Amount		
<b>Measured as per equity method</b>			
<b>Investments in Equity Instruments</b>			
<b>- Joint Ventures</b>			
Royal Sundaram General Insurance Co. Limited	551,12.32	—	—
Sundaram BNP Paribas Home Finance Limited*	639,20.44	587,51.11	536,42.65
Sundaram BNP Paribas Fund Services Limited	10,52.45	14,94.78	16,07.97
	<u>1200,85.21</u>	<u>602,45.89</u>	<u>552,50.62</u>
<b>- Associates*</b>			
Flometallic India Private Limited	63,74.22	55,79.08	48,65.31
The Dunes Oman LLC (FZC)	85,83.48	102,55.92	100,97.68
Sundaram Hydraulics Limited	—	1,10.54	1,20.15
Axles India Limited	53,59.28	42,45.79	36,12.95
Turbo Energy Private Limited	449,42.87	399,71.15	347,58.29
Transenergy Limited	3,94.52	3,88.07	3,66.63
Sundaram Dynacast Private Limited	11,77.13	8,31.99	7,34.01
	<u>668,31.50</u>	<u>613,82.54</u>	<u>545,55.02</u>
<b>Total - A</b>	<b><u>1869,16.70</u></b>	<b><u>1216,28.43</u></b>	<b><u>1098,05.64</u></b>
<b>At fair value through other comprehensive income:</b>			
Investment in Equity Investments	1529,38.27	2138,08.62	1422,21.68
Investment in Government Securities	—	1339,37.99	1154,49.77
Investment in Debentures & Bonds	—	2445,08.23	1891,12.95
<b>Total - B</b>	<b><u>1529,38.27</u></b>	<b><u>5922,54.84</u></b>	<b><u>4467,84.40</u></b>
<b>At fair value through profit or loss:</b>			
Investment in Equity Investments	—	316,48.50	198,71.15
Investment in Mutual Funds	352,69.13	454,74.68	342,69.49
Investment in Alternative Investment Funds	105,12.98	141,90.12	51,15.30
<b>Total - C</b>	<b><u>457,82.11</u></b>	<b><u>913,13.29</u></b>	<b><u>592,55.93</u></b>
<b>At amortised cost:</b>			
Investment in Preference Shares	—	1,53.39	2,90.61
Investment in Collateralized Borrowing and Lending Obligation	—	52,53.21	18,29.79
Investment in Government Securities	408,74.04	392,90.67	255,00.37
Investment in Non-Convertible Debentures	102,76.94	—	—
Investment in Pass Through Certificates	77,31.21	91,91.99	29,11.04
Investment in Commercial Paper	94,64.52	102,42.77	83,04.49
	<u>683,46.71</u>	<u>641,32.02</u>	<u>388,36.31</u>
Less: Allowance for Impairment loss	52.16	19.37	8.77
<b>Total - D</b>	<b><u>682,94.55</u></b>	<b><u>641,12.65</u></b>	<b><u>388,27.54</u></b>
<b>Total Investments</b>	<b><u>4539,31.63</u></b>	<b><u>8693,09.22</u></b>	<b><u>6546,73.52</u></b>
<b>(Net of allowance for impairment loss)</b>			

\* includes goodwill amounting to ₹14,24.31 lakhs and Capital Reserve of ₹6,81.19 lakhs

During the year the company divested 25.90% stake in Royal Sundaram General Insurance Co. Limited to Ageas Insurance International N.V., the Netherlands. Subsequent to the sale, the company holds 50% in the Equity capital of Royal Sundaram General Insurance Co. Limited, and has become a Joint Venture company with effect from 23rd February 2019.



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

**Note 13 : Other Financial assets**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
Carried at amortised cost			
- Security deposits	11,45.17	14,20.98	13,92.23
- Other advances	7,28.70	8,33.44	7,05.88
- Unbilled Revenue	29.61	55.62	25.55
- Balance with Terrorism Pool	–	77,64.79	67,03.17
- Due from policyholders	–	11,76.35	10,65.23
Amount Receivable on Merger		–	–
- Due from insurers	–	9,81.19	8,11.79
Less: Impairment loss on the above	54.45	71.36	71.19
<b>TOTAL</b>	<b>18,49.04</b>	<b>121,61.01</b>	<b>106,32.67</b>

**NOTE 14: Tax Reconciliation**

Disclosure pursuant to Ind AS 12 "Income Taxes"

**(a) Major components of tax expense/(income) :**

(₹ in lakhs)

	2018-19	2017-18
(a) Profit or Loss section :		
(i) <b>Current income tax :</b>		
Current income tax expense	417,57.83	344,36.43
Tax expense of prior periods		
	<b>417,57.83</b>	<b>344,36.43</b>
(ii) <b>Deferred tax :</b>		
Tax expense on origination and reversal of temporary differences	(26,13.17)	1,89.81
Effect of previously unrecognised tax losses used to reduce tax expense	(3,48.09)	1,67.98
	(29,61.26)	3,57.79
<b>Income tax expense reported in Profit or Loss [(i) + (ii)]</b>	<b>387,96.57</b>	<b>347,94.22</b>
(b) Other Comprehensive Income (OCI) section :		
(i) Items not to be reclassified to profit or loss in subsequent periods :		
Current tax expense/(income) :	(2,11.39)	32,99.82
On remeasurement of defined benefit plans	–	(0.09)
(ii) Items to be reclassified to profit or loss in subsequent periods :		
(A) Deferred tax expense/(income) :		
On MTM of cash flow hedges	37,37.09	(21,27.18)
<b>Income tax expense reported in Other Comprehensive Income [(i) + (ii)]</b>	<b>35,25.70</b>	<b>11,72.55</b>
<b>Retained earnings :</b>		
Current income tax	415,46.44	377,36.16
Deferred tax	7,75.83	(17,69.39)
<b>Income tax expense reported in retained earnings</b>	<b>423,22.27</b>	<b>359,66.77</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**b) Reconciliation of tax expense and the tax on accounting profit at applicable tax rate**

(₹ in lakhs)

	2018-19	2017-18
(a) Profit before tax and exceptional items	977,30.73	1035,75.92
(b) Profit on exceptional items	592,43.45	–
(c) Profit before tax	1569,74.18	1035,75.92
(d) Tax on Accounting profit	339,24.22	356,29.96
(e) (i) Tax on income exempt from tax :		
(A) Dividend income	18,44.78	13,85.80
(ii) Tax on expenses not tax deductible :		
(A) CSR expenses/Donations	1,85.28	1,20.98
(B) Expenses in relation to exempt income	2,16.12	1,27.25
(iii) Tax effect on various other items	7,01.30	(3,01.81)
(f) Total effect of tax adjustments [(i) to (iii)] (f)=(i)-(ii)+(iii)	21,44.68	8,35.76
(g) Tax on exceptional items @ 23.296%	70,17.05	–
(h) Tax expense recognised during the year (h)=(d)-(f)+(g)	387,96.59	347,94.20

**c) Reconciliation of Deferred Taxes**

**For The Year Ended 2018-19**

(₹ in lakhs)

Particulars	01-04-2018	Recognised Through Profit and Loss Account	Recognised Through Other Comprehensive Income	31.03.2019
Difference between Book Depreciation and Tax depreciation	(55,78.19)	(7.34)	–	(55,85.53)
Provisions for doubtful debts and advances	(44,98.19)	3,90.96	–	(41,07.23)
Investments	(14,36.28)	(4,92.51)	–	(19,28.79)
Hire Purchase Income	68,91.94	5,57.07	–	74,49.01
Utilisation of MAT Credit		1,11.06		
Others	135,22.28	(35,20.50)	(37,36.58)	62,65.20
<b>Total</b>	<b>89,01.57</b>	<b>(29,61.26)</b>	<b>(37,36.58)</b>	<b>20,92.67</b>

**For The Year Ended 2017-18**

(₹ in lakhs)

Particulars	01.04.2017	Recognised Through Profit and Loss Account	Recognised Through Other Comprehensive Income	31.03.2018
Difference between Book depreciation and Tax depreciation	(68,87.55)	(36,80.87)	–	(105,68.42)
Provisions for doubtful debts and advances	(45,21.86)	23.68	–	(44,98.19)
Investments	(11,64.87)	(2,71.41)	–	(14,36.28)
Hire Purchase Income	64,65.85	4,26.09	–	68,91.94
Others	84,89.27	38,60.30	11,72.54	135,22.28
<b>Total</b>	<b>23,80.85</b>	<b>3,57.79</b>	<b>11,72.54</b>	<b>39,11.34</b>

Note : Deferred tax impact due to dilution in control in Royal Sundaram General Insurance Co Limited - Refer Note 44.01

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

## Note 15: Investment Property

(₹ in lakhs)

Particulars	Land	Building	Total
<b>GROSS BLOCK AT DEEMED COST</b>			
As at 31.03.2017	46,38.35	1,52.79	47,91.14
Additions	–	76.18	76.18
Deductions	45.68	6.15	51.83
As at 31.03.2018	45,92.67	2,22.82	48,15.49
<b>DEPRECIATION</b>			
Upto 31.03.2017	–	–	–
Additions	–	27.43	27.43
Deductions	–	–	–
Upto 31.03.2018	–	27.43	27.43
<b>GROSS BLOCK AT COST</b>			
As at 31.03.2018	45,92.67	2,22.82	48,15.49
Additions	5,46.39	4,32.71	9,79.10
Deductions	40.27	0.62	40.89
As at 31.03.2019	50,98.79	6,54.91	57,53.70
<b>DEPRECIATION</b>			
Upto 31.03.2018	–	27.43	27.43
Additions	–	23.29	23.29
Deductions	–	0.44	0.44
Upto 31.03.2019	–	50.28	50.28
<b>Carrying Value as at 31.03.2019</b>	<b>50,98.79</b>	<b>6,04.63</b>	<b>57,03.42</b>
<b>Carrying Value as at 31.03.2018</b>	<b>45,92.67</b>	<b>1,95.39</b>	<b>47,88.06</b>
<b>Carrying Value as at 31.03.2017</b>	<b>46,38.35</b>	<b>1,52.79</b>	<b>47,91.14</b>

## Investment Property

The fair value measurement for all the investment property has been categorized as Level 2 based on the inputs to the valuation technique, taking into consideration the prevailing market price of similar property/locality.

(₹ in lakhs)

Particulars	31.03.2019	31.03.2018	01.04.2017
Fair value of the Investment property	691,88.95	682,73.33	688,93.25

Items relating to investment property recognised in Profit & Loss Account for the year ended are given below:

(₹ in lakhs)

Particulars	2018-19	2017-18
Rental income from Investment property	8,50.40	7,01.62
Direct Operating expenses on properties generating rental income	60.26	50.62
Direct Operating expenses on properties not generating rental income	3.85	1.38

The investment properties are freely realisable.

(₹ in lakhs)

Particulars	31.03.2019	31.03.2018	01.04.2017
Contractual obligation to purchase, construct or develop investment property	–	15.10	10.42

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 16: Property, Plant and Equipment**

(₹ in lakhs)

Particulars	Freehold Land	Freehold Buildings	Leasehold office / Residential Premises	Plant and Machinery & Computers	Furniture and Fixtures	Vehicles	Office Equipment	Assets on Operating Lease		Assets Taken under Finance Lease	Total
								Plant and Machinery & Computers	Vehicles		
<b>GROSS BLOCK AT DEEMED COST</b>											
As at 31.03.2017	42,71.74	18,63.99	16,47.27	23,89.72	6,34.21	11,11.97	9,20.19	81.95	18653.49	39.08	31613.61
Additions	96.52	30.24	3,91.73	14,49.23	2,16.06	6,17.43	2,51.84	-	4018.75	-	7071.80
Deductions	-	76.18	1,20.10	64.42	5.60	2,37.68	23.49	1.71	5370.58	-	5899.76
Translation Adjustments	-	-	2.80	0.43	0.31	-	0.26	-	-	-	3.80
As at 31.03.2018	43,68.26	18,18.05	19,21.70	37,74.96	8,44.98	14,91.72	11,48.80	80.24	17,301.66	39.08	32,789.45
<b>DEPRECIATION</b>											
Upto 31.03.2017	-	-	-	-	-	-	-	-	-	-	-
Additions	-	88.71	3,73.75	9,52.18	1,80.70	3,32.06	3,09.50	4.35	42,92.75	-	65,34.00
Deductions	-	-	1,20.10	53.91	2.44	13.32	16.89	0.59	4,24.65	-	6,31.90
Translation Adjustments	-	-	1.90	0.37	0.15	-	0.22	-	-	-	2.64
Upto 31.03.2018	-	88.71	2,55.55	8,98.64	1,78.41	3,18.74	2,92.83	3.76	38,68.10	-	59,04.74
<b>GROSS BLOCK AT COST</b>											
As at 31.03.2018	43,68.26	18,18.05	19,21.70	37,74.96	8,44.98	14,91.72	11,48.80	80.24	173,01.66	39.08	327,89.45
Additions	2,38.65	2,39.34	3,07.72	11,75.18	2,33.91	5,38.18	1,87.39	6,65.65	47,66.64	-	83,50.66
Deductions	2,40.32	98.15	-	25.86	10.39	1,45.83	33.87	59.30	40,86.43	-	47,00.15
Transfer of Shares - Royal Sundaram	-	-	11,81.16	10,03.78	1,35.61	48.89	3,74.79	-	-	-	27,44.23
Adjustment on account of Demerger (SAMC)	-	-	11.89	5.55	-	0.55	4.10	-	-	-	22.09
Translation Adjustments	-	-	1.56	0.24	0.23	-	0.16	-	-	-	2.19
As at 31.03.2019	43,66.59	19,59.24	10,37.93	39,15.19	9,33.12	18,34.63	9,23.59	6,84.59	179,81.87	39.08	336,75.83
<b>DEPRECIATION</b>											
Upto 31.03.2018	-	88.71	2,55.55	8,98.64	1,78.41	3,18.74	2,92.83	3.76	38,68.10	-	59,04.74
Additions	-	1,27.39	1,48.68	823.00	1,70.44	3,45.23	1,63.08	1,54.47	33,94.84	-	53,27.13
Deductions	-	8.28	-	8.48	4.39	46.87	13.78	0.44	11,67.66	-	12,49.90
Transfer of Shares - Royal Sundaram	-	-	2,64.00	284.15	19.82	8.59	1,40.72	-	-	-	7,17.28
Adjustment on account of Demerger (SAMC)	-	-	4.62	3.49	-	0.43	1.23	-	-	-	9.77
Translation Adjustments	-	-	1.12	0.33	0.08	-	0.19	-	-	-	1.72
Upto 31.03.2019	-	2,07.82	1,36.73	1,425.84	3,24.72	6,08.08	3,00.38	1,57.79	60,95.28	-	92,56.64
Carrying Value as at 31.03.2019	43,66.59	17,51.42	9,01.20	2,489.35	6,08.40	12,26.55	6,23.21	5,26.80	118,86.59	39.08	244,19.19
Carrying Value as at 31.03.2018	43,68.26	17,29.34	16,66.15	2,876.32	6,66.57	11,72.98	8,55.97	76.48	134,33.56	39.08	268,84.71
Carrying Value as at 31.03.2017	42,71.74	18,63.99	16,47.27	2,389.72	6,34.21	11,11.97	9,20.19	81.95	186,53.49	39.08	316,13.61

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

**Note 17: Other Intangibles assets and Intangible assets under development**

(₹ in lakhs)

Particulars	Computer Software		Total	Intangibles Under Development
	Purchased	Self Generated		
<b>GROSS BLOCK AT DEEMED COST</b>				
As at 31.03.2017	11,82.71	6,13.76	17,96.47	2,52.91
Additions	5,83.46	1,97.10	7,80.56	2,84.02
Deductions	—	—	—	2,21.02
As at 31.03.2018	17,66.17	8,10.86	25,77.04	3,15.91
<b>DEPRECIATION</b>				
Upto 31.03.2017	—	—	—	—
Additions	8,32.77	4,87.61	13,20.38	—
Deductions	—	—	—	—
Upto 31.03.2018	8,32.77	4,87.61	13,20.38	—
<b>GROSS BLOCK AT COST</b>				
As at 31.03.2018	17,66.17	8,10.86	25,77.04	3,15.91
Additions	8,86.13	1,59.41	10,45.53	1,38.47
Deductions	—	—	—	1,59.41
Transfer of Shares - Royal Sundaram	9,18.14	—	9,18.14	2,94.97
Adjustment on account of Demerger (SAMC)	96.82	—	96.82	—
As at 31.03.2019	16,37.33	9,70.27	26,07.61	—
<b>DEPRECIATION</b>				
Upto 31.03.2018	8,32.77	4,87.61	13,20.38	—
Additions	4,31.16	82.97	5,14.13	—
Deductions	—	—	—	—
Transfer of Shares - Royal Sundaram	4,37.69	—	4,37.69	—
Adjustment on account of Demerger (SAMC)	47.41	—	47.41	—
Upto 31.03.2019	7,78.82	5,70.58	13,49.41	—
<b>Carrying Value as at 31.03.2019</b>	<b>8,58.51</b>	<b>3,99.69</b>	<b>12,58.20</b>	<b>—</b>
<b>Carrying Value as at 31.03.2018</b>	<b>9,33.40</b>	<b>3,23.25</b>	<b>12,56.65</b>	<b>3,15.91</b>
<b>Carrying Value as at 31.03.2017</b>	<b>11,82.71</b>	<b>6,13.76</b>	<b>17,96.47</b>	<b>2,52.91</b>

**Note:**

The Company has, with effect from 1st April 2018, revised the estimated useful life of intangible asset resulting in amortisation expenses for the year 2018-19 being lower by ₹1,14.54 lacs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 18: Other Non-Financial Assets**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
Stamp and stamp papers on hand	1,88.88	1,23.07	91.90
Mat Credit Entitlement	–	–	2,70.88
Prepaid expenses	195,95.59	225,36.54	145,31.66
Balances with Government authorities	51,90.82	56,10.51	37,27.15
Capital Advances	52.02	1,98.25	1,05.84
Other advances*	69.34	3,59.84	2,63.94
<b>Total</b>	<b>250,96.67</b>	<b>288,28.22</b>	<b>189,91.37</b>

\* Amount paid for which goods / services are to be received.

**Note 19: Payables**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
<b>Trade payables</b>			
(i) Total outstanding dues of micro enterprises and small enterprises			
Outstanding Liability	85.84	–	–
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	–	–	–
Dealer Balances	84,69.15	53,71.91	62,43.27
Outstanding Liability	18,40.42	44,89.62	46,09.71
<b>Total</b>	<b>103,95.41</b>	<b>98,61.53</b>	<b>108,52.98</b>
<b>Other payables</b>			
(i) Total outstanding dues of micro enterprises and small enterprises	–	–	–
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	–	–	–
Insurance Contract Liabilities	–	3866,19.30	3096,79.24
Reinsurers share in insurance contracts liabilities	–	21,75.08	22,47.74
Others	8,46.47	114,43.10	86,47.16
<b>Total</b>	<b>8,46.47</b>	<b>4002,37.47</b>	<b>3205,74.13</b>

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

**Note 20: Debt Securities**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
<b>Carried at amortised cost</b>			
Non-Convertible debentures	8739,46.43	7188,34.02	5983,41.40
Commercial paper	1740,06.86	2002,35.25	3538,07.77
<b>Total</b>	<b>10479,53.29</b>	<b>9190,69.27</b>	<b>9521,49.17</b>
Of the above			
Debt securities in India	10479,53.29	9190,69.27	9521,49.17
Debt securities in outside India			
<b>Total</b>	<b>10479,53.29</b>	<b>9190,69.27</b>	<b>9521,49.17</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.

**Note 21: Borrowings other than debt securities**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
<b>Carried at amortised cost</b>			
Secured			
Term Loan from banks	8629,31.33	5258,26.46	744,20.54
Working capital demand loans and Cash credit	1114,34.27	1903,44.59	238,51.68
Unsecured			
Credit facilities from banks	–	541,87.50	322,51.25
Finance lease obligation	39.08	39.08	39.08
Preference Share Capital	16.09	16.09	–
<b>Total</b>	<b>9744,20.77</b>	<b>7704,13.72</b>	<b>1305,62.55</b>
Of the above			
Borrowings in India	9744,20.77	7704,13.72	1305,62.55
Borrowings in Outside India	–	–	–
<b>Total</b>	<b>9744,20.77</b>	<b>7704,13.72</b>	<b>1305,62.55</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.

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 22: Deposits**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
<b>Carried at amortised cost</b>			
- Public Deposits	3064,03.94	2579,08.80	2484,44.77
<b>Total</b>	<b><u>3064,03.94</u></b>	<b><u>2579,08.80</u></b>	<b><u>2484,44.77</u></b>

**Note 23: Subordinated Liabilities**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
<b>Carried at amortised cost</b>			
Subordinated Non Convertible Debentures			
- India	1725,16.68	1594,68.96	890,11.37
- Outside India	—	—	—
<b>Total</b>	<b><u>1725,16.68</u></b>	<b><u>1594,68.96</u></b>	<b><u>890,11.37</u></b>

Reconciliation of movement in borrowings to cash flows from financing activities

(₹ in lakhs)

	2018-19	2017-18
<b>Opening Balance</b>		
Debt securities	9190,69.27	9521,49.17
Borrowings (Other than debt securities)	7704,13.72	1305,62.55
Deposits	2579,08.80	2484,44.77
Subordinated liabilities	1594,68.96	890,11.37
<b>Total opening balance</b>	<b>21068,60.74</b>	<b>14201,67.86</b>
a) Cash flow movements:		
Proceeds from borrowings (net of repayment)	3475,86.94	6558,07.75
	<b>3475,86.94</b>	<b>6558,07.75</b>
b) Non-cash movements		
Difference between the amortised cost balance and principal outstanding	468,46.99	308,85.13
	<b>468,46.99</b>	<b>308,85.13</b>
<b>Closing Balance</b>		
Debt securities	10479,53.29	9190,69.27
Borrowings (Other than debt securities)	9744,20.77	7704,13.72
Deposits	3064,03.94	2579,08.80
Subordinated liabilities	1725,16.68	1594,68.96
	<b><u>25012,94.68</u></b>	<b><u>21068,60.74</u></b>



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

**Note 24: Other Financial liabilities**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
Amounts due on assets securitised or assigned	132,07.36	192,33.46	290,71.83
Unpaid matured deposits and interest accrued thereon	35,95.25	37,91.19	45,39.46
Unpaid dividend	2,77.16	2,25.33	2,44.28
Payable to Employees	58,66.51	56,10.46	49,46.03
Other liabilities	149,36.40	105,90.99	75,73.49
Advance received from customers	54,09.91	43,36.61	59,16.82
Balances due to Agents and other Intermediaries	—	20,20.90	8,45.24
Balances due to Other Insurers	—	169,15.34	30,38.88
Payable on account of Merger	—	—	—
Unclaimed amounts	—	11,18.14	15,12.31
Claims approved under settlement	—	13,30.57	13,94.21
<b>Total</b>	<b>432,92.59</b>	<b>651,72.99</b>	<b>590,82.55</b>

\*\* Other liabilities include amount payable to creditors for expenses, payable to customers for security deposit received and commission payable to non-whole time directors.

**Note 25: Provisions**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
Provision for employee benefits	24,49.81	27,01.93	20,71.82
Provision for Other expenses ^	40,03.22	74,95.59	42,62.02
<b>TOTAL</b>	<b>64,53.03</b>	<b>101,97.52</b>	<b>63,33.83</b>

^ Provision for other expenses include provision made for legal cases / claims

**Note 26: Other Non-Financial liabilities**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
Other Liabilities #	26,68.00	16,03.45	14,21.48
Revenue received in advance	2,19.57	19,24.16	27,85.66
Unallocated Premium	—	19,44.04	58,90.94
<b>TOTAL</b>	<b>28,87.57</b>	<b>54,71.65</b>	<b>100,98.08</b>

# Others mainly include government dues, taxes payable, GST payable and salary deductions payable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 27: Equity Share capital**

(₹ in lakhs)

	March 31, 2019	March 31, 2018	April 1, 2017
<b>Authorised capital</b>			
27,81,00,000 Equity Shares of ₹10/- each	278,10.00	278,10.00	
25,00,00,000 Equity Shares of ₹10/- each*			250,00.00
<b>Issued and Subscribed :</b>			
11,11,03,860 Equity Shares of ₹10/- each fully paid up	111,10.39	111,10.39	111,10.39
Less:			
9,60,960 (2018-9,79,510 and 2017- 9,93,910) Equity Shares of ₹10/- each held by ESOP trust but not yet allotted to Employees	96.10	97.95	99.39
<b>Adjusted, Issued and Subscribed Share Capital</b>	<b>110,14.29</b>	<b>110,12.44</b>	<b>110,11.00</b>

\* Authorised share capital has been increased pursuant to the Scheme of Arrangement and Amalgamation

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the period :

	March 31, 2019	March 31, 2018	April 1, 2017
<b>Issued and Subscribed :</b>			
Balance at the beginning of the Year	11,11,03,860	11,11,03,860	11,11,03,860
Less: Shares held by Sundaram Finance Employees' Welfare Trust	9,60,960	9,79,510	9,93,910
<b>Adjusted, Issued and Subscribed Share Capital</b>	<b>11,01,42,900</b>	<b>11,01,24,350</b>	<b>11,01,09,950</b>

b) Rights, preferences and restrictions in respect of equity shares:

The Equity share holders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue under the provisions of the Companies Act, 2013.

c) No shareholder of the company holds more than 5% of the Equity shares.

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

## STATEMENT OF PROFIT AND LOSS - NOTES

## Note 28: Interest Income

	(₹ in lakhs)	
	2018-19	2017-18
On Financial assets measured at amortised cost:		
Loans	2835,79.24	2288,76.70
Investments	52,39.85	31,16.24
Deposit with Banks	47,11.69	62,16.89
On Financial assets classified at Fair value through profit or loss :		
Investments	6,11.81	2,03.64
On Financial assets classified at Fair value through other comprehensive income:		
Investments	–	284,87.49
<b>Total</b>	<b><u>2941,42.59</u></b>	<b><u>2669,00.96</u></b>

## Note 29: Fees and Commission Income

	(₹ in lakhs)	
	2018-19	2017-18
<b>Relating to</b>		
- Loans	10829.04	9142.44
- Sell-down servicing fee	5828.85	6398.05
- Income from other Financial Services	5404.19	2275.39
- Trusteeship Fees	140.16	148.46
<b>TOTAL</b>	<b><u>22202.24</u></b>	<b><u>17964.34</u></b>

## Note 30: Net gain on Fair Value Changes

	(₹ in lakhs)	
	2018-19	2017-18
A . Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio	–	–
(ii) On Financial instruments designated at fair value through profit or loss	–	–
B. Others		
Net gain on financial instruments at fair value through profit or loss on		
- Investments	22,24.46	58,61.47
- Derivatives	76,13.89	35,59.96
C. Total Net gain on fair value changes (A + B)	98,38.35	94,21.43
Of the above, fair value changes:		
- Realised	19,29.77	53,78.30
- Unrealised	79,08.58	40,43.13
<b>Total</b>	<b><u>98,38.35</u></b>	<b><u>94,21.43</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 31: Other Income**

	(₹ in lakhs)	
	2018-19	2017-18
Net gain/(loss) on		
- Derecognition of property, plant and equipment	1,78.28	20.41
- Foreign currency transaction and translation (other than considered as finance cost)	44.92	1,27.86
Others		
- Interest income	2,74.68	40,98.87
- Rental income	4,23.70	3,64.58
- Other non-operating income	9,83.35	8,15.66
<b>Total</b>	<b><u>19,04.93</u></b>	<b><u>54,27.39</u></b>

**Note 32: Finance Costs**

	(₹ in lakhs)	
	2018-19	2017-18
<b>On Financial liabilities carried at amortised cost:</b>		
Interest on		
Deposits	216,18.47	208,28.97
Term loans	519,19.06	191,17.92
Debt securities	877,53.26	810,41.55
Subordinated liabilities	145,50.40	111,25.86
Other interest expense and borrowing cost	7,93.95	23,29.41
<b>Total</b>	<b><u>1766,35.14</u></b>	<b><u>1344,43.71</u></b>

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

**Note 33: Employee Benefits Expenses**

	(₹ in lakhs)	
	2018-19	2017-18
Salaries and Wages	394,67.61	473,09.97
Contribution to provident and other funds	24,20.48	32,04.87
Share Based Payments to employees	2,85.73	2,26.63
Staff welfare expenses	7,39.58	6,50.62
<b>Total</b>	<b><u>429,13.40</u></b>	<b><u>513,92.09</u></b>

**Note 34: Administrative and Other Expenses**

	(₹ in lakhs)	
	2018-19	2017-18
Rent, taxes and energy costs	31,39.98	56,97.30
Repairs and maintenance	26,21.13	47,25.64
Communication Costs	15,97.07	26,95.65
Printing and stationery	5,22.13	9,98.94
Advertisement and publicity	5,94.50	21,46.13
Director's fees, allowances and expenses	1,89.50	1,95.57
Auditor's fees and expenses	1,69.81	2,05.29
Legal and Professional charges	12,31.64	11,06.11
Insurance	2,33.46	(28.66)
Outsourcing cost	76,46.37	277,21.79
Travel and conveyance	21,71.10	28,05.09
Donations	12,96.53	11,99.05
Exchange loss on foreign currency transactions and translations	80,17.17	31,85.18
Derivatives MTM	(37.51)	9.82
Other expenditure	31,70.43	51,21.20
<b>Total</b>	<b><u>325,63.31</u></b>	<b><u>577,84.10</u></b>

**Note 35: Impairment on Financial Instruments**

	(₹ in lakhs)	
	2018-19	2017-18
On Financial instruments measured at amortised cost:		
Loans	91,02.41	80,30.67
Investments	33.57	10.59
Repossessed assets	11,59.53	4,96.77
Others	34.51	1,53.73
<b>Total</b>	<b><u>103,30.02</u></b>	<b><u>86,91.76</u></b>

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

### Note 36: Capital Management:

The Group's capital management strategy is to ensure that it has sufficient capital for business operations, strategic investment, regulatory requirements and to provide reasonable return to the shareholders. Equity share capital and other equity are considered for Capital management.

The Group endeavour to source diversified borrowing, depending on asset liability duration and interest rate sensitivities.

The Group monitors the Capital adequacy ratio, Debt equity ratio and Solvency ratio for the purpose of adequacy of capital.

### Note 37: Revenue

#### Disaggregate revenue information:

Since the requirement of application of Ind AS 115 on Group's revenue is insignificant, the Group believes that disaggregation of data about the nature, amount, timing of our revenues is not required.

#### Remaining performance obligation:

The remaining performance obligation disclosure provides aggregate amount of transaction price yet to be recognised at the end of reporting period and an explanation as to when the Group expects to recognise these amounts in revenue.

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2019 is ₹50.36 lakhs (2017-18 is ₹44.62 lakhs) which the Group expects to recognise in next year.

### Note 38: Financial instruments – Fair value measurements

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

#### a. Financial Assets / Liabilities that are measured at Fair value through P&L /OCI

(₹ in lakhs)

	Fair Value Hierarchy	March 31, 2019	March 31, 2018	April 1, 2017
<b>Financial Assets</b>				
Derivatives	Level 2	75,27.82	–	–
<b>Investments</b>				
Mutual Funds	Level 1	352,69.13	454,74.66	342,69.49
Alternative Investment Funds	Level 1	105,12.99	141,90.12	51,15.30
Equity Instruments	Level 1	–	316,48.50	198,71.15
Equity Instruments	Level 2	14.30	14.30	9.40
Government Securities	Level 1	–	1339,37.99	1154,49.76
Debt Securities	Level 2	–	2499,24.74	1943,57.97
<b>Financial Liabilities</b>				
Derivatives	Level 2	–	12,56.21	4866.72

*Fair value is estimated based on the market inputs for the classification as per level 2*

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

**b. Equity Shares designated at Fair value through Other Comprehensive Income**

As on 1st April 2017, the group designated the following investments in equity shares (other than Subsidiaries, Associates and Joint ventures) at FVTOCI, because the group intends to hold these investments for long-term strategic purpose.

(₹ in lakhs)

	Fair Value Hierarchy	March 31, 2019	March 31, 2018	April 1, 2017
* Equifax Credit Information Services Pvt. Ltd.	Level 3	13,50.00	13,50.00	13,50.00
* Experian Credit Information Company of India Pvt. Ltd.	Level 3	11,20.00	11,20.00	11,20.00
Wheels India Limited	Level 1	249,22.39	258,29.10	164,32.49
Brakes India Private Limited	Level 3	273,49.69	382,51.13	318,88.63
India Motor Parts & Accessories Limited	Level 1	135,93.51	160,53.58	120,77.90
Sundaram Clayton Limited	Level 1	744,66.64	1184,68.68	700,47.72
Sundaram Investments Limited	Level 3	22,15.57	22,15.57	19,83.81
Lucas-TVS Limited	Level 3	66,78.49	93,88.60	62,83.89
Delphi TVS Diesel Systems Limited	Level 3	11,21.84	10,11.71	9,16.43
Techtran Polylenses Limited	Level 1	–	–	8.80
Vishnu Forge Industries Limited	Level 3	1,05.84	1,05.84	1,02.59
* UMW Industries Limited	Level 3	0.02	0.02	0.02
* Senbonzakura Consultancy Private Ltd	Level 3	–	0.10	–
<b>Total</b>		<b>1529,23.97</b>	<b>2137,94.32</b>	<b>1422,12.28</b>

\* As per Ind AS 109, Cost has been considered as the best estimate of the fair value

There were no disposal of investments and ₹2266.26 lakhs and ₹1641.53 lakhs were recognised as dividends during the financial years 2018-19 and 2017-18 respectively.

**c. The following table shows the carrying amounts and fair values of financial assets and financial liabilities measured at amortised cost, including their levels in the fair value hierarchy.**

(₹ in lakhs)

	Carrying amount			Fair Value Hierarchy	Fair value		
	March 31, 2019	March 31, 2018	April 1, 2017		March 31, 2019	March 31, 2018	April 1, 2017
<b>Financial assets</b>							
Cash and cash equivalents	150,16.78	203,40.47	176,17.42	Level 1	150,16.78	203,40.47	176,17.42
Bank Balances	708,91.93	870,89.95	660,50.22	Level 3	711,29.59	873,42.52	668,85.85
Receivables	44,39.85	675,97.85	439,12.44	Level 3	44,39.85	675,97.85	439,12.44
Loans	27272,33.93	22003,85.86	15608,51.81	Level 3	26889,24.24	21844,86.97	15492,86.03
Investments in Government Securities	408,51.42	392,68.05	254,77.74	Level 1	413,73.29	392,78.08	261,74.31
Investments (Others)	274,43.13	194,28.43	81,04.76	Level 3	264,66.12	193,87.45	81,24.78
Other Financial assets	18,49.04	121,61.01	106,32.67	Level 3	18,48.07	121,71.23	106,46.07
<b>Total</b>	<b>28877,26.08</b>	<b>24462,71.62</b>	<b>17326,47.06</b>		<b>28491,97.94</b>	<b>24306,04.57</b>	<b>17226,46.90</b>
<b>Financial Liabilities</b>							
Payables	112,41.88	4100,99.00	3314,27.12	Level 3	112,41.88	4100,99.00	3314,27.12
Debt Securities	10479,53.29	9190,69.27	9521,49.17	Level 3	10533,06.99	9181,33.54	9577,39.39
Borrowings (Other than Debt Securities)	9744,20.76	7704,13.71	1305,62.55	Level 3	9715,02.56	7680,07.69	1377,16.48
Deposits	3064,03.94	2579,08.80	2484,44.77	Level 3	3051,73.18	2582,87.95	2502,09.25
Subordinated Liabilities	1725,16.68	1594,68.96	890,11.37	Level 3	1769,52.37	1670,73.29	980,86.85
Other Financial Liabilities	432,92.59	651,72.99	590,82.55	Level 3	432,41.62	654,50.47	593,38.42
<b>Total</b>	<b>25558,29.14</b>	<b>25821,32.73</b>	<b>18106,77.53</b>		<b>25614,18.60</b>	<b>25870,51.94</b>	<b>18345,17.51</b>

Fair value is arrived at using discounted future cash flows at market rates for the classification as per level 3 hierarchy.

### Note 39: Financial Risk Management framework

Risk is an inherent and integral part of the financial services business and the Group has been judiciously managing this through an efficient risk mitigation system, with a view to achieve the Group's stated objectives of Growth with Quality and Profitability. The risks primarily include credit risk, liquidity risk and market risk.

The policies and procedures laid down by the Group for the purpose of risk identification, measurement and management, compare well with contemporary best practices followed by industry peers. The various committees constituted by the respective Group's Boards such as Risk Management Committee, Asset Liability Management Committee, Investment Committee etc. have enunciated detailed policies for assessment of various types of risks, and fixed tolerance limits as appropriate.

#### 39.1 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet his contractual obligations, and arises principally from the Group's loan receivables.

The Group has in place a robust credit policy which clearly defines the credit filters and the terms of acceptance of proposals for financing different categories of borrowers and asset classes. The credit appraisal process, inter alia, includes filters for stratification of customers, compliance with Know Your Customer (KYC) norms, Field investigation, Credit bureau verification, exposure ceilings, asset risk and segment and geography risks. The risk metrics also address Loan to Value, loan tenure, based on the useful life of the asset, end-use of the asset and credit enhancements, as appropriate. The Group's exposure is primarily to retail customers, thereby making for a well diversified risk portfolio. The time tested monitoring and recovery mechanism ensures timely recovery of instalments and where required, necessary action for resolution of delinquent accounts is initiated, including legal proceedings. Finally, physical presence and in-depth knowledge of the markets in which the Group operates enables early identification of emerging risks thereby facilitating prompt remedial action.

#### Impairment - Expected Credit Loss (ECL):

The application of Ind AS 109 has necessitated fundamental changes to the accounting for expected default risk (risk provisioning). Specifically, the incurred loss model has been replaced by the Expected Credit Loss model (ECL). Consequent to this change, the Expected Credit Losses on financial instruments are classified under three stages.

**Stage 1:** Every financial asset is classified as stage 1, upon initial recognition. In addition, stage 1 contains all transactions with limited default risk.

**Stage 2:** Financial assets whose default risk has risen significantly since initial recognition and which are not classified as cases with limited default risk.

**Stage 3:** Financial assets that display objective evidence of impairment at the reporting date.

The accounting standard, Ind AS 109 does not specifically prescribe any methodology for computing ECL. However, entities are required to adopt sound and market acceptable methodologies which are in line with the size, complexity and risk-profile of the financial entity for computing the ECL. The Group uses three main components to measure ECL. These are, Exposure at Risk (EAR), Probability of Default (PD) and Loss Given Default (LGD). Exposure at Risk (EAR) is defined as the sum of Principal outstanding and interest accrued at the reporting date. PD is defined as the probability of borrowers defaulting on their obligations. LGD represents the economic loss, adjusted for cure rate, as a percentage of exposure at the time of default.

Accordingly, loan assets are categorised under three different stages, as under:

**Stage 1:** Where instalments are Current and 1-30 days overdue

**Stage 2:** Where instalments are 31-90 days overdue and

**Stage 3:** Where instalments are overdue beyond 90 days



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

The Group is required to provide 12-month **Expected Credit Loss** (12-month ECL) for stage 1 assets and the **Life Time Expected Credit Loss** (LECL) for stage 2 & stage 3 assets.

12-month ECL is the expected credit loss that results from default events that are possible within 12 months after the reporting date. LECL represents the expected credit loss from default events over the expected life of a financial asset.

As prescribed under para 5.5 in Ind AS 109, 12-months PD is required to be computed for financial instruments which are in stage 1, and life time PD for those in stage 2 & 3. 12 months PD is the likelihood of the borrower defaulting in the 12 months following the reporting date while life time PD is the likelihood of the borrower defaulting during the residual tenor.

The PD model has been developed for all the major asset classes using a statistical and iterative approach. The design and construction of the model involves identification of various credit parameters and variables that have a strong and direct correlation to propensity of default. The PD model reflects to the probability of default, taking into consideration the inherent credit quality of the borrower and the residual tenor of each contract. It relies not only historical information and the current economic environment, but also considers forward-looking information such as the forecasts on the macroeconomic outlook, including emerging risks. The PD for stage 3 contracts is considered at 100%. Where a customer has one contract in stage 3 and one or more contracts in stage 1 / stage 2, the PD for all the contracts is considered at 100%.

**LGD**

LGD represents the economic loss, adjusted for cure rate, as a percentage of exposure at the time of default. Economic loss is the estimated shortfall in realisation of dues, in the event of default. Contracts that have turned delinquent do not necessarily involve ultimate losses, since many of them are resolved through corrective actions. The cure rate is the probability of a 'non performing' (i.e. defaulted) contract reverting to a 'performing' (i.e. non-default) status in a year.

Following tables provide an overview of gross carrying amount and credit loss allowance broken down into stages.

**a. Loans and Advances:**

(₹ in lakhs)

	Gross Carrying amount							
	31.03.2019				31.03.2018			
Stages ->	1	2	3	Total	1	2	3	Total
Balance at the beginning of the year	21111,94.55	809,07.33	283,04.53	22204,06.42	15014,56.11	536,65.17	280,24.33	15831,45.61
New business - net of recovery	6391,59.62	(388,95.53)	(52,08.19)	5950,55.90	7239,78.91	(242,40.50)	(82,24.63)	6915,13.79
Trfs. due to change in creditworthiness	(971,26.45)	757,67.46	213,58.99	–	(665,55.85)	514,82.66	150,73.19	–
Fin. assets that have been derecognised	645,38.49	–	–	645,38.49	476,84.62	–	–	476,84.62
Write off during the year	–	–	77,99.55	77,99.55	–	–	65,68.36	65,68.36
Balance at the end of the year	25886,89.24	1177,79.26	366,55.78	27431,24.28	21111,94.55	809,07.33	283,04.53	22204,06.42

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Stages - >	Expected Credit Loss							
	31.03.2019				31.03.2018			
	1	2	3	Total	1	2	3	Total
Balance at the beginning of the year	12,99.56	13,98.66	137,63.46	164,61.67	9,55.39	5,87.47	134,82.03	150,24.88
New business - net of recovery	15.67	9,77.39	81,66.76	91,59.83	28.31	9,41.53	70,44.88	80,14.72
Trfs. due to change in creditworthiness	5,00.06	(1,79.16)	(3,20.90)	–	3,25.43	(1,30.34)	(1,95.09)	–
Fin. assets that have been derecognised	57.44	–	–	57.44	9.57	–	–	9.57
Write off during the year	–	–	77,99.55	77,99.55	–	–	65,68.36	65,68.36
Balance at the end of the year	17,57.85	21,96.89	138,09.77	177,64.51	12,99.56	13,98.66	137,63.46	164,61.67

**Concentration of credit risk %**

**(i) Concentration by Geographical risk**

	31.03.2019	31.03.2018	01.04.2017
South	65.27	65.33	66.70
North	19.00	18.34	16.93
West	12.24	12.87	13.16
East	3.49	3.46	3.21
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

**(ii) Concentration by Asset class**

	31.03.2019	31.03.2018	01.04.2017
Commercial Vehicles	50.39	46.99	39.84
Cars	27.32	32.29	39.60
Construction Equipments	10.26	9.42	9.12
Tractors & Farm Equipments	5.43	5.01	4.21
Others	6.60	6.29	7.23
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

**b. Other assets**

The Group computes Expected credit loss on other financial assets including trade receivables based on a provision matrix which is constructed using historical credit loss experience as adjusted to reflect current conditions.

(₹ in lakhs)

Stages - >	31.03.2019				31.03.2018				01.04.2017			
	1	2	3	Total	1	2	3	Total	1	2	3	Total
Gross carrying amount	70,24.24	53.59	1,50.53	72,28.37	70,96.53	64.59	1,89.77	73,50.89	60,27.08	49.24	1,33.68	62,10.00
Expected Credit Loss	40.56	0.06	1,14.84	1,55.46	38.62	0.09	1,63.35	2,02.06	38.79	0.07	1,04.27	1,43.13
Net Carrying amount	69,83.69	53.53	35.69	70,72.91	70,57.91	64.50	26.42	71,48.84	59,88.29	49.17	29.41	60,66.87

**c. Loan Commitments and Financial Guarantees**

(₹ in lakhs)

Stages - >	31.03.2019				31.03.2018				01.04.2017			
	1	2	3	Total	1	2	3	Total	1	2	3	Total
Gross carrying amount	102,82.93	–	–	102,82.93	99,88.39	–	–	99,88.39	68,53.66	–	–	68,53.66
Expected Credit Loss	73.60	–	–	73.60	29.00	–	–	29.00	15.00	–	–	15.00
Net Carrying amount	102,09.33	–	–	102,09.33	99,59.39	–	–	99,59.39	68,38.66	–	–	68,38.66

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

**Credit risk management practices****(i) Policy on write off**

Loans are written off when the value of underlying security/other collateral is not sufficient to cover the loan exposure or where the underlying security / customer is not traceable. In such cases, the Group takes legal recourse for recovery of shortfall of dues, if any.

**(ii) Narrative description of collateral**

The underlying assets, which are financed, are the primary collateral held. These are typically commercial vehicles, cars, construction equipment, farm equipment etc. Additional collateral, by way of credit enhancement, is obtained based on the management's credit evaluation of the customer.

**d. Debt Securities**

All debt investments are allocated to stage 1 under initial recognition. If the rating assigned to the security at the time of investment is downgraded by two notches and / or where there is a delay in interest servicing by more than 30 days, this would result in stage 2 classification. Further downgrade of rating and/or delay in interest servicing by more than 90 days/default of payment of principal would result in stage 3 classification.

For investment in debt instruments, one-year transition matrix provided by the rating agencies is used as the PD. Loss given default (LGD) parameters assume a recovery rate of 65%, 75% and 50% for unsecured senior, unsecured subordinated and secured debt securities respectively.

A breakup of investment in debt securities into different stages is given as under:

(₹ in lakhs)

	31.03.2019			31.03.2018			01.04.2017		
	Gross Carrying amount			Gross Carrying amount			Gross Carrying amount		
	FVTPL	FVOCI	Amortised Cost*	FVTPL	FVOCI	Amortised Cost*	FVTPL	FVOCI	Amortised Cost*
Government securities	-	-	408,51.42	-	1339,37.99	392,68.05	-	1154,49.76	254,77.74
Mutual Fund	146,36.26	-	-	265,88.03	-	-	273,98.66	-	-
Alternative Investment Funds	103,38.45	-	-	159,83.88	-	-	51,01.30	-	-
Pass through certificates	-	-	77,31.21	-	-	91,91.99	-	-	29,11.04
Non - Convertible Debentures	-	-	102,76.94	-	-	102,70.93	-	-	102,76.96
Commercial paper	-	-	47,14.12	-	-	154,96.27	-	-	101,35.29
Fixed Deposit	-	-	-	-	-	1,54.35	-	-	-
Equity Instruments	-	-	-	316,48.50	-	-	198,71.15	-	-
Debt Securities	-	-	-	-	2499,24.74	-	-	1943,57.97	-
Total	249,74.71	-	635,73.69	742,20.41	3838,62.73	743,81.59	523,71.11	3098,07.74	488,01.03

\* Represents Investments under Stage 1 Category

(₹ in lakhs)

Stages - >	Expected Credit Loss							
	31.03.2019				31.03.2018			
	1	2	3	Total	1	2	3	Total
Balance at the beginning of the year	40.53	-	-	40.53	29.65	-	-	29.65
New investments - net of recovery	13.96	-	-	13.96	14.36	-	-	14.36
Transfers due to change in creditworthiness	-	-	-	-	-	-	-	-
Financial assets that have been derecognised	1.27	-	-	1.27	3.10	-	-	3.10
Write off during the year	-	-	-	-	0.38	-	-	0.38
Balance at the end of the year	53.22	-	-	53.22	40.53	-	-	40.53

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

### 39.2 Liquidity Risk

Liquidity risk relates to our potential inability to meet all payment obligations when they fall due or only being able to meet them at excessive costs. The objective of the liquidity risk management framework is to ensure that the Group can fulfil its payment obligations at all times and can manage liquidity and funding risks within its risk appetite. The Asset Liability Committee regularly monitors the liquidity position and the duration of assets/liabilities and ensures that liquidity is strictly managed as per the policy.

Following are the contractual maturities of financial liabilities / financial assets at the reporting date. The amounts are gross and undiscounted and include estimated interest payments / receipts and exclude the impact of netting agreements.

(₹ in lakhs)

31st March 2019	Contractual Cash Flows						
	Upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
<b>Non-derivative fin. liabilities</b>							
Payables	101,92.01	5,99.94	–	367.17	82.77	–	112,41.89
Debt Securities	2010,03.88	1107,47.25	2298,96.49	577904.48	36830.00	–	11563,82.10
Borrowings (Other than Debt Securities)	870,09.32	831,98.06	5904,98.99	457463.94	15901.81	39.08	12341,11.20
Deposits	381,17.51	455,66.20	743,34.24	178691.36	–	–	3367,09.31
Subordinated Liabilities	40,66.95	37,99.02	77,17.25	533,24.34	481,88.68	1518,25.71	2689,21.96
Other Financial Liabilities	417,22.13	1,92.01	2,62.50	11,46.48	5,95.68	–	439,18.80
<b>Derivative financial liabilities</b>	7,14.90	6,47.82	–	1,34.80	–	–	14,97.52
<b>Total</b>	<b>3828,26.70</b>	<b>2447,50.30</b>	<b>9027,09.47</b>	<b>12690,32.57</b>	<b>1015,98.94</b>	<b>1518,64.79</b>	<b>30527,82.78</b>
<b>Non-derivative financial assets</b>							
Cash and cash equivalents	150,16.78	–	–	–	–	–	150,16.78
Bank Balances	46,73.47	162,99.39	386,62.71	154,20.03	–	–	750,55.60
Receivables	37,38.10	–	7,01.75	–	–	–	44,39.85
Loans	4262,86.95	3418,67.46	6126,74.17	14940,07.44	2814,69.75	39,09.70	31602,15.47
Investments	369,70.80	35,76.27	152,35.45	168,72.63	173,21.72	542,22.89	1441,99.76
Other Financial assets	8,45.90	32.07	5,36.32	3,33.82	1,09.47	3,93.89	22,51.48
<b>Derivative financial assets</b>	–	–	78,71.21	4,77.24	2,91.97	5,83.93	92,24.35
<b>Total</b>	<b>4875,32.00</b>	<b>3617,75.19</b>	<b>6756,81.61</b>	<b>15271,11.16</b>	<b>2991,92.91</b>	<b>591,10.41</b>	<b>34104,03.29</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

31st March 2018	Contractual cash flows						
	Upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
<b>Non-derivative fin. liabilities</b>							
Payables	655,56.34	418,70.45	1872,14.53	925,84.16	463,52.83	619,17.54	4954,95.85
Debt Securities	1739,86.42	576,41.65	2374,27.93	4677,51.42	672,15.07	–	10040,22.48
Borrowings (Other than Debt Securities)	1373,06.38	366,70.38	3147,37.76	3093,42.23	158,58.64	39.08	8139,54.47
Deposits	318,18.26	385,83.73	626,21.61	1490,85.34	–	–	2821,08.94
Subordinated Liabilities	39,75.08	37,81.07	62,03.45	422,74.22	585,56.42	1410,61.66	2558,51.90
Other Financial Liabilities	602,40.19	82.56	8,71.84	27,38.99	15,94.44	–	655,28.03
<b>Derivative financial liabilities</b>	29,34.50	8,08.31	16,95.26	–	–	–	54,38.07
<b>Total</b>	<b>4758,17.17</b>	<b>1794,38.15</b>	<b>8107,72.38</b>	<b>10637,76.36</b>	<b>1895,77.40</b>	<b>2030,18.28</b>	<b>29223,99.74</b>
<b>Non-derivative financial assets</b>							
Cash and cash equivalents	203,40.47	–	–	–	–	–	203,40.47
Bank Balances	103,24.41	10,98.09	578,37.07	233,09.19	–	–	925,68.76
Receivables	128,39.64	66,76.80	311,05.10	149,84.31	75,25.50	100,52.47	831,83.82
Loans	3402,03.66	2697,54.70	4871,50.85	12058,63.91	2289,53.48	38,78.76	25358,05.36
Investments	766,78.12	170,39.67	398,63.14	1701,85.29	1032,13.70	2347,27.18	6417,07.10
Other Financial assets	27,64.73	1,05.25	6,40.63	7,20.88	3,23.03	80,14.12	125,68.64
<b>Derivative financial assets</b>	9.06	85.95	–	40,19.35	–	–	41,14.36
<b>Total</b>	<b>4631,60.09</b>	<b>2947,60.46</b>	<b>6165,96.79</b>	<b>14190,82.93</b>	<b>3400,15.71</b>	<b>2566,72.53</b>	<b>33902,88.51</b>

(₹ in lakhs)

1st April 17	Contractual cash flows						
	Upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
<b>Non-derivative fin. liabilities</b>							
Payables	572,11.31	346,10.86	1554,91.76	760,59.61	404,19.18	446,20.72	4084,13.44
Debt Securities	1812,98.55	1102,01.60	3522,46.53	3660,57.90	167,24.65	–	10265,29.23
Borrowings (Other than Debt Securities)	9,25.95	5,40.93	719,84.41	640,58.82	–	39.08	1375,49.19
Deposits	325,60.81	415,76.52	613,01.33	1376,54.50	–	–	2730,93.16
Subordinated Liabilities	11,33.48	37,83.57	32,75.74	164,15.81	386,86.34	758,66.99	1391,61.93
Other Financial Liabilities	558,65.61	97.36	50.92	29,56.86	2,42.93	–	592,13.68
<b>Derivative financial liabilities</b>	12,51.17	8,16.50	33,34.85	79.07	–	–	54,81.59
<b>Total</b>	<b>3302,46.88</b>	<b>1916,27.34</b>	<b>6476,85.54</b>	<b>6632,82.57</b>	<b>960,73.10</b>	<b>1205,26.79</b>	<b>20494,42.22</b>
<b>Non-derivative financial assets</b>							
Cash and cash equivalents	176,17.42	–	–	–	–	–	176,17.42
Bank Balances	14,56.82	12,12.54	468,96.59	222,10.39	–	–	717,76.34
Receivables	87,56.69	43,81.33	208,22.19	98,81.94	52,70.16	58,17.99	549,30.30
Loans	2523,80.73	1996,01.65	3547,23.38	8433,49.82	1734,02.19	27,07.92	18261,65.69
Investments	468,63.09	120,22.69	357,59.48	1314,43.16	773,27.31	2030,92.99	5065,08.72
Other Financial assets	25,91.69	1,03.79	4,39.54	5,96.50	2,87.57	71,76.33	111,95.42
<b>Derivative financial assets</b>	1.43	3.22	–	71.76	–	–	76.41
<b>Total</b>	<b>3296,67.87</b>	<b>2173,25.22</b>	<b>4586,41.18</b>	<b>10075,53.57</b>	<b>2562,87.23</b>	<b>2187,95.23</b>	<b>24882,70.30</b>

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

### 39.3 Market Risk

Market risk is the risk of loss arising from potential adverse changes in the value of the firm's assets and liabilities from fluctuation in market variables like liquidity, interest rate, foreign exchange (currency risk) and equity prices.

#### a. Interest rate risk

The Group's exposure to changes in interest rates relates to its investment in debt securities/outstanding floating rate liabilities. Most of the Group's outstanding liability in local currency is on fixed rate basis and hence not subject to interest rate risk. Whereas the foreign currency liability is linked to international rate benchmarks like LIBOR and hence subject to interest rate risk. The Group hedges these risks by way entering into derivative transactions.

The interest rate profile of the Group's interest bearing financial instruments is as follows:

(₹ in lakhs)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>Financial assets</b>			
<b>Fixed-rate instruments</b>			
Loans	27257,94.86	21987,71.53	15591,02.30
Investments	634,69.37	4393,74.45	3432,57.17
Bank Balances	708,84.47	921,20.18	737,80.65
	<b>28601,48.70</b>	<b>27302,66.16</b>	<b>19761,40.12</b>
<b>Variable rate instruments</b>			
Lease assets	137,66.57	150,38.15	206,25.58
<b>Total</b>	<b>28739,15.27</b>	<b>27453,04.31</b>	<b>19967,65.70</b>
<b>Financial liabilities</b>			
<b>Fixed-rate instruments</b>			
Debt securities	12204,69.97	10839,75.08	10466,82.52
Borrowings (Other than debt securities)	4973,99.89	4531,18.86	393,39.80
Deposits	3099,99.19	2616,99.99	2529,84.23
	<b>20278,69.05</b>	<b>17987,93.93</b>	<b>13390,06.55</b>
<b>Variable rate instruments</b>			
Financial liabilities with floating interest rate	4763,06.87	3159,13.48	912,01.74
	<b>25041,75.92</b>	<b>21147,07.41</b>	<b>14302,08.29</b>

#### Fair value sensitivity analysis for fixed rate instruments

The Group's fixed rate instruments which are carried at amortised cost are not measured for interest rate risk. In respect of other instruments, the risks are measured through fair value.

#### Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in lakhs)

	Profit or loss		Profit or loss	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	31st March 2019		31st March 2018	
Variable rate instruments	(16,53.31)	16,53.31	(10,64.03)	10,64.03
Cross currency Interest Rate swap	(7,83.72)	7,83.72	(6,99.14)	6,99.14
<b>Cash flow sensitivity (net)</b>	<b>(8,69.59)</b>	<b>8,69.59</b>	<b>(3,64.89)</b>	<b>3,64.89</b>

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

**Interest rate sensitivity**

The major lending of the Group is in the form of Hypothecation loans at fixed rates. The loans are financed by various fixed / floating Rate borrowings. While the assets financed are generally recovered over the tenure of the underlying contract equally, the liabilities are in general repayable on maturity. Hence, the interest rate risk and liquidity (mismatches in the duration of assets and liabilities) are inherent and inevitable.

To measure the above risk in respect of lending business, the Group adopts the duration gap analysis which is measured for assets and liabilities maturing in next 12 months as well as for the overall assets and liabilities. Also, for Interest rate risk management, the Duration Gap model is used on assets and liabilities maturing in the next 12 months, to assess the change in Net Interest Income (NII) for a 1% increase in interest rate. The change in NII for 1% increase in interest rate as on 31.03.2019 is ₹ -32.95 Cr.

**b. Currency Risk**

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which borrowings are denominated and the respective functional currency, i.e. INR. The transactions of the Group are primarily denominated in INR.

**i) Exposure to currency risk on account of foreign currency loans:**

The summary quantitative data about the Group's exposure to currency risk (based on notional amounts) as reported:

(₹ in lakhs)

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	USD	INR	USD	INR	USD	INR
<b>Total foreign currency exposure in respect of recognised assets and liabilities</b>	13,12.30	907,73.77	25,40.68	1652,61.98	12,50.28	810,66.16
Gross currency Interest Rate swap/ Forward exchange contracts	(13,12.30)	(907,73.77)	(25,40.68)	(1652,61.98)	(12,50.28)	(810,66.16)
Net exposure	—	—	—	—	—	—

**Sensitivity**

Currency risks related to the amounts of foreign currency loans are fully hedged using derivatives that mature on the same dates as the loans are due for repayment.

**ii) Exposure to currency risk on account of Services business:**

	Currency	As at March 31, 2019		As at March 31, 2018	
		Foreign Currency	₹ in lakhs	Foreign Currency	₹ in lakhs
Cash and Cash Equivalents	AUD	800577	3,92.44	145050	72.59
Trade Receivables	AUD	1044507	5,12.01	788713	3,94.71
Trade Payable	AUD	585	28.67	806	40.32
Trade Receivables	SGD	8392	5.88	8392	5.53
Cash and Cash Equivalents	AED	50760	11.92	50760	10.96

The foreign currency risk is mitigated by derivative contracts. The outstanding contracts as at the Balance Sheet date are as follows:

	31st March 2019		31st March 2018	
	Buy	Sell	Buy	Sell
Forward Contract: Cashflow Hedge				
AUD/INR (in A\$ '000)	—	76,20.00	—	81,07.79
AUD/INR (in ₹ Lakhs)	—	41,35.80	—	42,99.74



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

As at the Balance Sheet date, the group's net foreign exchange exposures that are not hedged by a derivative instrument or otherwise is below:

	GBP	₹ in Lakhs
Hedged	–	–
Unhedged	2020.75	1.83
Total	2020.75	1.83

### c. Equity Risk

The Group has investments in listed/unlisted companies, which are measured at FVTPL and FVTOCI. The valuation is dependent on market conditions.

### Note 40: Financial Instruments - Transferred financial assets that are not derecognised in their entirety Securitisation:

The Group as part of its business model periodically enters into securitisation transactions via Pass Through Certificates (PTC) route and/or Direct Assignment (DA). As per RBI guidelines, the Group maintained credit enhancement for securitisation transactions which covers the expected losses and thereby retains the risk associated with the assets.

(₹ in lakhs)

	31st March 2019	31st March 2018	1st April 2017
Carrying amount of transferred assets	3646,47.50	2745,44.68	–
Carrying amount of associated liabilities	3815,13.06	2895,71.87	–
Fair value of assets	3569,13.67	2762,01.36	–
Fair value of associated liabilities	3793,57.79	2877,76.54	–
Net position at Fair value	(224,44.12)	(115,75.18)	–

### Note 41: Employee benefits

#### Post-employment benefits: Defined Contribution plan

(₹ in lakhs)

Amount recognised as expense in Employee benefit expense	2018-19	2017-18
Contribution to Provident Fund	3,76.57	2,57.87
Contribution to Pension Fund	6,36.53	6,09.04
Contribution to Superannuation Fund	2,10.67	1,84.07
Contribution to State Insurance Scheme	8.20	14.60
Contribution to Labour Welfare Fund	0.52	0.71
<b>Total</b>	<b>12,32.49</b>	<b>10,66.29</b>

#### Defined benefit plans

Defined benefit plan exposes the Group to a number of risks, the most significant of which are detailed below:

**Investment risk:** This may arise from volatility in Asset value due to market fluctuations and impairment of assets due to credit losses. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk.

**Interest risk:** A decrease in bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

**Salary cost Inflation risk:** The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. Increase in salary due to adverse Inflationary pressures might lead to higher liabilities.

**Longevity risk:** The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants. Increase or decrease in such rate will affect the plan liability.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Details of defined benefit plans as per actuarial valuation are as below:

(₹in lakhs)

Particulars	FUNDED Gratuity			UNFUNDED Retired Employee Medical Scheme		
	31.03.2019	31.03.2018	01.04.2017	31.03.2019	31.03.2018	01.04.2017
<b>Amounts recognised in profit or loss</b>						
Current service cost	4,39.87	5,22.88				
Past Service cost	–	84.97				
Net interest expense/(income)	(6.42)	32.32		7.13	7.67	
<b>Total amount included in employee benefits expense</b>	<b>4,33.45</b>	<b>6,40.17</b>		<b>7.13</b>	<b>7.67</b>	
<b>Amounts recognised in other comprehensive income</b>						
Re-measurement (gains)/losses: Actuarial (gains)/losses arising from changes in						
- Financial assumptions	1,74.59	20.80		0.69	(0.71)	
- Experience adjustments	4,64.23	1,91.71		9.64	(2.58)	
Return on plan assets, excluding amount included in net interest expense/ (income)	21.29	(59.01)				
<b>Total amount recognised in other comprehensive income</b>	<b>6,60.11</b>	<b>1,53.50</b>		<b>10.33</b>	<b>(3.29)</b>	
<b>Changes in the defined benefit obligation</b>						
Opening defined benefit obligation	45,94.09	49,70.90	35,16.03	1,02.55	1,05.95	1,09.77
Add/(less) on account of business combination/transfers	–	(0.59)	–	–	–	–
Current service cost	4,39.87	5,22.89	3,44.65	–	–	–
Past Service cost	42.83	1,23.78	–	–	–	–
Interest expense	3,10.15	3,26.13	2,84.72	7.13	7.67	7.96
Re-measurement (gains)/losses arising from changes in						
- Demographic assumptions	(2.03)	3.00	1,94.92	–	–	–
- Financial assumptions	1,74.59	16.61	1,40.74	0.69	(0.71)	0.07
- Experience adjustments	4,64.22	1,91.71	53.65	9.64	(2.58)	(4.73)
Benefits paid	(1,86.04)	(2,93.40)	(1,88.50)	(19.10)	(7.78)	(7.12)
Liabilities assumed / (settled)	–	0.65	–	–	–	–
<b>Closing defined benefit obligation</b>	<b>58,37.68</b>	<b>58,61.69</b>	<b>43,46.21</b>	<b>1,00.91</b>	<b>1,02.55</b>	<b>1,05.95</b>

Details of defined benefit plans as per actuarial valuation are as below:

(₹in lakhs)

Particulars	FUNDED Gratuity			UNFUNDED Retired Employee Medical Scheme		
	31.03.2019	31.03.2018	01.04.2017	31.03.2019	31.03.2018	01.04.2017
<b>Opening fair value of plan assets</b>	<b>44,03.10</b>	<b>44,74.82</b>	<b>32,32.50</b>	–	–	–
Add/(less) on account of business combination	–	1.69	–	–	–	–
Return on plan assets excluding interest income	3,76.56	3,44.73	2,70.82	–	–	–
Contribution by employer	8,70.07	9,31.71	6,55.21	19.10	7.78	7.12
Benefits paid	(1,86.03)	(2,93.38)	(1,88.51)	(19.10)	(7.78)	(7.12)
Actuarial gain / (loss) on plan assets	(31.29)	40.73	6.44	–	–	–
Assets acquired / (settled)						
<b>Closing fair value of plan assets</b>	<b>54,32.41</b>	<b>55,00.29</b>	<b>39,76.46</b>	–	–	–
<b>Net asset / (liability) recognised in balance sheet</b>						
Defined benefit obligation	58,20.79	58,48.52	43,46.21	1,00.91	1,02.55	1,05.95
Fair value of plan assets	54,33.01	55,00.93	39,76.46	–	–	–
Surplus/(Deficit)	(3,87.78)	(3,47.59)	(3,69.75)	(1,00.91)	(1,02.55)	(1,05.95)

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

### Actuarial assumptions

(in %)

Particulars	FUNDED Gratuity			UNFUNDED Retired Employee Medical Scheme		
	31.03.2019	31.03.2018	01.04.2017	31.03.2019	31.03.2018	01.04.2017
Discount rate	7.36 - 7.62	7.55-8.05	7.25 - 8.00	6.5-7.5	6.36-7.67	6.35-7.51
Expected Return on plan assets	7.62	7.50-8.05	7.25 - 8.25	–	–	–
Attrition rate (Age based)	1-10	1-21	1-21	–	–	–
Salary escalation	6 - 8	5 - 9	7-8	–	–	–

In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets & the description of the Asset-Liability matching strategies used by the plan has not been disclosed.

### Provident Fund

The provident fund contributions to trust are managed through trust investments in addition to contribution of a portion of its provident fund liability relating to Employees Pension Scheme to Employees Provident Fund Organisation.

The fund has a relatively balanced mix of investments in order to manage the risks. The investment strategy is designed based on the interest rate scenario, liquidity needs of the Plans and pattern of investment as prescribed under the statute.

The trustees regularly monitor the funding and investment, there are systems in place to ensure that the health of the portfolio is regularly reviewed and investments do not pose any significant risk of impairment.

The trust also holds reserves in its Balance sheet which can be used to provide for shortage in yield, if any, in the future years.

### Major Category of Plan Assets as a % of the Total Plan Assets

Particulars	31.03.2019	31.03.2018	01.04.2017
Central Government Securities	13.7	17.1	20.4
State Government Securities	34.1	27.9	23.7
Public Sector Bonds	41.9	46.1	46.4
Private Sector Bonds	3.2	1.8	2.2
Special Deposits	3.8	4.5	5.2
Short Term Deposits	–	–	0.3
Equity Fund	3.3	2.6	1.8
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>

### Note 42: Share Based Payments

The Group grants ESOP to Senior Management employees in accordance with the terms of the Plan.

Description of the plan that existed during the period			
Particulars	Grant 10	Grant 9	Grant 8
Board meeting date	25-May-2018	29-May-2017	30-May-16
Options granted	20000	18550	14400
Exercise price (per share)	10	10	10
Date of grant	25-May-2018	29-May-2017	30-May-2016
Vesting date	31-May-2019	31-May-2018	31-May-2017
Vesting period	12 months	12 Months	12 Months
Exercise period	01-06-2019 to 31-08-2019	01-06-2018 to 31-08-2018	01-06-2017 to 31-08-2017
Market price immediately prior to grant date	1732.90	1497.90	1397.70
Intrinsic value	1722.90	1487.90	1387.70

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

**Group share based payments**

The Group as a part of ESOP scheme, has issued share options to employees of the Group. The Group does not get reimbursed for the cost of such group share options and such costs are treated as investment in the group companies.

Effect of Share based payments transactions on Entities Financials:

(₹ in lakhs)

Particulars	2018-19	2017-18
Expenses recognised in Profit & Loss account	2,85.73	2,26.63
Amount recognised as Investment in Group companies	47.56	36.80

Unvested share options issued to the various group companies are as under:

(in nos)

Particulars	Grant 10	Grant 9	Grant 8
	31-03-2019	31-03-2018	01-04-2017
Sundaram Asset Management Company Limited	2,250	2,250	1,250
Royal Sundaram General Insurance Co. Limited	750	750	500
Sundaram BNP Paribas Home Finance Limited	2,000	2,500	2,500
TOTAL	5,000	5,500	4,250

**Measurement of fair value**

The fair values of the options issued have been arrived at using the Black Scholes Model.

The key assumptions used in computing the fair value are

Particulars	Grant 10	Grant 9	Grant 8
Risk free interest rate per annum	7.03%	6.76%	7.47%
Life of the option	372 days	368 days	367 days
Expected volatility	31.18%	29.80%	34.15%
Fair value of the option (₹)	1,723.59	1,488.56	1,388.43

The expected volatility is based on historical share price volatility. The life of the option has been based on general option holder behaviour.

**Reconciliation of the outstanding share options - 2018-19:**

The number and weighted-average exercise prices of share options under various grants are as follows:

Grant details	Grant 10		Grant 9	
	Weighted average (in ₹) exercise price per option	No of options	Weighted average (in ₹) exercise price per option	No of options
Outstanding at the beginning of the period	—	—	10	18,550
Granted during the period	10	20,000	—	—
Forfeited / expired during the period	—	—	—	—
Exercised during the period	—	—	—	—
Outstanding at the end of the period	10	20,000	10	18,550
Exercisable at the end of the period	—	—	—	—

**Exercise price and Contractual life for the share options outstanding at the end of the period**

Particulars	2019	2018	2017
Exercise Price (in ₹)	10	10	10
Contractual life	2 months	2 months	2 months

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

### Reconciliation of the outstanding share options - 2017-18:

The number and weighted-average exercise prices of share options under various grants are as follows:

Grant details	Grant 9		Grant 8	
Particulars	Weighted average (in ₹) exercise price per option	No of options	Weighted average (in ₹) exercise price per option	No of options
Outstanding at the beginning of the period	–	–	10	14,400
Granted during the period	10	18,550	–	–
Forfeited / expired during the period	–	–	–	–
Exercised during the period	–	–	10	14,400
Outstanding at the end of the period	10	18,550	–	–
Exercisable at the end of the period	–	–	–	–

### Note 43: Leases

(₹ in lakhs)

Details	31-03-2019		31-03-2018		01-04-2017	
	Gross Investment in Lease	Present value of Minimum Lease payments	Gross Investment in Lease	Present value of Minimum Lease payments	Gross Investment in Lease	Present value of Minimum Lease payments
Upto 1 Year	554,30.38	494,25.92	929,63.67	796,60.33	1124,09.67	928,49.36
1-5 Year	331,11.90	308,49.92	941,05.83	838,48.97	1610,33.02	1413,70.37
> 5 Year	–	–	–	–	–	–
Total	885,42.28	802,75.84	1870,69.50	1635,09.30	2734,42.69	2342,19.73
Less: Unearned Finance income	82,66.44		235,60.20		392,22.96	
Present value of Minimum Lease payments	802,75.84		1635,09.30		2342,19.73	

### Operating lease as lessor

Maturity pattern of Minimum Lease payments

(₹ in lakhs)

Year	31.03.2019	31.03.2018	01.04.2017
Less than 1 year	52,88.66	69,02.62	91,32.84
Later than 1 year and not later than 5 years	67,66.77	92,64.51	126,79.08
Later than 5 years	–	2,13.68	2,61.94
Total	120,55.43	163,80.81	220,73.86

### Operating lease as a lessee

The Group has taken certain premises for its business operations under cancellable operating lease agreements ranging from 11 months to 15 years which are subject to renewal at mutual consent.

(₹ in lakhs)

Particulars	2018-19	2017-18
Total operating lease payment recognised as expense during the period	16,77.28	28,41.43

### Finance lease as a lessee

Assets acquired under finance lease comprises Land which have a primary period of Ninety-eight years with an option to renew it.

(₹ in lakhs)

Particulars	31.03.2019	31.03.2018	01.04.2017
Carrying value of assets taken on finance lease	39.08	39.08	39.08

### Note 44: General

44.01 In February 2019, the company sold 11,62,91,000 equity shares of ₹10/- each (representing 25.90% stake) in Royal Sundaram General Insurance Co. Limited (RSGI) for a consideration of ₹984,17.07 lakhs to Ageas Insurance International N.V, The Netherlands, resulting in a profit before tax of ₹465,85.34 lakhs, disclosed as an exceptional item in the statement of Profit and Loss. The profit is net of transaction expenses and provisions towards certain financial covenants, whereby the company has agreed to indemnify the buyer. Subsequent to the transaction, the company holds 50% in the equity share capital of RSGI, resulting in RSGI becoming a Joint Venture company with effect from 23rd February 2019.

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

## 44.02 Segment Reporting

(₹ in lakhs)

Business Segments	Asset Financing		Insurance		Other Operations		Eliminations		Consolidated Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>REVENUE</b>										
Segment Revenue	3744,57.85	2659,15.58	-	3156,15.25	-	474,44.14	-	-	4235,04.26	6289,74.96
Inter segment sales	25,77.73	59,93.56	-	-	92,98.03	94,13.94	-	154,07.50	-	-
Total Revenue	3770,35.58	2719,09.14	-	3156,15.25	583,44.44	568,58.08	-	154,07.50	4235,04.26	6289,74.96
<b>RESULT</b>										
Segment Result	1443,33.18	859,75.21	-	113,15.11	57,01.18	94,06.67	-	83,37.32	1416,97.04	974,74.33
Unallocated income (net of expense)									81.19	39,67.02
Profit before tax									1417,78.23	1014,41.35
Less: Income tax									387,96.57	347,94.22
Profit after tax before share of results of Associates/joint control Entities									1029,81.66	666,47.13
Add: Share of Profit in Associates/joint control Entities									228,68.51	176,84.86
Less: Non-controlling Interest									97,64.79	113,40.79
Profit after Tax									1160,85.39	729,91.20
<b>OTHER INFORMATION</b>										
Segment Assets	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Unallocated Assets	30821,73.01	25935,28.91	-	52,4693.09	273157.63	3238,97.58	2306,27.12	1130,79.37	33334,54.03	33145,43.14
Total Assets	25605,65.63	21675,90.27	15045,01.50	4378,81.98	63,71.98	118,03.04	60,66.84	182,17.17	33670,83.27	24066,55.71
Segment Liabilities									25652,01.54	18320,09.91
Unallocated Liabilities									20,60.87	39,11.33
Total Liabilities									25672,62.41	18343,57.02
Capital Expenditure	99,89.92	63,67.69	-	9,68.39	3,85.37	5,92.48	-	-	103,75.29	79,28.56
Depreciation	53,96.77	63,61.64	-	11,61.19	4,10.57	3,58.93	-	-	58,07.34	78,81.76
Non-cash expenses other than depreciation	102,95.51	85,38.03	-	-	34.51	1,53.73	-	-	103,30.02	86,91.76

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

44.03 The Group has spent an amount of ₹15,28.26 lakhs (2017-18 ₹16,16.76 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.

44.04 The pending litigations as on 31st March 2019 have been compiled by the Group 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.

44.05 Provisions contingent liabilities and contingent asset

(₹ in lakhs)

Movement of provisions	Amount
Carrying amount as on 31.03.2018	74,95.59
Add: Provisions made during the year	49.08
Less: Amount used or reversed during the year	35,41.45
Carrying amount as on 31.03.2019	40,03.22

(₹ in lakhs)

Contingent liabilities	31.03.2019	31.03.2018	01.04.2017
a) On Cheques discounted	1.38	27.80	99.79
b) Bank guarantee and Letter of credit	5,64.83	8,15.14	1,94.30
c) Claims against the Group not acknowledged as debts	6,21.60	6,34.29	5,71.46
d) Tax disputes	79,08.26	274,33.93	265,95.08
e) Others	–	74.19	68.53

Tax disputes in respect of Income Tax, Service Tax, VAT demands and Customs duty are pending before various appellate forums/ authorities and the cash flows would be determined only upon the receipt of decisions. The Group 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 CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## 44.05 A. Additional information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/Joint Ventures (₹ in lakhs)

Name of the entity	Net Assets, i.e., Total assets minus total liabilities			Share in profit or loss			Share in Other Comprehensive Income (OCI)			Share in Total Comprehensive Income (TCI)				
	31.03.2019		31.03.2018		2018-19		2017-18		2018-19		2017-18			
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount		
<b>Sundaram Finance Limited</b>	57.14	5043,81.09	47.31	4133,63.14	64.50	563,43.65	(0.50)	277.66	(0.24)	(1,50.99)	1,31.25	1129,08.55	37.17	561,92.67
<b>Subsidiaries:</b>														
Royal Sundaram General Insurance Co. Limited*	-	-	8.65	755,71.04	6.53	57,07.89	-	-	(4.74)	(30,26.49)	-	-	1.77	26,81.40
Sundaram Finance Holdings Limited (Consolidated)	7.17	626,22.30	8.52	744,28.72	3.93	34,32.23	26.43	(147,20.93)	28.20	179,92.26	(12.88)	(110,82.30)	14.17	214,24.49
Sundaram Asset Management Company Limited (Consolidated)	2.27	197,93.95	2.03	177,25.34	3.55	31,02.14	0.04	(25.01)	(0.02)	(10.55)	3.32	28,58.62	2.05	30,91.59
Sundaram Trustee Company Ltd.	0.02	1,80.07	0.02	1,59.98	0.10	85.11	-	-	-	-	0.09	80.36	0.06	85.11
LGF Services Ltd	0.04	3,67.46	0.05	4,17.84	0.04	34.36	-	-	(0.00)	(0.26)	0.03	24.96	0.02	34.10
Sundaram Employee Welfare Trust	0.16	13,86.41	0.14	11,96.98	0.09	78.50	-	-	-	-	0.22	1,89.43	0.05	78.50
<b>Non-controlling Interest in Subsidiaries</b>	19.90	1738,91.43	26.40	2307,07.10	12.98	11340.79	73.42	(408,91.67)	76.81	490,17.78	(36.18)	(311,26.89)	39.93	603,58.57
<b>Joint Control Entities</b>														
Sundaram BNP Paribas Home Finance Limited	7.32	639,21.01	6.72	587,51.65	8.28	72,36.02	(0.01)	3.82	(0.01)	(7.26)	8.48	72,92.29	4.78	72,28.76
Royal Sundaram General Insurance Co. Limited*	6.31	551,12.07	-	-	-	-	0.61	(3,41.03)	-	-	6.19	53,21.70	-	-
Sundaram BNP Paribas Fund Services Limited	0.12	10,52.45	0.17	14,94.79	(0.01)	(7.46)	0.00	(0.44)	(0.00)	(1.16)	(0.52)	(4,43.22)	(0.01)	(8.62)
Adjustment arising out of consolidation	100.00	882,08.24	100.00	8738,16.59	100.00	1417,21.09	100.00	(556,97.59)	100.00	638,13.33	100.00	860,23.50	100.00	1511,66.57
		(82,87.39)		(781,84.95)		(30,21.25)						(158,70.95)		(30,21.25)
		<b>7998,20.85</b>		<b>7956,31.64</b>		<b>843,31.99</b>		<b>(556,97.59)</b>		<b>638,13.33</b>		<b>701,52.58</b>		<b>1481,43.32</b>

\* Refer Note No. 44.01

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**RELATED PARTIES DISCLOSURES:**

44.06 Related Party Disclosures as per Ind AS 24 for the year ended 31st March 2019 , are given below:

**RELATED PARTIES:**

**Associates:**

Flometallic India Private Limited  
The Dunes Oman LLC (FZC)  
Sundaram Hydraulics Limited  
Axles India Limited  
Turbo Energy Private Limited  
Transenergy Limited  
Sundaram Dynacast Private Limited

**Joint Ventures :**

Sundaram BNP Paribas Home Finance Limited  
Sundaram BNP Paribas Fund Services Limited  
Royal Sundaram General Insurance Co. Limited (From 23/02/2019)

**Key Management Personnel:**

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)**

	<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	
Mother	Mrs. Vimala Rangaswamy	Mrs. Chitra Viji	
Wife	Mrs. Bagyam Raghavan		Mrs. R.N. Mala
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**

M/s. Azorius Holdings Private Limited  
M/s. Uthirattadhi Sriram Holdings Private Limited



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All the arrangements and transactions entered into by the company with related parties, during the financial year 2018-19 were in ordinary course of business and on arm's length price

The required statements and documents with respect to the related party transactions were placed before the audit committee and board of directors

**Related Party Transactions for the Year Ended 31st March 2019**

The nature and volume of transactions for the year ended 31st March 2019 with the above related parties are as follows.

(₹ in lakhs)

Particulars	Associates	Joint Ventures	2018-19	2017-18
<b>INCOME</b>				
Lease Rental Income	73.11	58.48	1,31.59	93.93
Interest Income	–	10,74.98	10,74.98	–
Income from Services	34.79	22,66.80	23,01.59	11,83.47
Dividend	41,64.28	17,75.50	59,39.78	58,33.72
Rent Receipts	39.39	2,66.03	3,05.42	2,51.10
Income from other Financial Services	–	31,48.34	31,48.34	12,37.97
Other Non Operating Income	–	1,71.95	1,71.95	1,40.06
<b>EXPENDITURE</b>				
Interest	–	5,02.62	5,02.62	6,14.03
Rent Paid	–	2.89	2.89	1.41
Insurance Premium	–	1,37.39	1,37.39	21.12
Brokerage Paid	–	3.44	3.44	1.10
Fund Accounting Charges	–	19,24.32	19,24.32	33,68.84
<b>ASSETS</b>				
Investments	–	–	–	2,55.00
Disinvestment	22,05.50	303,07.38	325,12.88	–
Insurance Premium paid in advance		1,42.83	1,42.83	11.22
Redemption of Preference Shares	1,66.67		1,66.67	1,66.67
<b>LIABILITIES</b>				
Issue of Non Convertible Debentures		15,02.34	15,02.34	57,57.50

(₹ in lakhs)

Compensation paid to Key Managerial Personnel	2018-19	2017-18
Short term benefits	10,87.47	10,18.28
Post retirement benefits	34.28	32.25
Share based payments	42.09	35.62

(₹ in lakhs)

Transactions with Key Managerial Personnel	2018-19	2017-18
Interest on deposits	57.07	83.95
Dividend Paid	12,68.92	4,85.06
Dividend Paid to Enterprises over which KMP and his relatives is exercising significant influence	3,96.05	1,51.43

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Disclosure Of Material Transactions With Related Parties

(₹ in lakhs)

Particulars	Related Parties	2018-19	2017-18
<b>INCOME</b>			
Lease Rental Income	Turbo Energy Private Limited	56.88	63.73
	Sundaram BNP Paribas Fund Services Limited	40.71	15.48
	Royal Sundaram General Insurance Co. Limited	17.77	–
	Axles India Limited	16.23	14.72
Interest Income	Royal Sundaram General Insurance Co. Limited	10,74.98	–
Income from Services	Royal Sundaram General Insurance Co. Limited	10,61.46	–
	Sundaram BNP Paribas Home Finance Limited	7,99.28	7,23.25
	Sundaram BNP Paribas Fund Services Limited	4,06.06	4,31.48
	Turbo Energy Private Limited	34.79	28.73
Dividend	Dunes Oman LLC (FZC)	26,92.23	26,07.72
	Sundaram BNP Paribas Home Finance Limited	17,75.50	17,75.50
	Turbo Energy Private Limited	5,12.00	7,16.80
	Flometallic India Private Limited	4,87.50	4,06.25
	Axles India Limited	2,96.75	1,78.05
	Sundaram Dynacast Private Limited	1,63.80	1,40.40
	Transenergy Limited	12.00	9.00
Rent Receipts	Sundaram BNP Paribas Home Finance Limited	1,90.07	1,73.68
	Royal Sundaram General Insurance Co. Limited	47.91	–
	Turbo Energy Private Limited	39.39	49.37
	Sundaram BNP Paribas Fund Services Limited	28.05	28.05
Income from other Financial Services	Royal Sundaram General Insurance Co. Limited	18,45.81	–
	Sundaram BNP Paribas Fund Services Limited	6,90.91	5,72.20
	Sundaram BNP Paribas Home Finance Limited	6,11.62	6,65.77
Other Non Operating Income	Sundaram BNP Paribas Home Finance Limited	1,29.98	1,10.99
	Sundaram BNP Paribas Fund Services Limited	26.67	29.07
	Royal Sundaram General Insurance Co. Limited	15.30	–
<b>EXPENDITURE</b>			
Interest	Royal Sundaram General Insurance Co. Limited	5,02.62	6,14.03
Rent Paid	Royal Sundaram General Insurance Co. Limited	2.67	–
	Sundaram BNP Paribas Home Finance Limited	0.22	1.41
Insurance Premium	Royal Sundaram General Insurance Co. Limited	1,37.39	21.12
Brokerage Paid	Sundaram BNP Paribas Home Finance Limited	3.44	1.10
Fund Accounting Charges	Sundaram BNP Paribas Fund Services Limited	19,24.32	33,68.84

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	Related Parties	2018-19	2017-18
<b>ASSETS</b>			
Investments	Sundaram BNP Paribas Fund Services Limited	-	255.00
Disinvestments	Royal Sundaram General Insurance Co. Limited	30307.38	-
	Dunes Oman LLC (FZC)	2205.50	-
Insurance Premium paid in advance	Royal Sundaram General Insurance Co. Limited	142.83	11.22
Redemption of Preference Shares	Sundaram Hydraulics Limited	166.67	166.67
<b>LIABILITIES</b>			
Issue of Non Convertible Debentures	Royal Sundaram General Insurance Co. Limited	1502.34	5757.50

Balances With Related Parties as at 31st March 2019

(₹ in lakhs)

Balances Outstanding	Associates	Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP and his relatives is exercising significant influence	31.03.2019	31.03.2018	01.04.2017
<b>ASSETS</b>								
Investments	80,39.50	863,67.18				944,06.68	262,63.11	261,37.98
Loans and Advances	32.18	4,13.04				4,45.22	2,57.85	1,29.23
Other Assets		10,10.48				10,10.48	4,18.98	1,00.53
<b>LIABILITIES</b>								
Equity Holdings			2,04.57	4,51.98	232.97	8,89.51	9,79.21	9,79.01
Non Convertible Debentures		53,02.33				53,02.33	-	-
Deposits			31.10	6,82.81		7,13.91	7,03.19	10,64.61
Other Liabilities		2,69.64				2,69.64	1,79.13	3,96.95
Remuneration payable			7,54.51			7,54.51	7,07.48	5,50.21

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Disclosure of Material Balances with Related Parties as at 31st March 2019

(₹ in lakhs)

Balances Outstanding	Associates	Joint Ventures	31.03.2019	31.03.2018	01.04.2017
<b>ASSETS</b>					
<b>Investments</b>					
a) Investments In Equity Shares					
Royal Sundaram General Insurance Co. Limited		585,37.34	585,37.34	–	–
Sundaram BNP Paribas Home Finance Limited		152,57.75	152,57.75	152,22.82	151,86.03
Sundaram BNP Paribas Fund Services Limited		22,95.15	22,95.15	22,95.15	20,40.15
Flometallic India Private Limited	32,50.00		32,50.00	32,50.00	32,50.00
Dunes Oman LLC (FZC)	21,55.89		21,55.89	26,94.86	26,94.86
Sundaram Hydraulics Limited	11,25.00		11,25.00	11,25.00	11,25.00
Axles India Limited	10,15.70		10,15.70	10,15.70	10,15.70
Turbo Energy Private Limited	1,88.41		1,88.41	1,88.41	1,88.41
Transenergy Limited	1,87.50		1,87.50	1,87.50	1,87.50
Sundaram Dynacast Private Limited	1,17.00		1,17.00	1,17.00	1,17.00
Total	80,39.50	760,90.24	841,29.74	260,96.44	258,04.65
b) Investments In Non-Convertible Debentures					
Royal Sundaram General Insurance Co. Limited		102,76.94	102,76.94	–	–
c) Investment in Preference Shares					
Sundaram Hydraulics Limited				1,66.67	3,33.33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Balances With Related Parties as at 31st March 2019

(₹ in lakhs)

Balances Outstanding	Associates	Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP and his relatives is exercising significant influence	31.03.2019	31.03.2018	01.04.2017
<b>Loans and Advances</b>								
a) Lease Receivables								
Sundaram BNP Paribas Fund Services Ltd.		4,13.04				4,13.04	2,47.42	89.49
Axles India Ltd.	32.18					32.18	10.43	15.36
b) Hypothecation Loans								
Sundaram Hydraulics Ltd.	–					–		24.37
	32.18	4,13.04				4,45.22	2,57.85	1,29.23
<b>Other Assets</b>								
Royal Sundaram General Insurance Co. Ltd.		8,44.83				8,44.83	–	–
Sundaram BNP Paribas Fund Services Ltd.		95.69				95.69	1,56.52	50.98
Sundaram BNP Paribas Home Finance Ltd.		69.96				69.96	2,54.21	49.55
Turbo Energy Private Ltd.	–					–	8.24	–
<b>Total</b>	<b>–</b>	<b>10,10.48</b>				<b>10,10.48</b>	<b>4,18.98</b>	<b>1,00.53</b>
<b>LIABILITIES</b>								
<b>Equity Holdings</b>			204.57	4,51.98	2,32.97	8,89.51	9,79.21	9,79.01
<b>Non Convertible Debentures</b>								
Royal Sundaram General Insurance Co. Ltd.		53,02.33				53,02.33	–	–
<b>Deposits</b>			31.10	6,82.81		7,13.91	7,03.19	10,64.61
<b>Other Liabilities</b>								
Sundaram BNP Paribas Fund Services Ltd		89.95				89.95	35.55	2,52.93
Sundaram BNP Paribas Home Finance Ltd.		1,43.44				1,43.44	1,43.58	1,44.02
Royal Sundaram General Insurance Co. Ltd.		36.25				36.25	–	–
Key Management Personnel Remuneration payable			7,54.51			7,54.51	7,07.48	5,50.21
<b>Total</b>		<b>2,69.64</b>	<b>7,54.51</b>			<b>10,24.15</b>	<b>8,86.61</b>	<b>9,47.16</b>

(₹ in lakhs)

Maximum amount outstanding in respect of Loans and Advances	2018-19	2017-18
Sundaram BNP Paribas Fund Services Ltd	4,22.90	2,47.42
Axles India Ltd	49.21	54.77

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

44.07 Estimated amount of contracts remaining to be executed on capital account

(₹ in lakhs)

Particulars	31.03.2019	31.03.2018	01.04.2017
Estimated Amount of contracts remaining to be executed on capital account (net of advance)	1,52.56	12,50.28	12,66.84
Uncalled commitment in Alternative Investment Fund Schemes	8,88.92	33,61.82	13,50.00
Commitments made and outstanding for Loans and Investments	–	17,74.30	24,41.55

44.08 Interim dividend paid during the year is ₹5/- per share. Final dividend of ₹7.50 per share and Special dividend of ₹5/- per share have been recommended by the Board for the year ended 31st March 2019 in May 2019

44.09 Administrative and other expenses include payment to Auditors towards:

(₹ in lakhs)

Particulars	2018-19	2017-18
Statutory Audit	1,01.21	1,18.29
Tax Audit	25.21	25.47
Certification	29.00	46.30
Reimbursement of expenses	2.00	3.23

44.10 Disclosure under the MSME Act 2006, (As per the intimation received from the vendor)

(₹ in lakhs)

Particulars	31.03.2019	31.03.2018	31.03.2017
i) a) Principal amount remaining unpaid*	85.84*	–	–
b) Interest amount remaining unpaid	–	–	–
ii) Interest and principal amount paid beyond appointed date	–	–	–
iii) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under this Act.	–	–	–
iv) Interest accrued and remaining unpaid	–	–	–
v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise			

\* Subsequently paid in April 2019 as per the agreed terms

44.11 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.

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.)

## 44.12 Scheme of arrangement

**Sundaram Finance Limited**

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 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.

**Sundaram Asset Management Company - Subsidiary**

During the year, the company hived off the Alternative Investment Funds (AIF) and Portfolio Management Services (PMS) divisions and these operations were brought under a separate entity, Sundaram Alternate Assets Limited (resulting company). The order of the National Company Law Tribunal (NCLT) approving demerger was received on 29th May, 2018 with effect from 1st April 2018. The Net Assets of the resulting entity of ₹35,97,87,483 was transferred at for a consideration of ₹36,00,00,000 and difference of ₹2,12,517 has been recognised as Capital Reserve. Consideration has been received in the form of 3,60,00,000 equity shares of face value ₹10/- per share of the resulting company.

The Balance Sheet and Statement of Comprehensive Income for the previous year ending 31.03.2018 includes the assets and liabilities, income and expenditure of the resulting company and to this extent is not comparable with the current year financials.

**Sundaram Finance Holdings Limited (SFHL) - Subsidiary**

The National Company Law Tribunal, Single Bench, Chennai, vide Order No. CP/403/CAA/2019 dated 22nd April 2019 approved the Scheme of Amalgamation of Sundaram BPO India Limited, a wholly-owned subsidiary of SFHL with Sundaram Business Services Limited another wholly-owned subsidiary of SFHL w.e.f the Appointed Date, i.e. 1st April 2018.

## 44.13 Earnings per Share

Particulars	Year Ended	
	31.03.2019	31.03.2018
Profit/(Loss) attributable to equity shareholders (₹ in lakhs)	1258,50.18	843,31.99
Number of equity shares	11,01,42,900	11,01,24,350
Earnings per share – Basic & Diluted (in ₹)	105.40	66.28
Face value of Share	10	10

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 : 30th May, 2019

**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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# Independent Auditor's Report to the Members of Sundaram Finance Limited

## Report on the Audit of the Consolidated Ind AS Financial Statements

### Opinion

We have audited the accompanying consolidated Ind AS financial statements of Sundaram Finance Limited (“the Company”) and its subsidiaries (the Company and its subsidiaries together referred to as “the Group”) and its associates and joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the “Act”) in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (“Ind AS”) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Adoption of New Accounting framework (Ind AS)</b></p> <p>Effective 1st April 2018, the Company adopted the Indian Accounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs with the transition date of 1st April 2017.</p> <p>The following are the major impact areas for the Company upon transition:</p> <ul style="list-style-type: none"> <li>- Classification and measurement of Financial Assets and Financial Liabilities</li> <li>- Measurement of Loan losses (expected credit losses)</li> <li>- Accounting for Securitization and Assignment</li> <li>- Accounting for Loan Fees and Costs</li> <li>- Accounting for Employee stock options</li> <li>- Accounting for Derivative instruments</li> </ul> <p>The migration to the new accounting framework (Ind AS) is a process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date.</p> <p>We identified transition date accounting as a Key Audit Matter because of significant degree of management judgment and application on the areas noted above.</p>	<ul style="list-style-type: none"> <li>• We confirmed the approvals of Audit Committee for the choices and exemptions made by the Company for compliance/acceptability under IND AS 101.</li> <li>• Evaluated management's transition date choices and exemptions for compliance/acceptability under Ind AS 101.</li> <li>• Understood, the methodology implemented by management to give impact on the transition and assessed the accuracy of the computations.</li> </ul> <p>We confirm the accuracy of accounting and adequacy of disclosures in the Financial statements.</p>
<p><b>Impairment Loss Allowance</b></p> <p>Management's judgements in the calculation of impairment allowances have significant impact on the financial statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with implementation of Expected Credit Loss ("ECL") approach starting from 1st April 2017 as required by Ind AS 109 relating to "Financial instruments." Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorisation of the individual asset.</p> <p>The key areas of judgement include:</p> <ol style="list-style-type: none"> <li>1. Categorisation of loans in Stage 1, 2 and 3 based on identification of: <ul style="list-style-type: none"> <li>(a) exposures with significant increase in credit risk since their origination and</li> <li>(b) Individually impaired / default exposures.</li> </ul> </li> <li>2. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate an ECL based on past experience.</li> <li>3. The impact of different future macroeconomic conditions in the determination of ECL.</li> </ol> <p>These judgements required new models to be built and implemented to measure the expected credit losses on certain financial assets measured at amortised cost. Management has made a number of interpretations and assumptions when designing and implementing models that are compliant with the new standard.</p> <p>The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions. Given the significance of judgements and the high complexity related particularly to the calculation of ECL we considered this area as a Key Audit Matter.</p>	<ul style="list-style-type: none"> <li>• We obtained an understanding of management's assessment of impairment of loans and advances including the Ind AS109 implementation process, internal rating model, impairment allowance policy and ECL modelling methodology.</li> <li>• We assessed the design and implementation, and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions</li> <li>• We also assessed the approach of the Company for categorisation of the loans in various stages reflecting the inherent risk in the respective loans.</li> <li>• For a sample of financial assets, we tested the correctness of Staging, reasonableness of PD, accuracy of LGD and ECL computation.</li> </ul> <p>As a result of the above audit procedures no material differences were noted.</p> <p>We confirm the adequacy of disclosures made in the Financial statements.</p>

<b><i>Key Audit Matter</i></b>	<b><i>How our audit addressed the key audit matter</i></b>
<p><b>Divestment of shares</b></p> <p>During the year the Company has divested 25.90% of its share in Royal Sundaram General Insurance Company Limited.</p> <p>We considered the accounting treatment in the financial statements of this event as a Key Audit Matter because of its size and the judgment required in calculating some of the amounts included in the profit on divestment of shares</p>	<p>We verified the Profit on disposal by reconciling the consideration to the Share Purchase Agreement (SPA), bank accounts and by verifying the investments disposed to underlying accounting records.</p> <p>In addition we verified whether the Profit on disposal was calculated in accordance with the relevant clauses of the SPA.</p> <p>We confirm the accuracy of accounting and adequacy of disclosures in the Financial statements.</p>
<p><b>Fair Value of Unquoted Equity Investments (Other than Investments in Subsidiaries and Joint Ventures)</b></p> <p>Investment in Unquoted equity shares are measured at Fair value.</p> <p>The Fair value of these financial assets involved managements judgement because these securities are not traded in an active market .</p> <p>As per Ind AS 109, Cost has been considered as the best estimate of Fair value by the Management.</p> <p>Since this valuation is a Level 3 type of valuation in accordance with Ind AS 113 Fair Value Measurement where one or more significant inputs to the fair value measurement is unobservable .</p> <p>Accordingly this item is considered to be a Key Audit Matter due to significant judgments associated with estimating the fair value of investment.</p>	<p>We discussed with management the basis used in determining the fair value and evaluated the appropriateness of the valuation methodologies used by management and compared it to industry norms and the requirements in Ind AS.</p> <p>We confirm the adequacy of the disclosures made in the Financial statements.</p>
<p><b>Impairment testing of investments in Subsidiaries / Joint Ventures:</b></p> <p>Impairment testing of investments in Subsidiaries/Joint venture is considered as a Key Audit Matter since impairment of these investments may have an impact on the equity of the Company.</p> <p>Testing for impairment depends on the future results of the companies concerned. In addition, there is significant scope for judgement in determining the assumptions underlying forecast results of the entities.</p>	<p>We compared the book value of the investments in the year under review with their prorata share of the respective company's equity based on their financials, evaluated the internal sources and external sources of information to identify impairment indications, if any.</p> <p>Where indicators of impairment have been identified, assessing the reasonableness of the recoverable amount of each of the relevant subsidiaries and joint ventures, obtained an understanding from management of their financial position and future prospects.</p> <p>The same has been evaluated and appropriately dealt in the books of accounts..</p> <p>Based on the audit procedures performed, we found the key judgements and assumptions used in the impairment identification and assessments were duly supported by the available evidence.</p>

<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>IT Systems and Controls</b></p> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, We have considered this as Key Audit Matter as any control lapses, Validation failures, incorrect input data and wrong extraction of data may result in the financial accounting and reporting records being misstated.</p> <p>We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p>	<p>We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.</p> <p>We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.</p> <p>Reliance was also placed on the System Audit report of the Company.</p> <p>Based on our review no weakness was found in the IT Systems and Controls.</p>
<p><b>Key Audit Matters relating to Subsidiary: Sundaram Finance Holdings Limited</b></p> <p><b>Valuation of Unquoted investments fair valued through OCI</b></p> <p>The investment portfolio is valued at Rs.1,84,633 lakhs which represents almost 100% of the total assets, where unquoted equity investments fair valued through OCI amounts to Rs.37,471 lakhs ("Investment") covering about 20% of investment value as at 31st March 2019. As the above investment are not traded in the active market, fair value of these investments involved significant management judgement and estimate and were valued by Independent valuer / Valuation Expert in the Group in the absence of an observable market price of these investments.</p> <p>For determination of Fair Value, the market approach has been considered by the valuer according to which the earnings and book value based market multiples of listed peer companies in the same sector as that of the investments have been used to determine the fair value of unquoted equity investments after adjusting for illiquidity discount as determined by the valuer.</p> <p>This valuation is a Level 3 type of valuation in accordance of Ind AS 113 Fair Value Measurement where one or more significant inputs to the fair value measurement are unobservable. Accordingly, the valuation of unquoted investment was considered to be a Key Audit Matter, due to significant judgments associated with determining the fair value of investment.</p>	<p>Reviewed the Accounting Policies used by the Company for accounting and disclosing Investments for compliance with the accounting framework.</p> <p>Evaluating Independent Valuer / Valuation Expert's competency, capabilities and objectivity.</p> <p>Verified the correctness of market inputs used and mathematical accuracy of the valuation analysis.</p> <p>Assessed the adequacy of internal controls, evaluated the design and tested the operating effectiveness of such controls for initial recognition, subsequent measurement and disclosure of investments as on the reporting date as per applicable regulations.</p> <p>Our team was supported by our in-house valuation specialist, especially in determining whether such valuation methodology is consistent with the market practice.</p> <p>We also assessed whether the disclosures in relation to investments are compliant with the relevant Indian accounting requirements.</p>

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## Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its Associates and Joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India . The respective Board of Directors of the companies included in the Group and of its associates and Joint ventures are responsible for maintenance of the 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; 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 consolidated 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and

Joint ventures are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and Joint ventures is also responsible for overseeing the financial reporting process of the Group and of its associates and Joint ventures.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to

draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, its associates and joint ventures to cease to continue as a going concern.

- e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, its associates and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other matters

- (a) We did not audit the financial statements / financial information of five subsidiaries, whose financial statements / financial information reflect total assets of Rs.2,23,889.06 Lakhs as at 31st March, 2019, total revenues of Rs.47,565.11 Lakhs and net cash inflows amounting to Rs.233.56 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including Other Comprehensive Income) of Rs.3,431.26 Lakhs for the year ended 31st March, 2019, as considered in the consolidated financial statements, in respect of three associates, and a joint venture, whose financial statements / financial information have not been audited by us. These financial statements / financial information 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, joint venture and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint venture and associates, is based solely on the reports of the other auditors.
- (b) The consolidated financial statements also include the Group's share of net profit (including Other Comprehensive Income) of Rs.5,322 Lakhs for the year ended 31st March, 2019, as considered in the consolidated financial statements in respect of a joint venture, whose financial statements / financial information have not been audited by us. These statements have been audited by other auditors under Indian GAAP and have been certified by the other auditors and the management of the said company under Ind AS and have been furnished to us for the purpose of consolidation. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the above joint venture, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid joint venture, is based solely on such certified financial statements / financial information furnished to us by the management. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

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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 and the financial statements / financial information furnished to us by the Management.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit 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 of the aforesaid consolidated financial statements.
  - 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.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows 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 consolidated financial statements comply with the Ind AS 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 Company as on March 31, 2019 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.
  - g) The managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
  - h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group. Refer Note 38.05 of the Consolidated Financial Statements.
    - ii. Based on the current assessment of the long term contracts, in the ordinary course of business, the holding company has made adequate provision for losses where required as explained in Note 38.11 of the Notes to Accounts. The derivative contracts being in the nature of the hedge contracts, the company does not anticipate any material losses from the same. The subsidiaries, associates and joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. During the year, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the group and its associates and joint ventures incorporated in India.

For **Sundaram & Srinivasan**  
Chartered Accountants  
Firm Registration No.004207S  
**K.Srinivasan**  
Partner  
Membership No. 5809

Place: Chennai  
Date : 30th May 2019

**SUNDARAM FINANCE LIMITED**



## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Sundaram Finance Limited of even date)

### **Report on the Internal Financial Controls Over Financial Reporting 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, 2019, we have audited the internal financial controls over financial reporting of Sundaram Finance Limited (hereinafter referred to as “Company”), its subsidiary companies incorporated in India (the Holding Company and its Indian subsidiaries together referred to as “the Group”), its associates and joint ventures, which are companies incorporated in India, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Holding Company, its subsidiary companies, associates and joint venture, 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 respective Companies 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 (“ the ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 internal financial controls over financial reporting of the group and its associates and joint ventures, which are companies incorporated in India, 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 Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s 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 internal financial controls system over financial reporting of the group and of its associates and joint ventures, which are companies incorporated in India.

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## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the group, its associates and its joint ventures which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

## 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 four Indian subsidiaries, two associates and two joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

For **Sundaram & Srinivasan**

Chartered Accountants

Firm Registration No.004207S

**K.Srinivasan**

Partner

Membership No. 5809

Place: Chennai

Date : 30th May 2019



## Form AOC-I

(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)

1	Sl. No.	1	2	3	4
2.	Name of the subsidiary	Sundaram Asset Management Company Limited and it's subsidiaries	Sundaram Finance Holdings Limited and it's subsidiaries	Sundaram Trustee Company Limited	LGF Services Limited
3.	Date since when the Subsidiary was acquired	26-02-1996	13-10-1993	02-12-2003	23-01-2004
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	NA	NA	NA
6.	Share capital	20,00.00	75,55.19	5.00	25.00
7.	Other Equity	177,93.95	2290,06.59	1,75.06	3,42.46
8.	Total assets	275,03.42	2452,51.83	2,00.76	3,72.66
9.	Total Liabilities	77,09.48	86,90.04	20.70	5.21
10.	Investments	11,75.30	2419,66.87	1,73.67	1,95.22
11.	Turnover	330,28.47	102,65.23	1,54.67	38.00
12.	Profit/(Loss) before taxation	42,80.46	42,04.41	1,11.43	33.74
13.	Tax Expense	13,96.83	11,82.60	31.07	8.78
14.	Profit/(Loss) after taxation	28,83.63	137,46.24*	80.36	24.97
15.	Other Comprehensive Income	(25.01)	(556,13.64)	—	—
16.	Total Comprehensive Income	28,58.62	(418,67.39)	80.36	24.97
17.	Proposed Dividend	15,00.00	26,44.32	60.00	15.00
18.	% of shareholding	1,00.00	26.47	1,00.00	1,00.00

Subsidiaries yet to commence operations : Nil

Subsidiaries liquidated or sold during the year : Nil

\* Includes Share of profit from Associates ₹107,24.44 lakhs

## 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 BNP Paribas Home Finance Ltd	Sundaram BNP Paribas Fund Services Ltd	Royal Sundaram General Insurance Company Limited*
1.	Latest audited Balance Sheet Date	31-03-2019	31-03-2019	31-03-2019
2.	Date on which the associate/JV was acquired	02-07-1999	27-06-2008	22-08-2000
3.	Shares of Associate/Joint Venture held by the company on the year end			
	Number	507,28,473	229,51,530	2245,00,000
	Amount of Investment in Joint Venture	152,57.75	22,95.15	585,37.34
	Extend of Holding %	50.10	51.00	50.00
4.	Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture
5.	Reason why the Associate/Joint Venture is not consolidated	NA	NA	NA
6.	Networth attributable to Shareholding as per latest audited Balance Sheet	627,29.77	10,52.45	551,12.07
7.	Total Comprehensive Income for the year			
	i. Considered in Consolidation	72,92.29	(4,43.22)	53,22.46
	ii. Not Considered in Consolidation	72,63.18	(4,25.83)	53,22.46

Associates/Joint ventures yet to commence operations : NIL

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

\* Refer Note No. 44.01

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 : 30th May, 2019

**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 – 658 Branches

